COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

on the establishment of a system, adapted to the final arrangements of organization of the inland transport market, for observing the markets for the carriage of goods by rail, road and inland waterway between the Member States

1. BACKGROUND

1.1. 1978 Council Statement

Before deciding to adopt a permanent market observation system for the carriage of goods by rail, road and inland waterway between the Member States, the Council, after examining the Commission's proposal and report (1), made a statement (2) calling for the results of a practical experiment the Commission was to carry out over a set period. The Council statement also contained a detailed programme for the system during the trial period.

1.2. 1980 Report to the Council

In December 1980 the Commission submitted to the Council a report (3) on the experience gained in 1979 and 1980. The Commission also suggested several changes to the original proposal for a market observation system (4) and put this in the form of a decision rather than a regulation. This proposal for a Council Decision was submitted to Parliament (5) and the Economic and Social Committee (6) for opinion. Parliament adopted the proposal subject to a further criterion on energy saving being included. The Economic and Social Committee considered that a system for observing the market in inland transport based on data which were comparable at Community level "would be useful for all future action in the transport sector".

1.3. 1981 Council Resolution

In July 1981, after examining the Commission's proposal and report on the market observation system, the Council decided to await the results of the Commission's experiment before taking a final decision. In the Resolution of 22 and 23 July 1981 (7) the Council called on the Commission to submit a report in due course containing the final conclusions on the experiment and the results obtained.

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(1) Doc. SEC(77)3074 of 8 September 1977.
(2) Doc. R/1166/78 (TRANS 81).
(3) COM(80)785-Final of 5 December 1980.
(4) OJ C 351 of 31 December 1980, p. 32.
(5) OJ C 172 of 13 July 1981, p. 128.
(6) OJ C 189 of 30 July 1981, p. 17.
(7) Doc. 7973/81 (TRANS 94).

1.4. 1984 Report to the Council

In October the Commission presented the Council with a report (1) setting out the results obtained since 1979 and seeking the Council's approval for continuing with the market observation system along the lines proposed for its future development. The report also called upon the Council to re-examine the Commission's proposal.

1.5. 1986 Council Resolution

In the light of the above, the Council, in its Resolution of 18 June 1986 (2), considered that the Commission should continue to gather and analyse data but that the system should remain flexible so that it was better able to adapt to requirements. The Council also considered that the system should be re-examined by a working party of experts with a view to improving and adapting it, among other things, to the future organization of the market and requested the Commission to submit a report before 31 December 1987 on the operation and possible revision of the system.

The Council Resolution made the following stipulations:

1. The system for observing the transport markets for the carriage of goods by rail, road and inland waterway as provided for in the Council Resolution of 22 and 23 July 1981 will be extended for a period ending on 31 December 1988.

2. Before 1 July 1988 the Council, acting on a proposal from the Commission and following an in-depth review of the existing system, will take a decision on the establishment of a system adapted to the final arrangements for organization of the inland transport market, taking into account the needs of users and the need to reduce running costs to a minimum.

3. The Member States and the Commission will ensure close cooperation between their relevant departments as regards the compilation and analysis of the data forming part of the market observation system.

1.6. Purpose of this report

The purpose of this report is to provide the Council with a detailed assessment of the operation of the present market observation system and submit detailed proposals for the implementation of a system adapted to the definitive organization of the internal transport market in order to enable the Council to take a decision, as provided for in its Resolution of 18 June 1986.

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(1) COM(84)541-Final of 8 October 1984.
(2) OJ C 160 of 27 June 1986, p. 2.

2. ASSESSMENT OF THE OPERATION OF THE PRESENT MARKET OBSERVATION SYSTEM

This chapter discusses the indicators used in the present market observation system.

The trends of the principal indicators and the consistency checks between the time series, particularly those for the business opinion surveys, are set out in the Annex.

2.1. Tonnes and tonne/kilometres (all three modes)

When it began setting up its market observation system in 1979, the Commission did not have at its disposal any harmonized statistics on tonnes carried and services provided, expressed in the form of tonne/kilometres carried between the Member States. At the start, it therefore used various national sources, particularly statistics broken down by product and generally based on foreign trade data. The adoption of the three "statistics" Directives for road, (1) inland waterways (2) and railways (3) considerably improved the situtation from the point of view of data comparability and ease of access by users to information provided by different national sources. Nevertheless, certain difficulties have not yet been eliminated. The following, in particular, should be mentioned:

(a) there are no figures on services provided by Italian road hauliers since 1979;

(b) there were delays in communicating the data for certain years (1983, 1984) for services provided by Luxembourg road hauliers;

(c) there were delays in communicating the data for Belgian and Dutch inland waterways and for Dutch railways.

In the previous report to the Council (4) a number of extensions to the abovementioned Directives were discussed but implementation proved slower than intended. Both the Statistical Office of the European Communities and the Member States' national statistical offices had difficulties in obtaining sufficient funds and personnel to do the work. As in future, when the international frontiers fall in 1992, it will be even more difficult to obtain data on intra-Community trade, the importance of the transport statistics that can be obtained from information provided by transport undertakings themselves should again be stressed.

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(1) Directive 78/546/EEC of 12 June 1978, OJ L 168, 26 June 1978, p. 29.
(2) Directive 80/1119/EEC of 17 October 1980, OJ L 339, 15 December 1980, p. 30.
(3) Directive 80/1177/EEC of 4 December 1980, OJ L 350, 23 December 1980, p. 23.
(4) COM(84)541 Final of 8 October 1984, p. 22.

2.2. Business opinion surveys (road and inland waterways)

The main aim of the business opinion surveys of road hauliers and inland waterway transport operators is to sound out their opinions on the market situation.

On certain points, including the important question of level of activity, opinions on the market trend are gathered some months before the official statistics become available. Certain other indicators covered in the business surveys (such as investment) are not at present in the statistics.

The structure of the railway undertakings makes it more difficult to sound out opinion in the various substructures so that, so far, they have not been the subject of such surveys.

With the benefit of experience it is now possible, in cases where comparisons can be made, to establish a correspondence between the opinions expressed and the results obtained later (see Annex).

