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Report

drawn up on behalf of the Committee on Transport

on the proposal from the Commission of the European Communities to the Council (Doc. 1-648/83 - COM(83) 474 final)

for a Regulation on financial support for a multi-annual transport infrastructure programme

Rapporteur: Mr Pierre BAUDIS

By letter of 26 August 1983 from its General Secretariat, the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission for a Council regulation on financial support for a multi-annual transport infrastructure programme (COM(83) 474 final).

On 12 September 1983, this request was referred to the Committee on Transport.

At its meeting of 22 September 1983, the Committee on Transport appointed Mr BAUDIS rapporteur.

The Committee on Transport considered the Commission's proposal and the draft report at its meeting of 19 October 1983.

At its meeting of 2 November 1983, the committee decided unanimously to recommend to Parliament that it approve the Commission's proposal with the following amendments. The committee then adopted the motion for a resolution as a whole unanimously.

The following took part in the vote: Mr Seefeld (chairman), Dame Shelagh Roberts, Mr Carossino (vice-chairmen), Mr Baudis (rapporteur), Mr Albers, Mr Buttafuoco, Mr Cardia, Mr Gabert, Mr Hoffmann, Mr Key, Mr Moorhouse, Mr Moreland (deputizing for Mr Marshall), Mr Nikolaou (deputizing for Mr Lagakos) and Mrs Scamaroni.

The report was tabled on 2 November 1983.

The opinion of the Committee on Budgets is published separately.

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A.

The Committee on Transport hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement

Proposal for a Council Regulation (EEC)
on financial support for a
multi-annual transport infrastructure programme

Amendments tabled by the
Committee on Agriculture

Text proposed by the Commission of
the European Communities

PREAMBLE

First recital
unchanged

Insert a new recital,
1a, to read as follows:

Whereas the European Parliament
has on several occasions expressly
called for this regulation to be
adopted and has, since 1982,
approved specific appropriations
for this purpose in the Community
budget;

Second recital
unchanged

Third recital

Whereas it would now appear expedient
that the goals enumerated in the above
proposal be gradually realized, and
whereas action spread over a period of
five years would further this objective;

Whereas it is essential that the
goals enumerated in the above pro-
posal be gradually realized, and
whereas action spread over a period
of five years would further this
objective;

Fourth recital

unchanged

Insert a new recital, 4a,
to read as follows:

Whereas it is essential that the Council
adopt definitive rules on Community
support for transport infrastructure
projects before the expiry of this
experimental programme on the basis of
the experience acquired;

Fifth and sixth recitals

unchanged

Articles 1 and 2

unchanged

Article 3

Paragraph 1

1. The support granted for a project under this Regulation may take the form of a Community contribution, by way of a loan guarantee, subsidy or interest rate rebate on Community loans, towards financing the project.
This contribution may not exceed 40% of the project costs except in especially justified cases.

The support granted for a project under this Regulation may take the form of a Community contribution, by way of a loan guarantee, subsidy or interest rate rebate on Community loans, towards financing the project.

Paragraph 2

2. Support may also be given to a project under this regulation in cases where the Community is already contributing to the project pursuant to other provisions.

Financial support granted under this Regulation in the form of a subsidy or interest rate reduction together with any other financial contribution of the same nature from which the project may benefit under other Community policies shall not exceed 70% of the cost of the project.

Insert a new paragraph 3 to read as follows:

3. Under no circumstances may the total financial support given by the Community exceed 70% of the cost of the project.

Article 4
unchanged

Article 5

becomes paragraph 1

1. To be eligible, projects must contribute towards the realization of the common transport policy, and in particular:
- (a) elimination of notorious bottlenecks within the Community;
 - (b) improvement of rail transport on routes that are important for long distance traffic, particularly combined transport;
 - (c) improvement of traffic links between the outlying Member countries and the rest of the Community by trunk routes, including those which involve transit through a non-member country;
 - (d) improvement of trans-shipment facilities between intra-Community modes of transport, taking particular account of those sea-ports and air ports important for traffic between Member States;

- To be eligible, projects must contribute towards the realization of the common transport policy, and in particular:
- (a) elimination of notorious bottlenecks within the Community;
 - (b) improvement of rail transport on routes that are important for long distance traffic, particularly combined transport;
 - (c) improvement of traffic links between the outlying Member countries and the rest of the Community by trunk routes, including those which involve transit through a non-member country;
 - (d) improvement of trans-shipment facilities between intra-Community modes of transport, particularly for those Member States for which contacts with the rest of the Community are influenced by the development of sea and air transport;

(e) modernization of the inland
waterway system.

