

Working Documents

1977 - 1978

4 July 1977

DOCUMENT 185/77

Report

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

on

- I. the communication from the Commission of the European Communities to the Council on action in the field of transport infrastructure and on the proposals from the Commission of the European Communities to the Council (Doc. 244/76) for
 - a decision instituting a consultation and creating a Committee in the field of transport infrastructure
 - a regulation concerning aid to projects of Community interest in the field of transport infrastructure, and
- II. the motion for a resolution on the construction of a tunnel under the English Channel (Doc. 7/76)

Rapporteur: Mr Kai NYBORG

PE 48.487/fin.

On 10 March 1976, Mr Berkhouwer, Mr Girardin, Mr Krieg, Mr Martens and Mr Osborn tabled a motion for a resolution (Doc. 7/76) on the construction of a tunnel under the English Channel.

At its sitting of 10 March 1976, the European Parliament referred this motion for a resolution to the Committee on Regional Policy, Regional Planning and Transport.

By letter of 22 July 1976 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 proposals from the Commission of the European Communities to the Council for a decision instituting a consultation procedure and creating a committee in the field of transport infrastructure and for a regulation concerning aid to projects of Community interest in the field of transport infrastructure.

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

On 20 October 1976 the Committee on Regional Policy, Regional Planning and Transport appointed Mr Nyborg rapporteur for the motion for a resolution and the proposals.

Following an interim report (Doc. 377/76), which was approved by the European Parliament on 18 November 1976¹ when the Committee on Budgets was asked for its opinion, it further considered the motion for a resolution at its meetings of 23 February 1977, 26 April 1977 and 22 June 1977 when it adopted the motion for a resolution and explanatory statement unanimously with one abstention.

Present: Mr Evans, chairman; Mr Nyborg, vice-chairman and rapporteur; Mr McDonald, vice-chairman; Mr Brugger, Mr Delmotte, Mr Edwards (deputizing for Mr Hoffman), Mr Ellis, Mr Hamilton, Mr Mascagni, Mr Osborn, Mrs Kellett-Bowman and Mr Starke.

The opinion of the Committee on Budgets is attached.

¹ OJ Debates No. 209, November 1976

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	11
 Annex : Motion for a Resolution of 10.3.1976 tabled by Mr Berkhouwer, Mr Girardin, Mr Krieg, Mr Martens and Mr Osborn	23
 Opinion of the Committee on Budgets	24

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

- I. the communication from the Commission of the European Communities to the Council on action in the field of transport infrastructure and the proposals from the Commission of the European Communities to the Council for a Decision instituting a consultation procedure and creating a Committee in the field of transport infrastructure and a Regulation concerning aid to projects of Community interest in the field of transport infrastructure, and
- II. the motion for a resolution on the construction of a tunnel under the English Channel

The European Parliament,

- having regard to the communication and proposals from the Commission to the Council in the field of transport infrastructure¹,
- having been consulted by the Council (Doc. 244/76),
- having regard to the Motion for a Resolution tabled by Mr Berkhouwer, Mr Girardin, Mr Krieg, Mr Martens and Mr Osborn on the construction of a tunnel under the English Channel (Doc. 7/76),
- having regard to the interim and final reports of its Committee on Regional Policy, Regional Planning and Transport, and the opinion of the Committee on Budgets (Doc. 377/76² and Doc. 185/77),
- reaffirming the general welcome it has already given to the initiative taken by the Commission in this field,

1. Stresses the need to ensure that, as far as the outlying regions of the European Community are concerned, and in particular islands, the concept of "transport infrastructure" should clearly include airports and seaports;

¹ O.J. No. C 207 of 2.9.1976, pp 7 and 9

² O.J. No. C 293 of 13.12.1976, p. 57

2. Considers it essential that any consideration of transport infrastructure and possible assistance to specific projects should take place within the framework of coordination and cooperation with the various Community bodies concerned with the development and well-being of the regions of the Community;
3. Considers that it is necessary to ensure both that assistance for transport infrastructure projects should be deployed speedily after the final adoption of the Budget, and that adequate control and supervision should be applied to such assisted projects ;
4. Calls for the initiation of a conciliation procedure in accordance with the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975¹, if the Council should intend to depart from the method proposed by the Commission for the taking of decisions on projects ;
5. Points out that the governments of France and the United Kingdom will have the opportunity to apply for assistance for the Channel Tunnel project under the provisions of the Regulation concerning aid to projects of Community interest in the field of transport infrastructure when that Regulation is adopted ;
6. Requests the Commission of the European Communities to incorporate the following amendments to its proposals pursuant to the second paragraph of Article 149 of the EEC Treaty.

¹ O.J. No. C 89, 22.4.1975, p. 2

Proposal for a Council Decision establishing a Consultation
Procedure and creating a Committee for Transport Infrastructure

Preamble and recitals unchanged

Article 1

For the purposes of this Decision:

1) Plans and programmes are defined as any overall framework for future work in the field of infrastructure serving as a guide for action by the Governments of the Member States.