2.3. Price surveys (all three modes)

The Commission has always regarded price surveys as a key indicator of the health of a market. (1) (2) This is because price levels reflect the balance between supply and demand, and a comparison between trends in prices and costs provides an indicator of the financial situation of an undertaking.

Price indices (base: the beginning of 1979) for inland waterways have been used satisfactorily for the last eight years.

For road haulage, the results of the price surveys carried out since 1980/81 in the six founder Member States and since 1983 in Greece are integrated into a Community system.

The railways have provided information on tariffs only. Yet, with the increasing spread of special contracts, it is becoming more and more necessary to obtain information on the actual rates charged for freight.

Price trends over the last few years are shown in the Annex.

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(1) COM(80)785 Final of 5 December 1980.
(2) COM(84)541 Final of 8 October 1984.

2.4. Cost Surveys (all three modes)

Cost surveys are traditionally carried out by establishing a breakdown of costs in a base period and then monitoring the movement of the cost elements (fuel, wages, etc.) using an unchanged cost structure. This approach has the advantage of being fairly easy and inexpensive to carry out and imposes a mimimum burden on the carriers themselves, who are only involved when the cost structures are periodically revised, say every four or five years. One disadvantage of this approach is that it ignores productivity improvements so that care must be taken in comparing cost and price indices. Productivity improvements probably reduce costs by about 1 % per annum, but it is difficult to obtain a precise figure.

Following an agreement reached between the national institutes, harmonized cost indices for inland waterways have been used since 1979. Since 1980 the institutes of seven Member States have also provided information on road transport costs, but it is less harmonized than that on inland waterways. Moreover, a number of Member States - Italy, Ireland, Greece, Spain and Portugal - do not take part in the survey. So far it has not been possible to obtain from railway undertakings data from which it would be possible to calculate cost indices.

Cost trends over the last few years are shown in the Annex.

2.5. Short-term forecasts (all three modes)

For five years the Commission has worked out short-term forecasts, i.e. forecasts for the whole of the following year. Forecasts have been prepared for each relation (Member State to Member State), for each of 10 commodity groups (the ten Chapters of NST - standard goods classification for transport statistics).

Analysis of the forecasts for the last five years shows the following:

Mode	Average of forecasts	Average of results	Average of individual annual differences
Road	+ 4,6 %	+ 4,1 %	1,4 %
Inland waterways	+ 2,1 %	+ 1,0 %	3,7 %
Rail	+ 1,8 %	- 1,9 %	10,4 %
Total	+ 3,1 %	+ 1,8 %	3,2 %

The results show that the forecasts for road transport were reliable, those for inland waterways were on the optimistic side, and those for rail show the difficulties of predicting the wide annual fluctuations observed.

For the 1987 report, the Commission drew up forecasts, or more precisely, projections, covering only road haulage and the utilization of the Community quota authorizations.

2.6. Medium-term forecasts

The aim of the medium-term forecasts is to examine structural changes in the market and they require different techniques from those used so far in the annual forecasts.

In this connection the Commission is collaborating with two Economic Research Institutes. This work is being carried out in parallel with that done under the TASC system on infrastructure planning and is based on trade figures and detailed data broken down by mode of transport for the ten NST Chapters (interregional movements).
The current studies concentrate particularly on inland waterways and are aimed at determining excess capacity (against the background of the scrapping policy). Recently the Commission has begun working with another institute on a multi-customer project to analyze how different transport strategies (liberalization, balanced market regulation) would affect the situation in western Europe in 1990 and 2000.

2.7. Publications

To ensure that the results obtained through the market observation system reach the appropriate clientele, the Commission publishes three types of report in the EUROPA TRANSPORT series, namely:

- Market Developments (a quarterly publication)
- the Annual Report, and
- Analysis and Forecasts (an annual publication).

The "Market Developments" reports are trilingual (DE, EN, FR) and are presented in standardized form in order to speed up publication. They begin with a summary which is also trilingual. The manuscripts for these publications are generally completed in March, June, September and December.

Since 1981 the "Annual Report" has been published in six languages (DA, DE, EN, FR, IT and NL). Spanish was added in 1985. The original (EN) is usually completed in August even if certain basic data (e.g. point 2.1) are not available by then, but the translations take a long time.

So far the "Analysis and Forecasts" reports have been published in four languages (DE, EN, FR, IT). Spanish is now to be added to the range. Generally, the manuscript of these reports is completed in January. However, it has sometimes been difficult to keep the publication deadline, inter alia because of changes in the subjects covered and the methods used.

To short-circuit the delays of translation and printing and make the figures available to readers more quickly, the Commision distributes advance copies in EN of the Annual Report and the Analysis and Forecasts Reports (or DE, EN and FR for quarterly reports). This appears to have met with approval.

While there is little change in the contents of the quarterly reports, the contents of the Annual Reports vary considerably from year to year (e.g. the analysis of the 24 NST groups in the 1985 Annual Report).

3. IMPLEMENTATION OF A DEFINITIVE SYSTEM ADAPTED TO THE FINAL ARRANGEMENTS FOR THE ORGANIZATION OF THE INLAND TRANSPORT MARKET, TAKING INTO ACCOUNT THE NEEDS OF USERS

3.1. Introduction

In its Resolution of 18 June 1986 (see point 1.5 above) the Council called upon the Commission to review the existing market observation system with the help of a working party of experts with a view to finalizing it and adapting it, inter alia, to the future organization of the market. In this connection, three totally distinct but nevertheless interrelated events have already provided certain guidelines. They are:

a) the Court judgement of 22 May 1985 in Case 13/83 (1);

b) the conclusions of the European Council (Heads of State or Government) of 28/29 June 1985 on the Commission's White Paper on the completion of the internal market (2);

c) the Council's agreement, given at its meetings of 14 November 1985 and 30 June 1986, to creating a market organization for the international carriage of goods by road by 1992 which will be free of all quantitative restrictions.

In the next few years

a) the market will be further opened to economic forces, and administrative controls, particularly at frontiers, will disappear;

b) the distinction between national markets and the international intra-Community market will gradually disappear.