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waterway system.

Insert a new paragraph 2 to read as follows:

2. To figure in the list projects must include a cost-benefit analysis wich gives appropriate quantifiable data for the assessment of the short, medium and long-term benefit to the Community.

Article 6

Paragraph 1

For the purpose of drawing up this list, and without prejudice to the application of Article 2 of Decision 78/174/EEC, Member States shall communicate to the Commission the projects they wish to have listed.

For the purpose of drawing up this list, and without prejudice to the application of Article 2 of Decision 78/174/EEC, Member States shall communicate to the Commission the projects they wish to have listed.

Paragraph 2

The communication shall include details of any expenditure required to implement the cost-benefit analysis provided for in Article 5(2), in particular:

- (a) an itemized estimate of likely expenditure;
- (b) a provisional schedule of work and financial commitments;
- (c) any other information needed to evaluate the Community interest of the project.

The communication shall include the following background information:

- (a) an itemized estimate of likely expenditure;
- (b) a provisional schedule of work and financial commitments;
- (c) whatever information is needed to evaluate the Community interest of the project.

Article 7

becomes paragraph 1

1. Before drawing up the list, the Commission shall consult the Transport Infrastructure Committee established by Decision 78/174/EEC.

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Insert a new paragraph 2 to read as follows:

2. The Commission may also include in the list projects meeting the requirements of Article 5 where it has received no communication thereon from a Member State. This applies in particular to projects to be implemented outside the territory of the Community.

Articles 8 to 11

unchanged

Article 12

becomes paragraph 1

1. This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

It shall remain in force until 31 December 1987.

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Insert a new paragraph 2 to read as follows:

2. By this date at the latest the Council shall adopt definitive rules on financial support from the Community for transport infrastructure projects.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Council Regulation on financial support for a multi-annual transport infrastructure programme.

The European Parliament,

- having regard to the proposal from the Commission¹,
- having been consulted by the Council (Doc. 1-648/83),
- having regard to its resolutions of 18 November 1976², 4 July 1977³, 11 July 1980⁴, 15 October 1982⁵ and 10 June 1983⁶,
- having regard to the report of the Committee on Transport and the opinion of the Committee on Budgets (Doc.),
- having regard to the result of the votes on the Commission proposal,
- whereas:

- A. the granting of financial support for transport infrastructure projects of Community interest is the most effective instrument in a common transport infrastructure policy;
- B. the European Parliament has year by year accorded increasing priority to this instrument and, in particular, has approved increasingly large appropriations in the Community budget;
- C. as the Council has so far not adopted the basic regulation proposed by the Commission and persistently demanded by the European Parliament for Community support for transport infrastructure projects, it is therefore expedient to take direct measures even if on the basis of a scheme for a multi-annual experimental programme, the completion of which, however, must be preceded by the adoption of definitive rules;

1 COM(83) 474 final

2 OJ No. C 293, 13.12.1976, p.57 - Nyborg report, Doc.1-337/77

3 OJ No. C 182, 1. 8.1977, p.15 - Nyborg report, Doc.1-185/77

4 OJ No. C 197, 4. 8.1980, p.74 - Buttafuoco report, Doc.1-218/80

5 OJ No. C 292, 8.11.1982, p.103- Roberts report, Doc.1-563/82

6 OJ No. C 184, 11.11.1983, p.135- Martin report, Doc.1-85/83

- D. financial support for transport infrastructure projects from the Community should not be granted indiscriminately on a 'share and share alike' basis; funds must be allocated according to criteria established within the framework of a common transport policy; the criteria so far established by the Commission can and must be further improved;
- E. in particular, financial support must be shared fairly among the various modes of transport, thus helping to secure the harmonization of the essential conditions for competition between the modes of transport and hence the gradual achievement of internal market conditions in the Community's transport sector;
- F. to implement the European Parliament's transport policy guidelines, a number of points in the Commission's proposal should be amended;
1. Calls on the Council to adopt the regulation proposed by the Commission, as amended by the European Parliament, without delay;
 2. Points out to the Council that a continuous and harmonious growth of Community support for transport infrastructure projects in accordance with the objectives of the EEC Treaty, requires that this regulation provide for the implementation of a multi-annual programme, the completion of which must be preceded by the adoption of definitive rules;
 3. Calls on the Commission to submit a revised proposal for a regulation, on the basis of the European Parliament's amendments, to the Council before the latter's next meeting;
 4. Approves, in spite of some reservations, the transitional procedure proposed by the Commission for the 1983 and 1984 financial years; and in particular, invites the Commission to make quite sure, when taking its final decision on the projects to be selected for Community support, that such support is concentrated on projects of Community interest which, in the absence of a contribution of this kind, would be unlikely to be carried out;