2) A project of Community interest is defined as any project aimed to create new lines of communication or to appreciably increase the capacity of existing lines belonging to one of the following categories:-

- a) cross-frontier projects;
- b) projects of one Member State likely to affect the trade of one or more Member States with this Member State, with other Member States or with non-member countries;
- c) projects improving access to outlying or less developed regions;
- d) projects likely to have an appreciable influence on the effectiveness of a common policy;
- e) projects which make use of new transport technologies which could be used for long distance inter-urban transport.

Article 1

Unchanged

Unchanged

2) A project of Community interest is defined as any project aimed to create new lines of communication or to appreciably increase the capacity of existing lines belonging to one of the following categories:

- a) cross-frontier projects;
- b) projects of one Member State likely to affect the trade of one or more Member States with this Member State, with other Member States or with non-member countries;
- c) projects improving access to outlying or less developed regions including airports and seaports;
- d) projects likely to have an appreciable influence on the effectiveness of a common policy;
- e) projects which make use of new transport technologies which could be used for long distance inter-urban transport.

Articles 2, 3 and 4 unchanged

Article 5

The 'Committee' in order to contribute to the harmonious development of the Community transport network, shall undertake the following tasks:-

- 1. 'The Committee' shall serve as the basis for the consultation on projects of Community interest referred to in Article 3.

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¹ For full text, see OJ No. C 207 of 2.9.1976, p. 7

2. On the request of the Commission, or on its own initiative, 'the Committee' shall organize,

2. On the request of the Commission, or on its own initiative, 'the Committee' shall organize, where necessary in co-operation with other interested Community bodies,

a) an exchange of information on the plans and programmes for transport infrastructure and also on the projects of transport infrastructure of Community interest which have been notified.

Unchanged

b) Examination of the selection methods and criteria applied to transport infrastructure investments with a view to their harmonisation and the establishment of a joint system.

Unchanged

c) An analysis of the results of forecasting studies for freight and passenger traffic and the determination of the constraints and objectives of the various policies, notably regional development, to be integrated in the transport infrastructure measures.

Unchanged

d) Investigation of how the projects, plans and programmes diverge from the forward studies and Community requirements.

Unchanged

e) Detailed examination of any other question relative to the development of a Community network of transport links.

Unchanged

3. The Committee shall provide an Opinion on the periodic report referred to in Article 8.

Unchanged.

Articles 6 and 7 unchanged

Article 8

Every three years the Commission shall forward to the Council a report on the information it has received in conformity with this Resolution and the Committee's activities. The report shall include in particular the results of consultations on the projects of Community interest and, if the case arises, observations to inform the Member States of the Community's infrastructure requirements.

The Commission shall forward the draft report for the opinion of the Committee referred to in Article 3.

Article 8

Every three years the Commission shall forward to the Council and the European Parliament a report on the information it has received in conformity with this Resolution and the Committee's activities. The report shall include in particular the results of consultations on the projects of Community interest and, if the case arises, observations to inform the Member States of the Community's infrastructure requirements.

The Commission shall forward the draft report for the opinion of the Committee referred to in Article 4.

Articles 9 and 10 unchanged

Proposal for a Council Regulation on support for projects
of Community interest in transport infrastructure

Preamble and recitals unchanged

Articles 1, 2 and 3 unchanged

Article 4

The request for financial support shall be forwarded to the Commission by the Member State or Member States on whose territory the project is to be carried out.

It shall include the necessary assessment factors, in particular:

- the assessment of the expenditure forecast, broken down into the various items;
- an estimated schedule of work and financial commitments;
- a cost-benefit study.

The Commission may ask the Member States for any additional information which it may consider necessary for assessing the project.

Article 5

1. The Commission shall consult the Member States on the request for financial support forwarded to it. This consultation shall take place within the Committee established in accordance with Article 4 of the Council Decision of establishing a consultation procedure and establishing a Committee for Transport Infrastructure.

Article 4

The request for financial support shall be forwarded to the Commission by the Member State or Member States on whose territory the project is to be carried out.

It shall include the necessary assessment factors, in particular:

- the assessment of the expenditure forecast, broken down into the various items;
- an estimated schedule of work and financial commitments;
- a cost-benefit study including regional, social and environmental implications.

The Commission may ask the Member States for any additional information which it may consider necessary for assessing the project.

Article 5

1. Unchanged

¹ For full text, see OJ No. C 207 of 2.9.1976, p. 9

2. The Commission will prepare a report with a justified opinion including notably:

- a) the possible allocation of the aids figuring under Article 2 of this regulation,
- b) the obligations towards the Community that the beneficiary has to agree to.

2. Unchanged

3. This report and the justified opinion are to be forwarded to the Council and the Parliament annexed to the general introduction to the draft budget of the European Communities, which will include, in the section dealing with the expenditure of the Commission, a special chapter intended to bring together all the credits for the financial support of projects mentioned in Article 1.