3.2. Customers' needs

There are three main categories of customers for the market observation system, namely the transport industry, transport users and public administrations. Within the transport industry, individual large undertakings are intererested in comparing their position (traffic, prices, costs) with the average for all other undertakings of the same nationality. Similarly, associations of transport undertakings are interested in comparing the position of their members with that of transport operators of other nationalities. Transport users must be able to entrust their goods to undertakings providing the best quality of service for the price paid. Where public administrations, whether national or Community, are concerned, they must also be able to follow developments in supply and demand and costs and prices in order to ensure that the internal market is completed as flexibly as possible.
Under the new less regulated market organization these types of customers will require reliable data and, therefore, a market observation system so structured as to ensure, as far as possible, a satisfactory degree of transparency.

More particularly in the transport sector, the conclusions of the June 1986 Council with regard to the creation by 1992 of a market free of all quantitative restrictions for the exchange of goods between the Member States calls for a satisfactory market observation system. In the same conclusions, the Council has already agreed to a safeguard clause for the period after 1992. In its formal proposal the Commission provides that this clause shall take effect immediately. Whatever the final form of the safeguard clause - whether it covers the period before or after 1992 - the Commission considers that a market observation system is a necessity.

On inland waterways the industry continues to confront the problem of excess carrying capacity. Any scrapping policy must be based not just on an adequate assessment of the current situation but also on medium-term forecasts, given the life expectancy of a vessel.

3.3. Improving statistics on trade in goods carried between the Member States by road, rail and inland waterway

3.3.1. Road - quarterly statistics

Under Directive 78/546/EEC, with a view to improving the content of the quarterly reports on the market observation system and making the information available more quickly, the Commission proposes recording the data required for the analysis of quarterly changes in different types of traffic under the headings of nationality of operator, own account transport operations and operations for hire or reward. Most of the Member States' experts were in favour of this improvement as they considered that quarterly statistics were necessary to facilitate valid market observation.

3.3.2. Road - cross trade traffic

The Commisson also considers that it would be useful to act under the abovementioned Directive and gather data on cross-trade traffic in order to fill one of the main remaining gaps in the coverage of the Directive and to be able to assess the degree of progress and accessibility in a liberalized market free of all quantitative restrictions. The Member States' experts agreed that the collection of data on this type of traffic should be carried out within the framework of Directive 78/546/EEC.

3.3.3. Road - cabotage

Still acting under the same Directive, the Commission also considers it necessary to provide for gathering data on cabotage as soon as this type of transport is authorized. This would close a gap which would otherwise subsist and the information would be useful in assessing the degree of market accessibility achieved with regard to the freedom to provide services. Most of the Member States' experts support the Commission in hoping that the necessary procedures will be established under the above Directive, so that cabotage traffic can be monitored by the authorities of the countries in which the transport operators concerned are established.

3.3.4. Road - transit through non-Community countries

The Commission considers that it would be desirable to gather data on transit countries (Austria, Switzerland, Yugoslavia) as this should permit evaluation of the difficulties encountered by the Member States' transport operators transiting these countries in the course of intra-Community operations. The information would also be useful for the creation of the internal market and for comparing the number of kilometres covered on Community roads by transport operators from the transit countries with the number of kilometres covered by Community operators on the roads of the countries they transit in order, if necessary, to determine what compensation to apply. Possible solutions should therefore be examined jointly with representatives of the three countries concerned (Austria, Switzerland, Yugoslavia). It should be noted that in any case, discussions of this type have already started under the auspices of the Statistical Office of the European Communities (SOEC).

3.3.5. Road - transit through Member States

Finally, the Commission considers that, with data on the traffic transiting the Member States, it would be possible to evaluate the difficulties encountered by any one Member State in obtaining, before the final arrangements are established, transit authorizations through any other Member State. The data concerned is of the type required to monitor compliance with the conclusions of the Council meeting of 30 June 1986.

3.3.6. All three modes - international interregional traffic

To support the TASC infrastructure planning programme and improve the medium-term forecast made for market analysis purposes (and linked with the TASC system), the Commission has indicated interest in the gathering - under the three transport statistics Directives - of data, in the form of matrices, on international interregional traffic. However, new procedures for obtaining information of this type would be very expensive and could only be used if there is close coordination and harmonization of the work involving the codified and standardized list of Community municipalities, stations and ports. It should be pointed out that this is currently being done by the SOEC.

3.3.7. All three modes - harmonization of national and international statistics

Similarly, the Commission has expressed the wish to organize the gathering of "harmonized" statistics on national and international traffic, such as data on different distances covered in transport operations (0-49 km, 50-150 km, etc.). At present the figures of this type are available only for national transport operations. The Commission would like to have these statistics in order to draw up comparisons between the two types of traffic.

3.4. Transport capacity and use

From the outset the market observation system has foreseen a comparison between transport supply and demand. Although figures on demand (expressed in tonnes carried or in tonne/kilometres of services provided) are available under the statistics Directives - clearly divided into national and international traffic - it is more difficult to obtain similar information on capacity.

Capacity, measured in terms of the number of vehicles available, is given in the SOEC's Statistical Yearbook on Transport. Capacity measured in these terms is available for the railways and inland waterways; but there are gaps in the SOEC's figures for road haulage, particularly as regards semi-trailers, which are not registered in all Member States. The problem of differentiating between national and international capacity should not be a decisive factor, as the integration of the markets is advancing at a faster pace.

For the time being the Commission will try to complete the statistical base for road haulage, for it considers that capacity utilization should be quantified in that form rather than in terms of authorizations, given that the intra-Community road transport market will be free of all quantity restrictions after 1992. Moreover, some relations are not subject to authorizations and for certain others it may not be possible to arrive at a reliable conversion factor.

At a later stage the STATRA 277 document should be used as a basis for a second extension of the statistics Directive for road transport (78/546) as a means of obtaining information on capacity utilization from the number of vehicles, their payload and their actual and potential use in tonne/kilometres.