5. Asks the Commission to consider whether it can justifiably uphold its proposal, with a view to safeguarding its functions and powers and under the Treaty, should the Council attempt to amend the proposal so as to limit it to the 1983 (and possibly 1984) budget year;
6. Calls on the Commission to implement the provisions of Article 781 of the 1983 budget in accordance with the European Parliament's general guidelines, even if the Council does not adopt rules to this effect in time;
7. Furthermore, calls on the Commission to extend its machinery for evaluating the importance to the Community of traffic infrastructure projects when implementing the proposed multi-annual programme and, in particular, to establish, during the two-year transitional period at the start of this programme, adequate objective criteria for determining the benefit to the Community in a cost-benefit analysis based on a uniform procedure for all projects;
8. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENTPrior history and previous opinions of the European Parliament

1. As in 1982¹ the Commission has submitted, at the request of the Council of Ministers, a draft regulation for a programme of limited duration to provide financial support for transport infrastructure projects, with the aim of creating a formal legal basis for the commitment and subsequent payment of the budgetary resources voted for this purpose by the European Parliament.

2. The background to this proposal is that, despite admonitions from the European Parliament, the Council of Ministers has still not adopted the basic regulation², originally submitted by the Commission in 1976 and amended in 1980, on joint transport infrastructure financing. In its resolution of 15 December 1982¹, the European Parliament stressed that the creation of a formal legal basis for a programme of limited duration was firstly no substitute for the adoption of the basic regulation; nor was it necessary under the budgetary procedure, although it might be politically expedient.

3. The political expediency of a limited regulation is particularly evident from the efforts to avoid unproductive confrontations with the other arm of the budgetary authority, as reflected in the joint statement by the Presidents of the European Parliament, the Council and the Commission of 30 June 1982 on various measures to improve the budgetary procedure³. But such regulations, and the Committee on Budgets emphatically drew attention to this fact⁴, should not contain any provisions (such as the fixing of maximum amounts or an exhaustive list of projects to receive aid) which would violate the budgetary powers of the European Parliament or the powers of the Commission relating to the implementation of the budget.

¹ See the report by Dame Shelagh ROBERTS (Doc. 1-651/82) and Parliament's resolution of 15 October 1982, OJ No. C 292, 8.11.1982, pp. 103 et seq. (Annex 1) and the regulation subsequently adopted by the Council No. 3600/82 of 30.12.1982, OJ No. L 376, 31.12.1982, p. 10 (Annex 2)

² OJ No. C 207, 2.9.1976, p. 9 as amended by COM(80) 58 final

³ OJ No. C 194, 28.7.1982, p.1

⁴ Opinion by Mr PROTOPADAKIS on the transport infrastructure experimental programme (Doc. 1-85/83 Annex)

4. The present draft regulation follows on from the transport infrastructure experimental programme submitted by the Commission in December 1982, which by and large was approved by the European Parliament on the basis of the report by Mr MARTIN on behalf of the Committee on Transport and the opinion of Mr PROTOPAPADAKIS for the Committee on Budgets¹. In discussions on the implementation of this experimental programme the Committee on Transport had already made it quite clear that it was only willing to approve a further programme of limited duration if this were least a multi-annual programme.

5. The European Parliament's opinion on the Commission's experimental programme² also urges that the Commission should have a genuine opportunity to encourage Member States to apply for financial support from the Community for projects which are clearly of interest to the Community.

6. In a number of resolutions³ the European Parliament has called for financial support for projects of interest to the Community in third countries, particularly in relation to the construction of the Pyrhon motorway. The regulation on the implementation of the experimental programme should therefore take account of the special situation of projects in third countries.

7. In its resolution of 10 June 1983⁴ the European Parliament set out various guidelines as regards the assessment of Community interest in the selection of projects. It emphasized the importance of:

- projects to facilitate the movement of goods and individuals between Member States and

¹ Resolution of 10 June 1983, OJ No. C 184, 11.7.1983, p. 135 et seq.

² Resolution of 10 June 1983, OJ No. C 184, 11.7.1983, p. 135 et seq.