3. This report and the justified opinion are to be forwarded to the Council and the Parliament annexed to the general introduction to the draft budget of the European Communities, which will include, in the section dealing with the expenditure of the Commission, under Chapter 373, all the credits for the financial support of projects mentioned in Article 1.

4. Following the final adoption of the Budget, any appropriations decided on in accordance with the provisions of this Regulation shall be deployed without any further legal acts.

Article 6

The party or parties responsible for carrying out a project receiving financial support in accordance with this Community Regulation shall forward to the Commission, at the Commission's request, a report on the state of progress of the work on this project and on the expenditure allocated to its accomplishment. The Commission shall have access at all times to the accounts relating to each project.

Article 6

The party or parties responsible for carrying out a project receiving financial support in accordance with this Community Regulation shall forward to the Commission, at the Commission's request, and to the supervisory bodies of the budgetary authority and the European Court of Auditors, at their request, a report on the state of progress of the work on this project and on the expenditure allocated to its accomplishment. The Commission and these other bodies shall have access at all times to the accounts relating to each project.

Article 7

The information received in accordance with this Regulation shall be treated in confidence.

Article 7

The information received in accordance with this Regulation may, if there are particular reasons justifying it, be treated in confidence.

Article 8 and Annex unchanged

EXPLANATORY STATEMENTI. INTRODUCTION

1. The European Parliament has already agreed¹ an interim report² on the Communication to the Council and the accompanying proposals for a Council decision and a Regulation³. The motion for a resolution, which was agreed unanimously, welcomed the Commission's initiative but the Committee on Regional Policy, Regional Planning and Transport felt that in view of the important budgetary implications contained in the proposed Regulation concerning aid to projects of Community interest in the field of transport infrastructure, a final report should not be made until they had the advantage of receiving an opinion from the Budget Committee. This opinion is considered in section IV below.

2. Since the contents of the communication and the two proposals are summarized in the interim Report, your Rapporteur does not propose examining them again in any detail in this final Report. Essentially the proposed Decision instituting a consultation procedure and creating a Committee in the field of transport infrastructure replaces and "puts teeth" into the Council Decision of 28 February 1966⁴ which introduced a procedure for Community consultation and communication, rather than bilateral discussions, concerning transport infrastructure projects of interest to the Community.

3. As pointed out in the interim Report, the 1966 procedure did not prove effective and the Committee on Regional Policy, Regional Planning and Transport are of the opinion that the new proposal represents something far more positive and valuable. At the same time it must be considered in conjunction with the aid Regulation. The Committee feel that this proposal could represent a radical step forward not only in the evolution of a common transport policy, but also in the budgetary powers of the Parliament.

¹ O.J. Debates, No. 209, November 1976

² Doc 377/76

³ Doc 244/76

⁴ O.J. No. 42, 8.3.1966

4. Finally the Committee on Regional Policy, Regional Planning and Transport have taken this opportunity of considering and reporting on the motion for a resolution concerning Community involvement with the Channel Tunnel project (Doc 7/76 annexed). Many of the Committees comments concerning the Channel Tunnel apply equally to other major transport infrastructure projects such as the Messina link, and the proposed links between the Danish mainland, Danish islands and Sweden and Germany, or to those concerning the inland waterways and the railways.

II. THE PROPOSED DECISION ESTABLISHING A CONSULTATION PROCEDURE AND CREATING A COMMITTEE FOR TRANSPORT INFRASTRUCTURE

5. Article 1(2) of the proposed Decision defines transport infrastructure projects of Community interest, these comprise cross-frontier projects, projects of one Member State likely to affect the trade of one or more Member States with this Member State, with other Member States or with non-member countries, projects improving access to outlying or less-developed regions, projects likely to have an appreciable influence on the effectiveness of a common policy and for all projects which make use of new transport technologies which could be used for long distance inter-urban transport.

6. The Committee note that the definitions contained in Article 1(2) make no reference to airports or ports. They would point out that in some outlying parts of the Community access may only be improved by developing air or shipping facilities. Air transport, on an extremely modest scale, has, for example, played an important part in giving employment on the Arran Islands off the West Coast of Ireland. The Committee are aware that until Article 84(2) of the EEC Treaty has been implemented, there can be no common policy for sea and air transport, but nonetheless they consider that in cases where the creation of a port or airport is essential to the development or continued well-being of an outlying region - and in particular to islands - such an infrastructure should be eligible for assistance. They accordingly recommend an amendment to Article 1(2)(c), clearly adding such infrastructures to the list of criteria of projects of Community interest.

7. It should be noticed that these criteria are carried over wholesale into the proposed Regulation on the support of projects of Community interest in the field of transport infrastructure in addition to the projects listed in Article 1 thereof as "likely to be financed" (see para 15 below).