The Directive for inland waterways (80/1119) should also be extended in the same way.

3.5. Business opinion surveys

The Member States' experts were also consulted on the business opinion surveys, and the great majority were in favour of retaining them as part of the future market observation system. The method to be used under the new system should remain highly flexible and, besides the standard questions for the time series, should include more specific questions on current topics which could be added to the basic questionnaire without causing a significant increase in costs.

The Commission would support the national experts for the reasons set out in point 2.2, provided the Council accepts that expenditure on the future market observation system must be sufficient to carry out the business opinion surveys, which account for about half the cost of the system.

3.6. Using price data as a basis for analysing trends in profitability (by comparison with cost data)

3.6.1. Road/inland waterways

The Commission notes that the experts of the various Member States agree that the prices indicator in the present system is useful. In order to achieve greater transparency of the market, the Commisson proposes that price data should be published in the form of absolute figures as well as in index form, subject to final agreement by representatives of the two modes of transport concerned. In view of the reservations expressed by the Member States with regard to publishing absolute price figures, the Commission suggests that the question of comparisons between actual prices should be resolved by simply listing the ratios of the results of transport undertakings in one Member State with those of undertakings in another. Although they expressed interest in this procedure, the Member States' experts considered that it would probably be necessary first to harmonize the methodological basis used for the price surveys in the various countries before being able to make any valid comparisons between "actual prices". The present index, which essentially provides information on changes in average prices since a reference period, could remain in use to indicate any sudden changes in prices on the road haulage and inland waterway markets.

3.6.2. Road

The Commission would also like the road prices survey, currently carried out in seven Member States, to be extended to include Denmark, the United Kingdom, Spain and Portugal, and the Irish survey to be incorporated in the Community system in order to extend the area of observation covering the most sensitive indicator of the relationship between supply and demand.

3.6.3. Railways

In order to be able to assess international competition more effectively, the Commission proposes abandoning the tariff basket system for a price information system similar to that used for road and inland waterways.

3.7. Extended use of cost data

3.7.1. Road/inland waterways

On the question whether six-monthly cost data should be expressed as absolute figures rather than in the form of index numbers (percentages by reference to a base period), the Commission would support the experts, who were in favour of maintaining the cost indicator in its present form with some improvements as necessary. The Commission however proposes to return to the question of absolute figures for a more detailed examination, with the experts, of the value of publishing them.

In line with the stipulations of United Nations Recommendation N° 21, the Commission would like to be able to establish a basis on which to differentiate between the rates charged for different types of packaging and has therefore proposed a separate calculation of costs in the relevant submarket for the most important types of transport by road and inland waterway (solid bulk, containers, etc.).
This suggestion would also be worth examining in greater detail at a later stage.

3.7.2. Railways

The Commission proposes establishing six-monthly data on railway costs using the figures provided, if possible, by the railway undertakings to obtain information comparable to that available for the road and inland waterways. The representatives of the Group of Twelve Railway Undertakings stated that they were prepared to provide information on their costs, subject to strict comparability with the figures for competing modes of transport.

3.8. Financial indicators

At the meeting held with the Member States' experts, the Commission proposed examining the possibility of including in the market observation system, certain financial indicators of the health of international road haulage and inland waterway transport undertakings. The national experts considered that, although including balance sheet analyses in the system might be useful, it would not be possible in practice in the short and medium term. This was mainly because the figures were not available for the majority of transport undertakings, most of which were relatively small (information provided by large undertakings alone cannot be used as it is not sufficiently representative of road transport as a whole).

In the light of these comments the Commission is in favour of trying sample surveys to obtain information that is as reliable as possible on the financial health of transport.

The possibility of using figures on the number of bankruptcies has also been investigated. Figures of this type are actually available in ten of the Member States. Nevertheless, the national experts pointed out that, for various reasons, the "bankruptcy" criterion would provide little indication of the health of the international transport market.
In the first place it is generally impossible to differentiate between firms involved in international transport and those operating only in national markets. Similarly, it is generally very difficult to determine the real causes of bankruptcy (competition, bad management, etc.). In addition, there is sometimes a very long time lag between the recording and the publishing of bankruptcy data. Finally, a particular difficulty is the fact that the number of bankruptcies should be compared, according to size, with the number of new businesses set up.

While accepting that some bankruptcies may be the result of poor management, the Commission considers that, by the law of large numbers, a high bankruptcy rate would be evidence of disturbance on the market. It also feels that, given the forthcoming integration of national and international markets, there is no need to differentiate between undertakings operating on a domestic market and those carrying out border-crossing services. The Commission therefore proposes that the Council retain this indicator.

3.9. Employment and unemployment indicators

The Commission has also proposed that the figures on the number of jobs and numbers unemployed, currently supplied to the Statistical Office of the European Communities as part of the statistics on the services sector, should be improved in order to obtain a sufficient degree of disaggregation and to make it easier to arrive at a better understanding of market trends. However, the Member States' experts have drawn attention to the long delays before data become available. They consider that, in the business opinion surveys, it would be preferable to continue inclusion of questions to firms on personnel recruitment as an indication of the relevant economic trends. The experts are also convinced that it is impossible at present to draw a clear line between international and national traffic. The Commission considers that, in view of the impending market integration, this does not represent a major difficulty.

3.10 Forecasts

In spite of the difficulties of drawing up separate short-term forecasts for all three modes of transport in the last two years and a certain degree of scepticism expressed by the Member States' experts with regard to the reliability and value of such forecasts, the Commision remains convinced that it is its responsibility, both towards transport operators and the Community and national administrations, to continue producing such forecasts.

At the same time as producing medium-term forecasts under the TASC system, the institutes consulted are attempting to develop a method of using forecasts for gross national product as a basis for sectoral forecasts (covering industry and agriculture) for the intermediate years. Once this information is available, forecasts broken down by mode of transport could be made for each NST chapter for each of the five subsequent years. This would ensure consistency between short- and medium-term forecasts and would mean that it was unnecessary to draw up separate short-term forecasts.

For the present the Commission plans to go on producing short-term forecasts in a form similar to that used for the 1987 report.