³ Resolution of 11 February 1983, OJ No. C 68, 14.3.1983, p. 113 et seq.
(BUTIAFUOCO report)

Resolution of 15 October 1982, OJ No. C 292, 8.11.1982, p. 102 et seq.
(ROBERTS report)

Resolution of 19 June 1981, OJ No. C 172, 13.7.1981, p. 133 et seq. (HELMS report)

⁴ Resolution of 10 June 1983, OJ No. C 184, 11.7.1983, p. 135 et seq.

- projects providing peripheral areas with better links to the Community transport network,

and stressed that such projects should have an optimum impact on the economy, the environment, transport safety and energy saving.

8. As regards the type of transport to be promoted, the European Parliament, in the same resolution, called for the development of the railway network in addition to road construction which assumed a major role in the Commission's experimental programme. At the same time it pointed out that the improvement of inland waterways, ports and airports should not be neglected.

9. The proposal for a regulation which the Commission has now submitted to provide financing for Community transport infrastructure for five years can be broken down into two sections:

- firstly there are general provisions on the procedure for selecting projects according to which the Commission is to decide on financial support on the basis of a list of projects eligible for support; this list is to be drawn up by the Commission on the basis of information from the Member States having regard to the criteria for Community interest and then a final decision is to be taken by the Council after consulting the European Parliament;
- secondly there are transitional provisions for the 1983 and 1984 financial years; the draft list is to this extent included in the draft regulation itself.

The Commission explains that such transitional provisions are necessary as it is no longer possible to complete the procedure for drawing up a list in time for the implementation of the 1983 and 1984 budget.

Analysis of the Commission proposal

10. Considering this Commission proposal on the basis of the criteria drawn up by the Committee on Transport, the following points emerge:

- (a) The political expediency of such a regulation is likely to remain valid in the light of the joint statement by the Presidents of the three institutions involved in the budgetary procedure;
- (b) The Commission has acceded to the express wishes of the Committee on Transport in that the programme in the proposed regulation covers several years;
- (c) Objections could, however, be raised to the transitional provisions for 1983 and 1984 since it cannot be ruled out that the Council of Ministers will not amend the proposal so that it ultimately only contains provisions for implementing the 1983, and possibly the 1984, budget; at the same time the Commission's argument that such transitional provisions are needed for reasons of timetabling remains valid so that in the long run it is likely to have to be accepted;
- (d) In its present legal form, the draft regulation infringes neither the budgetary powers of Parliament (in particular no fixed amounts are specified) nor the Commission's powers in relation to the implementation of the budget (the final decision on the projects receiving aid lies with the Commission). At the same time the Member States and Council of Ministers have such a dominant position in the choice of projects eligible for aid that there is a danger that the Commission decision will be reduced to a mere formality. It is, however, likely to be extremely difficult to persuade the Council to give the Commission greater autonomy at the present time;

In view of the above points, the Commission's proposal can therefore be approved.

11. In a number of other areas, however, the Commission's proposal could be improved and should be amended accordingly by the European Parliament. The Committee on Transport therefore proposes the following amendments:

11.1 Preamble

The preamble proposed by the Commission completely ignores the

contribution of the European Parliament towards the introduction of Community financing for transport infrastructure projects. Parliament's role should, however, also be given greater emphasis in Community legislation and not just in the shape of a formal reference to its opinion. An appropriate reference should therefore be inserted after the first recital.

11.2 Third recital

The Commission's formulation gives the impression that a gradual introduction of transport infrastructure financing by the Community would have been the appropriate approach in any event. However, as this is necessitated solely by the Council's refusal to adopt the basic regulation, the third recital should be reformulated to indicate this fact.

11.3 Fourth recital

After the fourth recital, mention should be made of the need for the Council to adopt definitive rules before the expiry of the multi-annual programme.

11.4 Article 3(1)

The financial record accompanying the proposal for a regulation indicates that the Community contribution from resources for promoting transport infrastructure investment should not exceed 40%. The text of the regulation does not provide for any such limit, however. Observance of such a restriction would normally be advisable, although the Commission should be able to make exceptions for justified cases, in order to take special circumstances into account. A provision to this effect should be added to this paragraph in the form of a second sentence.

11.5 Article 3(2)

The Commission proposes that contributions in support of transport infrastructure projects be aggregated with contributions under other Community financial instruments and the sum total should not exceed 70% of the cost of the project. Although this objective can be approved,

the Commission's formulation of this paragraph is unclear and also gives rise to legal problems, so it should be replaced by a new version.

11.6 Article 3(3)

As it would be illogical to set a maximum limit for total Community support only where contributions are aggregated, a provision setting a compulsory limit of 70% to cover all cases should be added in the form of a new paragraph.