8. Article 4 of the proposed Decision establishes the Committee for Transport Infrastructure and Article 5 sets out its tasks. Your rapporteur welcomes the fact that paragraph 2 of this Article gives the Committee an "own initiative" right to carry out enquiries into virtually all aspects of transport infrastructure.

9. Article 5(2) however makes no formal requirement for the Infrastructure Committee to consult other Community bodies such as, for example, the Regional Policy Committee. The Committee on Regional Policy, Regional Planning and Transport consider that it would be desirable to make provision for this by adding to the first sentence of Article 5(2) the words "where necessary in co-operation with other interested Community bodies". This question is further considered in relation to the proposed support Regulation in paras. 16 and 17 below.

10. Article 8 provides for the Commission to make a report to the Council every three years on the information it has received under the Decision and on the Transport Infrastructure Committee's activities. The Committee on Regional Policy, Regional Planning and Transport consider that a copy of this report should also be forwarded to the European Parliament, and they have accordingly suggested an appropriate amendment to Article 8.

III. THE PROPOSED REGULATION ON THE SUPPORT OF PROJECTS OF COMMUNITY INTEREST IN THE FIELD OF TRANSPORT INFRASTRUCTURE

11. The proposed Regulation presents a number of novel features. In the first place it is not envisaged that any specific infrastructure Fund should be set up but rather that projects for which assistance has been requested and which are accepted by the Commission will be mentioned in a report and justified opinion annexed to the general introduction to the draft budget of the European Communities "which will include, in the section dealing with the expenditure of the Commission, a special chapter intended to bring together all the credits for the financial support of projects mentioned in Article 1" (Article 5(3)).

12. Two comments may be made concerning Article 5(3). Firstly any expenditure will be non-obligatory, consequently the European Parliament will have a considerable budgetary say concerning it. Secondly, any expenditure incurred will have to come out of the Communities' financial resources, that is to say it will be at the expense of some other sector of Community expenditure.

13. On the other hand, Article 2 of the proposed regulation provides that 'Aid given to a project can take the form of a Community participation in the finance of a project by the granting of the following advantages: loan guarantees, loans, subsidies, interest rate reductions'. This means that in fact actual Community expenditure might be fairly small. The proposed regulation is, however, vague as to how Article 2 might operate in practice, but presumably it might be necessary for the Commission to be able to raise money to cover its loans as does the European Investment Bank.

14. The actual projects susceptible of receiving this assistance in addition to those contained in Article 1 of the proposed Decision, are defined in Article 1 of the proposed Regulation as falling particularly in the following groups:

- projects in the territory of a Member State the failure of which to be undertaken creates a bottleneck in Community traffic;
- cross-frontier projects which are not sufficiently viable to pass the threshold, based on available resources, where a Member State would be willing to intervene;
- projects having a socio-economic profitability at the national level which is insufficient to justify their undertaking but from the Community point of view, taking account of the Community's objectives, have a greater benefit;
- projects which facilitate the standardization of equipment and the synchronization of work on the Community communications network.

15. In addition to these criteria, Article 4 provides that Member States requesting financial support for transport infrastructure projects shall provide assessment factors including an assessment of the expenditure forecast, an estimated schedule of work and financial commitments and a cost-benefit study. The Committee on Regional Policy, Regional Planning and Transport suggest that in addition there should be a requirement for applicant States to provide in the cost-benefit study an assessment of the regional, social and environmental implications of the project.

16. In this connection it is obviously desirable that the Committee for Transport Infrastructure should maintain close contacts with bodies such as the Regional Policy Committee in order that its consideration of transport infrastructure problems should not take place in vacuo but should be related to other sectors of Community activity. The Committee on Regional Policy, Regional Planning and Transport have proposed an amendment to paragraph 2 of Article 5 of the proposed Decision for a consultation procedure to the effect that, where necessary, the Infrastructure Committee shall consult with other appropriate Community bodies (See para. 9 above).

17. Article 7 of the support Regulation covers the confidentiality of information received in accordance with the Regulation. As at present drafted, the confidentiality is absolute; in the opinion of the committee, this is far too drastic at a time when there is a generally shared and expressed wish for a greater degree of public involvement and debate over important decision-making. The committee fully understand that there are bound to be occasions when, in order to avoid, for example, land speculation, it may be necessary to preserve an element of confidentiality, but in their opinion this should be the exception rather than the rule. They propose, therefore, an amendment to Article 7 so that it would read : 'The information received in accordance with this Regulation may, if there are particular reasons justifying it, be treated in confidence'.

IV. OPINION OF THE COMMITTEE ON BUDGETS

18. The Budget Committee's Opinion is largely confined to the proposed re-regulation concerning aid. Paragraph 11 points out the need to ensure that the Commission's power of selecting projects for assistance should not be limited to a binding preliminary decision taken by the Transport Infrastructure Committee to be set up under Article 4 of the proposed Decision. The Committee on Regional Policy, Regional Planning and Transport have considered this point carefully but are of the opinion that since such a committee will be consultative, the Commission's juridical position will remain unaltered and that there is therefore no need to amend this Article.