3.11. Improvement of the transmission of data to the Member States and the Commission by using computers

3.11.1. Transmission of data to the Commission

To speed up the process of supplying data and reduce the risk of errors in transcription, the Commission will continue work on direct data transmission by the Member States via an X.25 network.

3.11.2. Transmission of data to the Member States

In conjunction with the Statistical Office of the European Communities the Commission intends to go on developing the TRAINS system (TRAnsport INformation System) in order to permit the direct transfer of data (obtained from various transport surveys) to the Member States and the Commission and facilitate detailed data analysis. Generally speaking, the national experts have expressed interest in procedures being established to permit the transmission of, and direct access to, data via telecommunications networks.

3.12. Publications

In the light of its experience the Commission intends to maintain the three series of reports currently published under the market observation system as described in detail in point 2.7 above. Together with all parties supplying the data, the Commission will make every effort to speed up publication, improve internal production methods (e.g. using desk-top publishing) and adapt the content to the current needs of the common transport policy.

3.13. Budget implications

3.13.1. Marginal cost method

So far the Commission has borne the marginal cost of all work it has requested. It intends to continue with this method of financing.

3.13.2. Future cost of the market observation system

The Commission considers that the annual cost of the market observation system as proposed in this report, enlarged to include Spain and Portugal, could be maintained at its present level, i.e. 850 000 ECU (at constant prices).
It should be understood that this sum does not cover any operations to be undertaken in respect of statistics on the Community quota.

3.13.3. Financing

Outlay on the market observation system will be shown annually in the budget of the European Communities.

4. CONCLUSIONS

4. After more than eight years of operation, the Commission considers that the market observation system has proved its worth and should become permanent.

4.2. With a view to setting up a system adapted to the final arrangements of organization of the transport market and giving it an operational role in the future inland transport market, the Commission, on the basis of the analysis of the present system given in this report, proposes continuing to use and improve the statistical and data-gathering procedures required to ensure market transparency. The Commission suggests (assuming that adequate appropriations are made available for running the system) the following priorities:

- begin implementation of the extensions to the transport statistics Directives, particularly in road traffic, at the earliest possible date;
- work out indicators for capacity and rate of utilization of capacity;
- continue the price and cost surveys, which should be comparable for all three modes of transport;
- continue and expand the business opinion surveys for road and inland waterway transport;
- continue the short- and medium-term forecasts as at present defined.
- select and improve the financial and social indicators.

4.3. The Commission plans to hold regular consultations with the Member States' experts and representatives of the professional organisations, the transport unions and transport users on the various technical problems relating to changes in the market observation system. It will also regularly review the methodology for obtaining the results, and their significance.

4.4. The Council is therefore called upon to:

(a) set up a permanent market observation system for inland goods transport, which should develop in parallel with the final arrangements of organization of these markets;

(b) re-examine the Commission's amended 1980 proposal (1) taking into account this report;

(c) note that the Council will be kept fully informed of the operation of the market observation system through reports which will be submitted at three-yearly intervals.

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(1) OJ N° C 351, 31 December 1980, p. 32.

Overall results and assessment of the Market Observation System, 1979-1986

Introduction

In the Annex two aspects are examined, firstly the principal results are presented in summary form and secondly an assessment is made of indicators from the Business Opinion surveys.

The presentation adopted is a graphical approach. Except for the graphs relating to market shares and the Business Opinion surveys, other graphs are presented in Index form (1983 = 100); this facilitates comparisons and reduces difficulties arising from the fact that some indicators were not prepared as from the beginning of the Market Observation System in 1979 or else were limited to a small number of Member States.

The results presented here are a very condensed summary of those appearing in the Market Developments, Annual Report and Analysis and Forecasts Report in the EUROPA TRANSPORT series published by the Directorate-General for Transport. In some cases, e.g. the Rhine Market, the results may be more summarised than would normally be done for analysis purposes; also the usual base period (1979 = 100) has not been used in this report for the reasons explained above.

1. Principal Results of the Market Observation System

1.1 Tonnages by road, rail and inland waterway

Graph 1 shows the tonnage of goods transported by road, rail and inland waterway between the Member States. Total tonnage fell 6 % from 1979 to 1982 with the second oil crisis and then recovered by 12 % to 1986; consequently total tonnage was only some 5 % higher in 1986 than 1979, an average annual growth rate of less than 1 %. This result is in sharp contrast to the much higher growth that was achieved in the 1960's and 1970's (except for the first oil crisis, 1974/1975).

Graph 1 also shows that the results for the 3 modes were quite different. Road showed strong development throughout the whole period averaging 3 % per annum (p.a.) from 1979 to 1983 and 5 % p.a. from 1983 to 1986. Inland Waterways lost 10 % from 1979 to 1982 but had recaptured the 10 % by 1986 to restore the tonnage to the same level as 1979. Rail, by contrast, lost nearly 27 % from 1979 to 1982 and despite the fact that tonnage in 1984 and 1985 was 10 % above the 1982/83 level, this recovery was not maintained in 1986; consequently there has been a 27 % fall from the 1979 level.

The modal split changes are shown in Graph 2. The share of road haulage has increased steadily from 37.6 % to 45.9 % while inland waterways has declined slowly from 43.7 % to 41.1 %; rail has fallen sharply from 18.7 % to 13.0 %.

1.2 Combined Transport

Combined transport has shown a much better performance than rail as a whole. Graph 3 shows that container traffic reported by Intercontainer fell 10 % from 1980 to 1982, then grew by 26 % to 1985 and only fell 2 % in 1986. Graph 3 also shows the buoyancy of the piggyback traffic which has increased strongly by 46 % from 1983 to 1986.

