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Report

drawn up on behalf of the Committee on Regional Policy, Regional Planning and Transport

on the proposal from the Commission of the European Communities to the Council (doc. 165/78) for a regulation amending/

- Regulation (EEC) No 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway and
- Regulation (EEC) No 1107/70 on the granting of aids for transport by rail, road and inland waterway

Rapporteur: Mr Willem ALBERS

By letter of 9 June 1978 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 75 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending

- Regulation (EEC) No 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway and
- Regulation (EEC) No 1107/70 on the granting of aids for transport by rail, road and inland waterway.

The President of the European Parliament referred this proposal to the Committee on Regional Policy, Regional Planning and Transport.

On 21 September 1978 the Committee on Regional Policy, Regional Planning and Transport appointed Mr Albers rapporteur.

It considered this proposal at its meeting of 21 September 1978, and unanimously adopted the motion for a resolution together with the explanatory statement.

The Committee on Regional Policy, Regional Planning and Transport decided to request that the report be dealt with in plenary sitting without debate.

Present: Lord Bruce of Donington, chairman; Mr Albers, rapporteur; Mr Brugger, Mr Fuchs, Mr Haase, Mr Ibrügger, Mrs Kellett-Bowman, Mr Mascagni, Mr Osborn and Mr Seefeld.

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The Committee on Regional Policy, Regional Planning and Transport hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending

- Regulation (EEC) No. 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway and
- Regulation (EEC) No. 1107/70 on the granting of aids for transport by rail, road and inland waterway.

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
- having been consulted by the Council pursuant to Article 75 of the EEC Treaty (Doc. 165/78),
- having regard to the report of the Committee on Regional Policy, Regional Planning and Transport (Doc. 322/78),

Approves the Commission's proposal.

¹OJ No C 139, 14.6.1978, p.3

EXPLANATORY STATEMENT

1. On 26 June 1969 the Council adopted Regulation No. 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway. According to Article 2 of this regulation 'public service obligations' means obligations which a transport undertaking, if it were considering its own commercial interests, would not assume or would not assume to the same extent or under the same conditions¹.

The elimination of disparities caused by the imposition of public service obligations by national governments on their transport undertakings was, from the beginning, one of the main objectives of the common transport policy. Under this regulation, however, such obligations may be maintained in order to ensure the provision of adequate transport services and compensation for the financial burden which this entails should be worked out in accordance with common procedures.

Ten years ago, on the basis of a report by Mr Riedel (Doc. 203/68), the European Parliament delivered a favourable opinion on the proposal which led to Regulation No. 1191/69. The then Committee on Transport considered that the termination of public service obligations or the granting of compensation in accordance with common procedures could improve intra-Community competition.

2. Under Article 2 of the 1969 regulation, public service obligations include not only an obligation to operate and an obligation to carry but also a tariff obligation, which paragraph 5 of the article defines as follows: 'For the purposes of this Regulation, 'tariff obligations' means any obligation imposed upon transport undertakings to apply, in particular for certain categories of passenger, for certain categories of goods, or on certain routes, rates fixed or approved by any public authority which are contrary to the commercial interests of the undertaking and which result from the imposition of, or refusal to modify, special tariff provisions'.

¹OJ No. L 156, 28.6.1969, p. 3

3. The Commission is now proposing an addition to this to take account of general tariff levels or, in other words, the obligation to apply or a refusal to modify a general tariff level which is not in keeping with the commercial interests of the transport undertakings concerned.

4. In fact this addition does not fundamentally change the situation since financial losses arising from a level of tariffs set below the real costs are in any case compensated by governments. However, by explicitly including the general level of tariffs in the regulation, it is possible to achieve greater transparency in the accounts of the transport undertakings concerned and, in other words, a clear distinction can be made between compensation granted for specific reasons and a block balancing subsidy. Since transparency is an essential condition for improving the financial situation of railway undertakings, your rapporteur considers that the European Parliament can give its approval to this proposed amendment. The Commission states that the competent railway and government experts also take this view (see explanatory memorandum, section 8, second paragraph).

5. The second proposed amendment follows logically from the first. Article 3(2) of Regulation No. 1107/70 of the Council of 4 June 1970 on the granting of aids for transport by rail, road and inland waterway reads as follows:

'As regards reimbursement for the discharge of obligations inherent in the concept of a public service: until the entry into force of relevant Community rules, where payments are made to rail, road or inland waterway transport undertakings as compensation for public service obligations imposed on them by the State or public authorities and covering either:

- tariff obligations not falling within the definition given in Article 2(5) of Regulation (EEC) No. 1191/69; or
- transport undertakings or activities to which that Regulation does not apply'¹.

Since the definition of tariff obligation given by the Commission in Article 2(5) of Regulation No. 1191/69 is a restrictive one, the text of the first subparagraph can simply be deleted.

¹OJ No. L 130, 15.6.1970, p. 2

It should be mentioned for the sake of completeness that the European Parliament delivered a detailed opinion on the proposal for a regulation on the granting of aids on the basis of a report by Mr Richartz (Doc. 41/67) which approved the provision regarding compensation in respect of financial burdens resulting from public service obligations.

6. The Council listed two cases of exception from tariff obligations in its 1969 regulation, viz:

- (a) 'obligations arising from general measures of price policy applying to the economy as a whole'; and
- (b) obligations arising from 'measures taken with respect to transport rates and conditions in general with a view to the organization of the transport market or of part thereof'.

The present proposal maintains the first exceptive clause but omits the second.

The Commission states in its explanatory memorandum that this provision has never had any practical effect and that its imprecise wording 'would risk giving rise to different interpretations' and evasion of the new proposed regulation (see section 10, third paragraph).

Your rapporteur has no objections to this amendment either.

7. In accordance with Article 15 of the Council Decision (75/327/EEC) of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States¹, the Commission is to submit proposals to the Council by the end of next year regarding the role and importance of railways and the time limit and conditions for achieving the financial balance of the railway undertakings. The Committee on Regional Policy, Regional Planning and Transport would like to take this opportunity to urge the Commission at least to respect the time limit laid down and to draw up these proposed amendments as soon as possible so that your committee can consider them in detail before delivering an opinion.

8. In view of the observations made above, the Committee on Regional Policy, Regional Planning and Transport considers that the present proposal from the Commission of the European Communities can be approved without amendment.

¹OJ No. L 152, 12.6.1975, p. 3