19. The Budget Committee also draw attention, in paragraphs 13 to 15, to the degree of control which the budgetary authority (i.e. Parliament and Council) has over the final decision, and in view of the fact, which is recognised in para. 12 above and in para. 12 of the Budget Committee's opinion, that any expenditure will be non-compulsory, the proposal represents a real advance in Parliament's role in decision-making in the Community.

20. The Committee also accept the Budget Committee's advice (in para. 15 of their opinion) with regard to the immediate deployment of Funds from the Budget, and have accordingly added an appropriate new paragraph to Article 5 in order to give effect to this recommendation.

21. In paragraphs 16 and 23 of their opinion, the Budget Committee express reservations about the availability of money from Community sources to assist infrastructure projects. The committee would hope that the Commission will concentrate on forms of aid which do not involve actual expenditure.

22. The Committee also agree with the observations concerning control powers contained in paragraph 17 of the Budget Committee's opinion and suggest appropriate amendments to Article 6 of the Regulation.

23. Recognizing the importance of the implications of the procedure contained in Article 5 of the proposal, the Budget Committee recommend, in order to ensure that the Council cannot easily amend the proposal, that the motion for a resolution should contain a paragraph calling for a conciliation procedure in accordance with the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975 if the Council intend to depart from the method proposed by the Commission for the taking of decisions on projects.

24. The Committee on Regional Policy, Regional Planning and Transport consider that such a paragraph should be included in the motion for a resolution.

V. THE CHANNEL TUNNEL

25. If during the course of this decade the proposal of linking France and the United Kingdom by means of a tunnel under the Channel has been a symbol of major Community transport infrastructure projects, it should be remembered that it is by no means the only important proposal of this kind. The then Committee on Regional Policy and Transport reported on the improvement of Traffic Infrastructure across the Alps in 1973¹, and this Report was followed up by a Report on Permanent Links across certain sea straits² which examined the problems arising from the sea straits separating France and the United Kingdom, Denmark and Sweden and Germany, and Sicily and the mainland of Italy.

26. The Channel Tunnel is not then the unique example of an important transport infrastructure proposal, but it is perhaps important as a test case. Since as long ago as 1802 there have been various projects, of greater or lesser feasibility for constructing such a tunnel, but it was not until 1955 that the United Kingdom Government was prepared to announce that earlier, and largely military, considerations against such a tunnel were no longer valid. In 1963 a Working Group of French and British officials concluded that either a bridge or a tunnel was technically feasible but that a tunnel was, for reasons of price, navigational problems and legal difficulties, to be preferred. In 1964 the two Governments announced their agreement in principle to the construction of a rail tunnel and in 1972 parallel agreements between the governments and the members of the Anglo-French group chosen to finance and construct the Tunnel were signed. Further details of these agreements are to be found in Section II of Mr Hill's Report (Doc. 319/74), to which reference has already been made in paragraph 18 above.

27. In the event work on the Tunnel was started, and was in its second phase, that of the initial works, when the project was abandoned or suspended unilaterally by the United Kingdom on 20 January 1975. The formal reasons for this abandonment arose because of the United Kingdom Government's refusal to accept the estimated costs of £ 500 million for a new rail link from London to the Channel Tunnel. Such a link was necessary in order to adapt British rolling stock to the wider continental

¹ See O.J. No C 49 of 28.6.1973, p. 12 and Doc. 85/73

² O.J. No C 127 of 18.10.1974 p. 24 and Doc. 319/74

loading gauge and to ensure high speed communication. This estimated £ 500 million (which had been costed at only £ 120 million the year before) would, it has been estimated¹, have doubled the cost of the tunnel and increased its revenues at the most by one fifth.

28. The United Kingdom Government requested the two tunnel companies and the French Government to put back the original timetable to re-assess lower-cost rail link possibilities, but these companies exercised their contractual right to withdraw from the venture, which they did despite proposals that the "clock should be stopped" for a period ranging from several months to a year.

29. In parenthesis it may be remarked that the inadequacy of the 1966 consultation procedure, to which reference has been made in paras. 2 and 3 above is demonstrated by the fact that formal notification of the project was received by the Commission in November 1973, but this in no way prevented its abandonment or assisted its revival.

30. Indeed from the moment of the announcement of the suspension of the project by the late Mr Anthony Crosland, then Secretary-of-State for the Environment, Members of the European Parliament have made frequent efforts either by means of questions to Council or Commission or by Motions for Resolution to have the project revived, if necessary with Community help. Of course until the present proposed Regulation is enacted there is no Community source of finance, other than the European Investment Bank, which is available for such projects.