1.3 Prices (in ECU)

The evolution of price indices for each of the modes is shown in Graph 4. Road haulage prices have increased steadily at 2.5 % p.a. since 1980. Rail tariffs (information on actual rail prices is not available to the Commission) have increased steadily at 6 % p.a. since the end of 1981. For inland waterways, the Rhine and North/South markets have been considered separately; the usual subdivision between liquid and dry cargo has not been made here so as to preserve comparability with other modes. On the North/South market prices increased sharply by 14 % in 1979 and then more steadily by 4 % p.a. till 1985, in 1986 prices fell back. Prices on the Rhine market are very variable due to the low water levels which often occur in the 4th quarter and other special events such as the over-stocking of oil at the beginning of 1986 due to low oil prices; since 1979 prices have advanced only at about 1 % p.a., well below the rate of inflation. Graph 5 shows the Rhine water levels at Kaub lock. It should be noted that the analysis here refers to price per tonne (the "price" as seen by the client) whereas the price per trip (the "price" as seen by the transporter) varies somewhat less.

1.4 Costs (in ECU)

Graph 6 shows the evolution of cost indices. Road haulage costs increased steadily by 66 % from 1979 to 1985 (7.5 % p.a.), but in 1986 there was a small fall of 1.5 %. For inland waterways, separate calculations are available for the Rhine and North/South markets. From 1979 to 1985 Rhine costs grew by 58 %, but then fell back 6 % in 1986. For North/South, costs rose 45 % from 1979 to 1985 and then fell back 1.5 % in 1986. No information on rail costs is available.

1.5 Comparison between price and cost development

Graphs 7, 8 and 9 show the comparison of the price and cost indices (both in ECU) for road, and the two inland waterway markets, North/South and Rhine, respectively. Care should be taken in interpreting these graphs as productivity changes are not taken into account in the cost indices.

For road, Graph 7 shows that costs have risen faster than prices up to 1982, but that with the sharp reduction in (fuel) costs in 1986, there has been a similar evolution of costs and prices since 1982. On the North/South market, which is a partially regulated market, the evolution of prices and costs in Graph 8 is very consistent. For the free Rhine market, the evolution of costs (about 5 % p.a.) is much higher than prices (about 1 % p.a.) as is shown in Graph 9.

2. Indicators from the Business Opinion surveys.

Due to delays in obtaining the "official" statistics, particularly concerning tonnages, Business Opinion surveys were introduced for road haulage as from 1979 and for inland waterways as from 1982 on the North/South; a similar survey has been conducted by the Central Rhine Commission for Rhine traffic since 1979. Because of their structure, such surveys cannot easily be carried out with railway companies. In addition to producing results more quickly these surveys also allow questions to be asked on issues which are difficult to obtain through "official" statistics, e.g. on recruitment of drivers.

For certain indicators a check can be made between the opinions given in the Business Opinion surveys and the actual results obtained later from statistical sources.

2.1. Indicators from the Road Survey.

The most important indicator in the quarterly Business Opinion survey for road hauliers relates to "activity". Hauliers are asked for each relation their opinion as to whether traffic activity has improved, remained stable or declined. The balance (those hauliers replying "improved" less those replying "declined") is aggregated for all relations for each nationality of hauliers and published in the quarterly Markets Developments Report.

The overall opinion for all Community hauliers (shown as (b) in Graph 10) shows a strong seasonal pattern with peaks in the 2nd and 4th quarters. The actual activity, as measured by tonnages transported, also shown as (a) in Graph 10, exhibits the same strong seasonal pattern. Since the strong seasonal pattern makes it difficult to see clearly the turning points of the two series, simple moving averages (the average of the last four quarters) are also shown. Regarding the actual activity (a), the main characteristic of the moving average is the increase of slope occurring in 1983 (this corresponds to the increase from 3 % growth to 5 % growth mentioned in 1.1. above). For the opinions on activity (b), the moving average improves significantly during 1983 indicating that hauliers opinions correctly reflected the improvement that was subsequently established by the "official" statistics some months later.

Hauliers are also asked for their opinion of activity in the next quarter ("forecast activity"). The moving average of "forecast activity", which is shown as (c) in Graph 10 has a very similar pattern to actual activity. Given that there were no abrupt changes in the "actual activity" (a) during the period 1980 to 1986, it is not possible to say whether hauliers are able to forecast abrupt changes.

Finally Graph 10 also shows the hauliers' opinion on "utilisation of capacity" as (d). The moving average shows a very close relationship between (b) and (d), indicating that, during the rather stable period 1980 to 1986, hauliers have been able to meet increases in demand by increasing utilisation rates.

2.2 Indicators for the North/South market

A simpler analysis for the North/South market is presented than for the road (2.1. above) or the Rhine (2.3. below), this is due to the fact that only annual data is assembled on actual activity by the Commission. An alternative indicator, "waiting days", is available from the bourses on a weekly basis.

The opinion of operators on the North/South on the activity level is shown as (b) in Graph 11. Operators were very pessimistic during 1982 to 1984 but became less pessimistic in late 1985/early 1986 due to a transfer of vessels to the Rhine which had very low water levels. The actual activity, (a) in Graph 11, which is only shown on an annual basis exhibits a rather different result with strong development in 1983 and 1986 (up over 5 % in each case).

The "forecast activity", (c) in Graph 11, has a strong seasonal pattern similar to (b), and operators are generally more optimistic about the future.

Finally, average waiting days are also shown as (e) in Graph 11. These show a slowly rising trend but the increase in absolute terms is very small, 12 days in 1982 rising to 13 days in 1986.

2.3. Indicators for the Rhine market.

For the Rhine market, a similar analysis can be carried out to that for the road as described in 2.1. above.

The opinion of Rhine operators on "activity" does not have such a regular seasonal pattern as road hauliers, but because of the frequent low water levels in winter periods it is preferable to work with moving averages. Graph 12 shows the actual activity, (a), and the opinions of the operators, (b). The main trend in actual activity, (a), is a trough in 1981/1982 followed by a flat peak, but superimposed on this there is a weaker cycle of approximately 2 years duration. The opinions of the operators, (b), broadly follow these trends, but appear to anticipate the actual activity by about 6 months; no explanation for this is available. Operators seem better at giving their opinion on "forecast activity", (c), in Graph 12, than on actual activity, since the correlation of peaks and troughs between (a) and (c) is quite good. The "utilisation of capacity", given as (d) in Graph 12, shows similar trends to the opinion of activity, (b), except that a better utilisation is noted late 1985/early 1986 due to the exceptionally low water levels.