11.7 Article 5(1)

The criteria laid down by the Commission for selecting projects eligible for support are by and large in line with the guidelines established by the European Parliament in its opinion of 10 June 1983 concerning the Commission's experimental programme. However, as regards the improvement of trans-shipment facilities between transport modes, specific reference should be made to ports and airports, as considerable improvements are still required in this area (combined transport is specifically mentioned in part (b) of this paragraph). On the other hand, it is difficult to see why such improvements should receive particular support in countries whose links with the rest of the Community depend on sea and air transport, since traffic between such a country and another Member State in the centre of the Community could just as easily be impeded by inadequate transport infrastructures in the latter country. The phrase ', particularly' in 1(d) should therefore be deleted and replaced by a reference to sea and air ports.

11.8 Article 5(2)

The report by Mr KLINKENBORG on transport infrastructure planning shows that, in order to determine Community interest, it is essential to carry out, for all projects, a cost-benefit analysis following a uniform procedure and based on objective criteria. In the two years to the expiry of the transitional arrangement, the Commission should be able to develop

an appropriate procedure for a cost-benefit analysis at Community level. A new paragraph 2 should therefore be added to Article 5 to require the carrying out of such a cost-benefit analysis for inclusion in the list of projects eligible for support.

11.9 Article 6(2)

The provisions stipulating the information the Member States are to give the Commission should be formulated in such a way as to enable the latter to carry out the cost-benefit analysis under Article 5(2). Article 6(2) therefore has to be slightly amended to this effect.

11.10 Article 7(2)

Two proposals by the European Parliament in its opinion of 10 June 1983 concerning the 'experimental programme' were not taken up by the Commission: the Commission was to be given the power to require Member States to submit projects of obvious Community interest and provision was also to be made for projects in third countries. The proposed new paragraph 2 in Article 7 meets these demands.

11.11 Article 12(2)

Provision should be made to ensure that Community financing of transport infrastructure projects continues uninterrupted even after the expiry of the multi-annual programme. The experience gained in the implementation of the programme will enable definitive rules to be drawn up. The Council should therefore explicitly undertake now to adopt these definitive rules before the expiry of the experimental programme. The proposed new paragraph 2 in Article 12 provides for such a commitment by the Council.

General policy guidelines

12. The granting of financial support for transport infrastructure projects of Community interest is the most effective instrument in a

common transport infrastructure policy. As one of the few Community policies that directly promote productive investment and hence have a positive effect on employment, the European Parliament has accorded it constantly increasing priority; in particular, it has year by year approved increasingly large appropriations in the Community budget.

13. As the Council is currently not prepared to adopt the basic regulation proposed by the Commission and constantly demanded by the European Parliament for Community financing of transport infrastructure projects, it is therefore for the time being expedient to acquire further practical experience with a scheme for a multi-annual experimental programme, which, however, must be followed by the adoption of definitive rules.

14. Community resources intended to support transport infrastructure projects must be allocated according to criteria established within the framework of a common transport policy for evaluating the importance to the Community. Funds should not be granted indiscriminately on a 'share and share alike' basis. The criteria so far established by the Commission for evaluating Community interest can and must be further improved¹. In particular, financial support must be shared fairly among various modes of transport. This will help to ensure the harmonization of the essential conditions for competition among the modes of transport and hence the gradual achievement of internal market conditions in the Community's transport sector.

15. The Council should therefore adopt the Commission's proposed regulation, as amended by the European Parliament, without delay. At the same time, it should also undertake to adopt definitive rules before the multi-annual programme expires.

16. The Commission should in turn revise its proposal in line with Parliament's suggestions. As the possibility that the Council will attempt to amend the Commission's proposal so as to limit it to the 1983 (and possibly 1984) budget year cannot be ruled out, the Commission

¹See the report by Mr KLINKENBORG on transport infrastructure planning.

should consider whether in that event it could justifiably uphold its proposal, with a view to safeguarding its functions and powers under the Treaty. In any event, the Commission should fulfil the commitments in Article 781 of the 1983 budget, even if the Council does not adopt rules to this effect in time.

17. In addition, the Commission should utilize the experience gained in implementing this multi-annual programme to extend its machinery for evaluating the importance to the Community of transport infrastructure projects. In particular, during the two-year transitional period at the start of the programme, the Commission should establish adequate objective criteria for determining the benefit to the Community in a cost-benefit analysis based on a uniform procedure for all projects.