31. Even were there to be such a source, or if the present proposed Regulation was now in force, there would be no way of forcing or compelling a Government to put forward a particular infrastructure project for Community assistance, however desirable such a project might be within the criteria laid down in both proposals. Indeed the Committee on Regional Policy, Regional Planning and Transport would consider any element of compulsion totally unacceptable. That the present proposals have somewhat altered this situation is demonstrated by a reply given by Mr Rodgers, the Secretary-of-State for Transport in the House of Commons on 9 March 1977 when he stated "I know that there has been a revival of interest in the

¹ Source: The Economist 30.11.1974

prospect of the Channel Tunnel. If EEC funds were to be available it would be wrong not to look at it."

32. Technically speaking then there would appear to be no bar to Community assistance being given to the Channel Tunnel project, provided always that both governments were willing to revive it. Such assistance could be provided in two ways. Firstly, by the Community guaranteeing the capital required for the construction of the Tunnel itself. Under the previous arrangement the two companies - the British Channel Tunnel Company Limited and the Société Française du Tunnel sous la Manche would have raised the requisite capital with about 90% deriving from the issue of fixed-interest bonds, guaranteed by the two governments, and the remainder by shares issued by the Companies.

33. Assistance could also be given to enable the rail-link between Folkestone and London (and indeed possibly farther) to be adapted both to continental loading gauge and to high speed traffic. The Committee are confident that this is provided for by that part of Article 1 of the proposed Regulation which offers financing to "projects which facilitate the standardisation of equipment and the synchronisation of work on the Community communications network."

34. Even if it were assumed that both Governments desired to revive the project with some form of Community assistance, and that the Community was prepared to grant that assistance, it would still be necessary for both the Transport Infrastructure Committee and the Commission itself to consider the project in the light of regional, social and environmental considerations (see paras. 9, 16 and 17 above). It would not be appropriate in this Report to re-examine the whole question of the merits of the Channel project, on which Parliament pronounced favourably in 1975¹, though the following observations may be made.

35. Opposition to the Tunnel in the United Kingdom has various sources, but two of the most important objections are regional and environmental. There is a very real fear expressed in the North of England and in Scotland that a Channel Tunnel could increase the "magnet" effect of the South East and attract industry and associated activities there to the detriment of those regions. There is also a more local hostility to the damaging effects the construction of a Tunnel Terminal and a new rail-link could have on the environment of the South East. Finally, in the social sphere there are

¹ O.J. No. C 5 of 8.1.1975, p. 43

possible problems of unemployment. In 1974 the Hill Report¹ estimated that if the tunnel were constructed by 1991 there would be 4,000 less jobs available in Dover than if it were not to be built.

36. It would be out of place to examine these problems in the context of the present report, but they should certainly be given careful consideration by the appropriate bodies in the Community before assistance was given. This principle applies of course not only to the Channel Tunnel but to many other projects. In some cases - an improved or additional rail tunnel for example - the direct impact on the region traversed may be slight; in other cases what at first sight might appear to represent a fairly simple improvement in communications may have a profound and perhaps unfavourable impact on the life of a region. For this reason it is to be hoped that not only will the Commission be furnished with, and if necessary ask for, the fullest possible information concerning probable social, regional, environmental and economic consequences, but that the Transport Infrastructure Committee will work in close collaboration with Community agencies or bodies having particular expertise in these fields.

37. The Committee on Regional Policy, Regional Planning and Transport consider that the French and United Kingdom Governments should be urged to re-examine the Channel Tunnel project with a view to recommencing it. In the first place discussions could be held with the European Investment Bank and subsequently in the framework of the proposed Decision and Regulation, when adopted.

¹ Doc. 319/74 para. 30

VI. CONCLUSIONS

38. The Committee on Regional Policy, Regional Planning and Transport are of the opinion that, subject to the comments and amendments suggested above, the proposed Decision and Regulation will, if adopted, be able to play a very real role in furthering the development of a common transport policy which is, as the Budget Committee point out in their opinion, in a "state of total stagnation". In addition, properly applied, the proposals should lead to a better integration of transport infrastructure projects with regional and land-use planning within the Community. The Committee hope therefore that the Council will adopt these proposals with a minimum of delay.

39. The Committee have no mandate to re-open the question of the desirability or otherwise of the Channel Tunnel project. They must however point out that it, and its supporting infrastructures, are of such a nature that it would be eligible for assistance from the Community under the terms of the Regulation on the support of projects of Community interest in the field of transport infrastructure.

MOTION FOR A RESOLUTION (Doc. 7/76)

tabled by Mr Berkhouwer, Mr Girardin, Mr Krieg, Mr Martens and Mr Osborn,
with request for an immediate vote,
pursuant to Rule 47(4) of the Rules of Procedure,
to wind up the debate on the oral question by Mr Berkhouwer and others
(Doc. 547/75) on the construction of a tunnel under the English Channel.