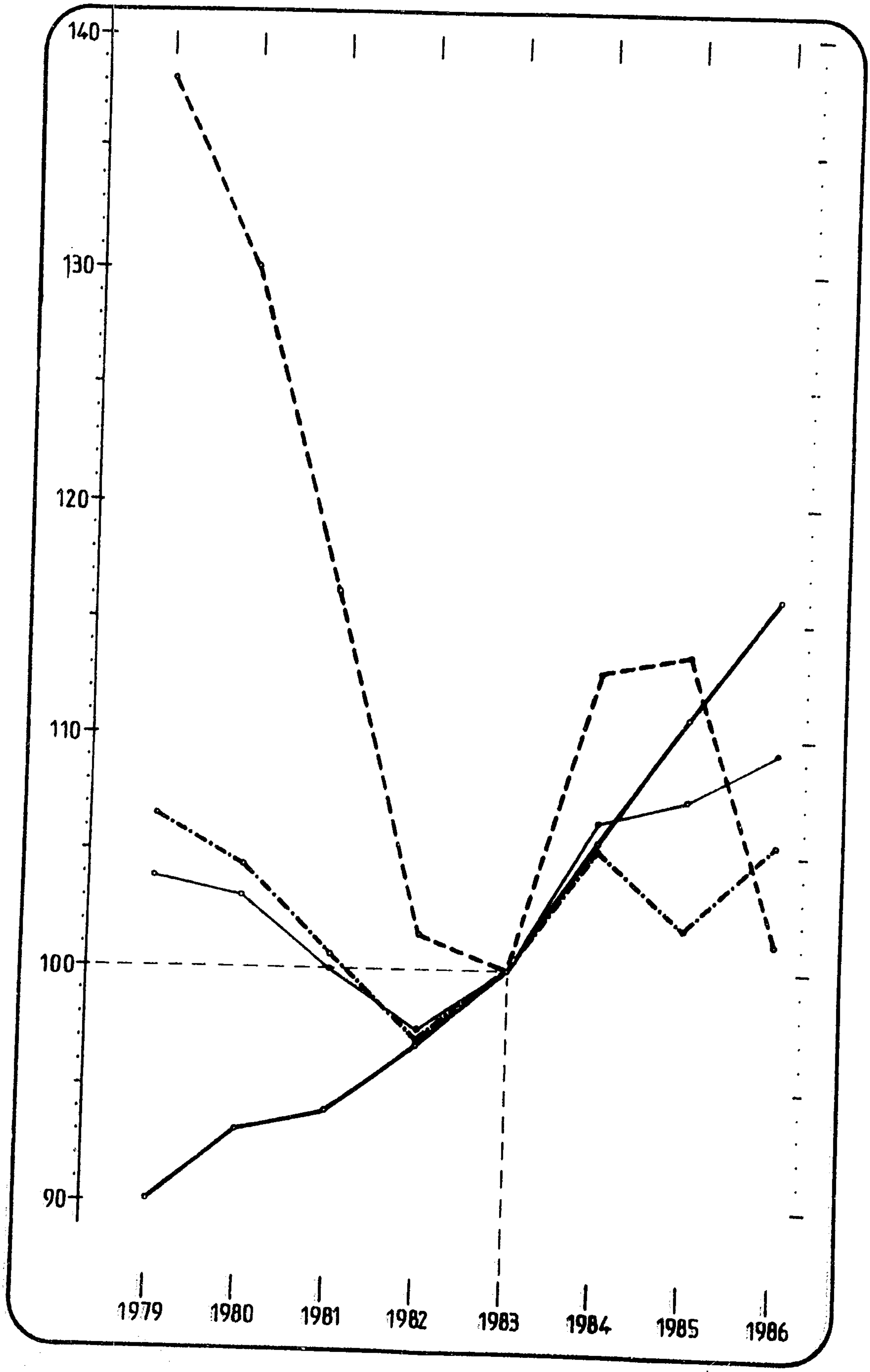
2.4. Conclusion

It appears that the opinions of operators can generally be relied upon to give a preliminary indication of changes in the level of activity, although there are a number of puzzling results described in the sub-sections above.