The European Parliament,

- being of the opinion that the building of a tunnel under the Channel would be not only in the economic interests of the two Member States previously engaged in its construction, but also of great importance as a link in the chain of European transport routes,
- being of the opinion that the building of a tunnel under the Channel should therefore be seen in a wider context than hitherto and that in particular the possibility of the work being carried out at European level and within the framework of the European Community should be examined.

Invites the Commission to study in cooperation with the governments of the Member States concerned - particularly as regards the financing of the infrastructures on either side of the Channel - the possibility of building a tunnel under the Channel as a Community venture or at least as a venture in which the Community is directly involved.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman : Mr C. MEINTZ

On 16 March 1977 the Committee on Budgets appointed Mr Meintz draftsman.

It considered the draft opinion at its meeting of 17 May 1977 and adopted it unanimously.

Present: Mr Lange, chairman; Mr Aigner, vice-chairman;
Mr Cointat, vice-chairman; Mr Meintz, draftsman; Lord Bessborough,
Mr Dalyell, Mr Hamilton, Mr Maigaard, Mr Martens, Mr Mascagni,
Mr Ripamonti, Mr Schreiber, Mr Shaw and Mr Würtz.

I. Introduction

1. Neither the numerous and well-founded Commission proposals nor the warnings uttered in recent years by the European Parliament in its resolutions have succeeded in bringing European transport policy out of its state of total stagnation. This desolate picture is equally true of the situation in the market policy and structural policy sectors, and it would therefore be mistaken to expect too much from the proposals now before us.
2. By its decision of 28 February 1966 (OJ No 42 of 8.3.66) the Council instituted a notification and consultation procedure with a view to coordinating the improvement of transport links within the Community. Everyone concerned admits that this procedure has brought no tangible benefits: long-term national transport plans were not notified, the projects that were notified had already been finalized at national level, and the circumstances were therefore such that coordination was impossible.

II. Substance of the Commission proposals

3. Despite this discouraging background, the Commission has made a renewed attempt to get a Community transport policy off the ground. Its package of proposals (COM(76) 336 final) falls into three parts:
 - Communication from the Commission to the Council on action in the field of transport infrastructure
 - proposal for a Council decision instituting a consultation procedure and creating a committee in the field of transport infrastructure and
 - proposal for a Council regulation concerning aid to projects of Community interest in the field of transport infrastructure.
4. No comment is called for on the part of the Committee on Budgets on the first two documents, since the Commission's communication is purely descriptive and the proposal for a decision has no financial implications.

5. The Committee on Budgets can therefore confine its opinion to the proposal for a Council regulation concerning aid to projects of Community interest in the field of transport infrastructure. This regulation is intended to provide a Community financial aid instrument for the following categories of measures:

- Projects that eliminate a bottleneck in Community traffic
- Cross-frontier projects offering limited financial benefit
- Projects that are of great value to the Community but are insufficiently attractive when considered in a national context
- Projects that facilitate the standardization of equipment.
(Article 1 of the proposed regulation).

6. Provision is made for financial aid to be given in any possible form of subsidy (Art. 2)

7. The procedure for granting financial support is as follows :

Requests for financial support will be considered by the Committee for Transport Infrastructure, which is to be established by the above-mentioned Commission proposal for a decision and on which the Member States and the Commission will be represented (Art. 5(1)). On the basis of the views expressed by that committee, the Commission will draw up a report and a reasoned opinion, and will forward these to the Council and Parliament as an annex to the general introduction to the preliminary draft budget of the European Communities (Art. 5(3), first part).

The statement of expenditure under the 'Commission' section of the budget will contain a special chapter grouping together appropriations for the financial support of projects (Art. 5(3), second part).

III. Critical assessment of the Commission proposal

8. The draftsman of the opinion does not wish to comment on the transport and regional policy aspects of the proposal. It is left to the committee responsible to decide on the criteria that will distinguish measures dealing with cross-frontier transport infrastructures from purely bilateral support measures and make them eligible for Community aid.

9. It is therefore proposed to consider more closely only four aspects:
- substantiation of the requests for financial support
 - decision-making procedure for granting financial support
 - budgetary implications of the projects to be undertaken
 - control of implementation of the financing measures.

Requests

10. Article 4 of the regulation stipulates that the requests must be accompanied by appropriate cost-benefit studies. It is questionable whether it will be possible to establish the 'social interest of projects' in this way.

Decision-making procedure

11. The procedure for granting financial support provided for in Article 5 is understandably of particular importance from the budgetary standpoint. In the first place the Committee on Budgets draws the Commission's attention to the growing danger of the administrative committees eroding the Commission's executive authority. This danger exists in the present case, despite the fact that no decisions are to be taken in the Committee for Transport Infrastructure. It would be necessary to ensure that no binding preliminary selection could be made by the Committee and that the Commission would be in a position to approve requests in its final report even when they had received an adverse opinion from the committee.
12. The reports on any requests for financial support should be made an integral part of the preliminary draft budget. In this way, as provided for in Article 5(3), the budgetary authority will be able to make an appropriate entry under Chapter 373 (this chapter is not a 'special chapter', as is misleadingly stated in Article 5(3) of the German and English texts).

Expenditure for the financial support measures concerned is plainly of a non-compulsory nature. A token entry is shown for this purpose under Chapter 373 of the 1977 budget.

13. Subject to these provisos, the procedure proposed by the Commission is a new and welcome one. Unlike the usual management committee procedures¹, viz.
- decision on projects taken by the Commission after the committee has given a favourable opinion,

¹ See on this point the criticisms made by Mr AIGNER in his draft opinion drawn up on behalf of the Committee on Budgets for the Legal Affairs Committee on the compatibility of the management committees procedure with Article 205 of the EEC Treaty (PE 47.932).

- decision taken by the Council when the required majority has not been reached in the committee or when the committee has given an unfavourable opinion,

the Commission is here proposing that the budgetary authority should take the final decision.

14. As part of the budgetary authority, Parliament can agree to this procedure. It must nonetheless be pointed out that any thorough scrutiny of requests under the budgetary procedure would be meaningful only if - as is evidently intended - a few large-scale projects were covered. As far as these projects are concerned, it would in any case be unreasonable for the final decision to be taken by the Commission alone. If, however, smaller projects were also to be assisted, a flood of requests could be expected, in which case the procedure used for the Social Fund might be considered preferable, i.e. decision by the Commission after consulting the management committee (no overriding authority exercised by the Council).
15. It is surprising that the regulation fails to specify the manner in which the financial support is to be implemented after budgetary approval has been given. It would be useful for Parliament to be given a definite assurance that at this stage the Funds granted would immediately be deployed.

The Financial implications of the proposals contemplated

16. From the documents submitted by the Commission it appears that financial support is to be made available for motorway links, crossings of mountain chains or sea straits, and the upgrading of major waterways and fast railway links. It is understandable that, in view of this long-range objective, the Commission was unable in its financial statement to provide any figures as regards the possible budgetary implications of the measures. However, when one considers the channel tunnel project, already mentioned in this connection, then one cannot help wondering whether these Commission proposals will not turn out to be yet another ambitious undertaking doomed to early failure through lack of funds.

Control

17. The control powers with respect to direct beneficiaries as laid down in Article 6 of the regulation are inadequate. Not only the executive, in other words the Commission, must have access to the reports and accounts of direct beneficiaries; such access must also, and above all, be given to the supervisory bodies of the budgetary authority and the European Court of Auditors.

The provision of Article 7 as to the confidential treatment of the information received is considered by the Committee on Budgets to be unnecessary.

IV. Conclusions

18. In principle, the Committee on Budgets feels able to approve the package of proposals put forward by the Commission. There is a need for greater coordination, backed by financial incentives, in the domain of European transport infrastructures.
19. The point has already been made that the decision-making procedure proposed represents a new departure. The Committee on Budgets is conscious of the importance of the proposal in relation to the budgetary powers of the European Parliament and the legislative powers of the Council.

Provided it is clear

- that the Commission is not bound either de jure or de facto by the results of the consultation with the committee referred to in Article 5(1) of the proposal, and
- that after the budget has been adopted, the appropriations for the projects decided on in the budgetary procedure may be deployed without any further legal acts,

the decision-making procedure proposed can help to strengthen the European Parliament's budgetary powers.

20. In order to ensure that the Council does not amend the procedural proposals to the European Parliament's disadvantage, the Committee on Budgets urges the committee responsible to incorporate the following paragraph into the motion for a resolution:

'Calls for the initiation of a conciliation procedure in accordance with the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975¹, if the Council should intend to depart from the method proposed by the Commission for the taking of decisions on projects'.

¹ OJ No. C 89, 22.4.1975, p. 2

21. In this connection the Committee on Budgets stresses the importance it attaches to the various committee procedures in all aspects of the implementation of the budget. It will not, however, permit the Council to restrict by means of the management committee procedure the exclusive competence of the Commission to implement the budget, pursuant to Article 205 of the EEC Treaty, and thus inevitably to whittle away the European Parliament's budgetary powers.
22. The committee responsible is also requested to pay due regard to the above observations on Articles 6 (control powers of the budgetary authority) and 7 (confidential treatment of information received) of the regulation on support for projects of Community interest in transport infrastructures, when considering the procedure for decisions on financial support and the control of the implementation of these measures.
23. Seen in the light of the disastrous paralysis - indeed regression - of European transport policy in past years, and of the funds available for the support of multilateral projects, the present Commission proposals represent a clear step forward. The annexed financial statement, which gives no figures whatever, is the clearest possible proof of this. If, however, contrary to expectations, the proposals are implemented, then the Committee on Budgets will not fail to examine, within the framework of the budgetary procedure, and as provided for in the proposal, the question of the priority to be given to transport infrastructure measures in relation to other Community activities.

The committee requests that yearly progress reports be submitted in order to make continuous monitoring possible.