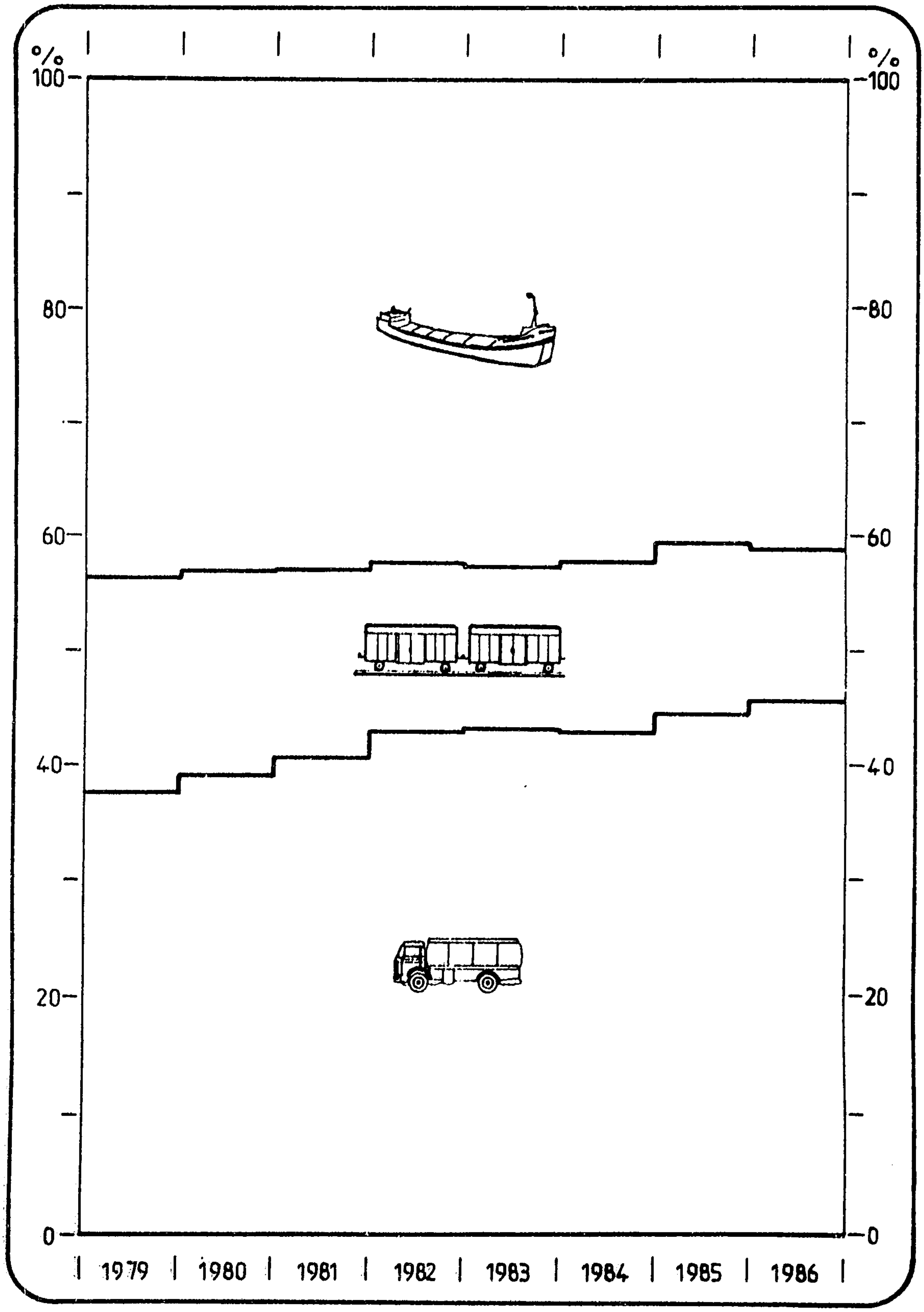
Graph 1 Tonnage of goods transported by

- Road
- Rail
- Inland waterways

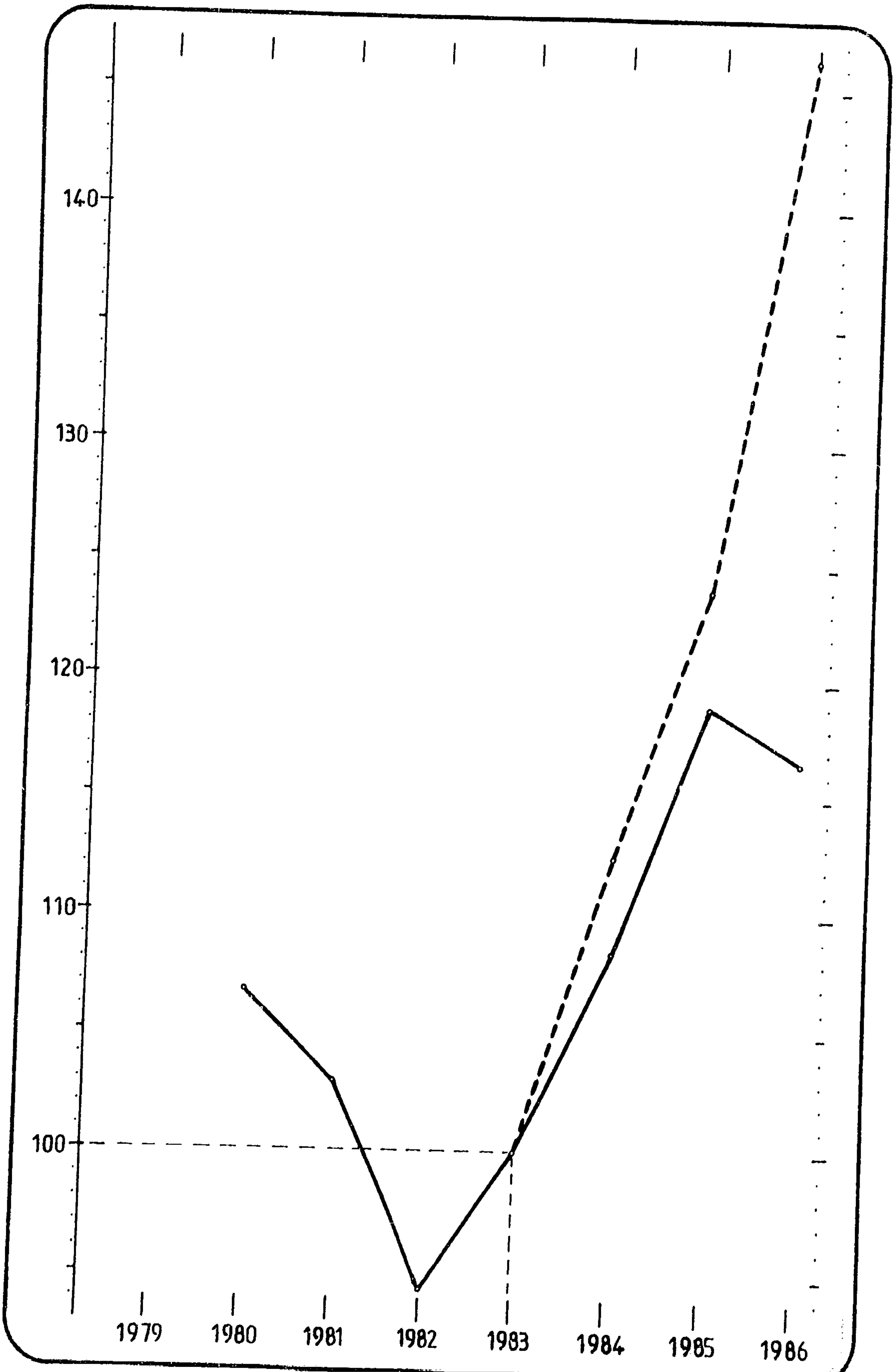
Total



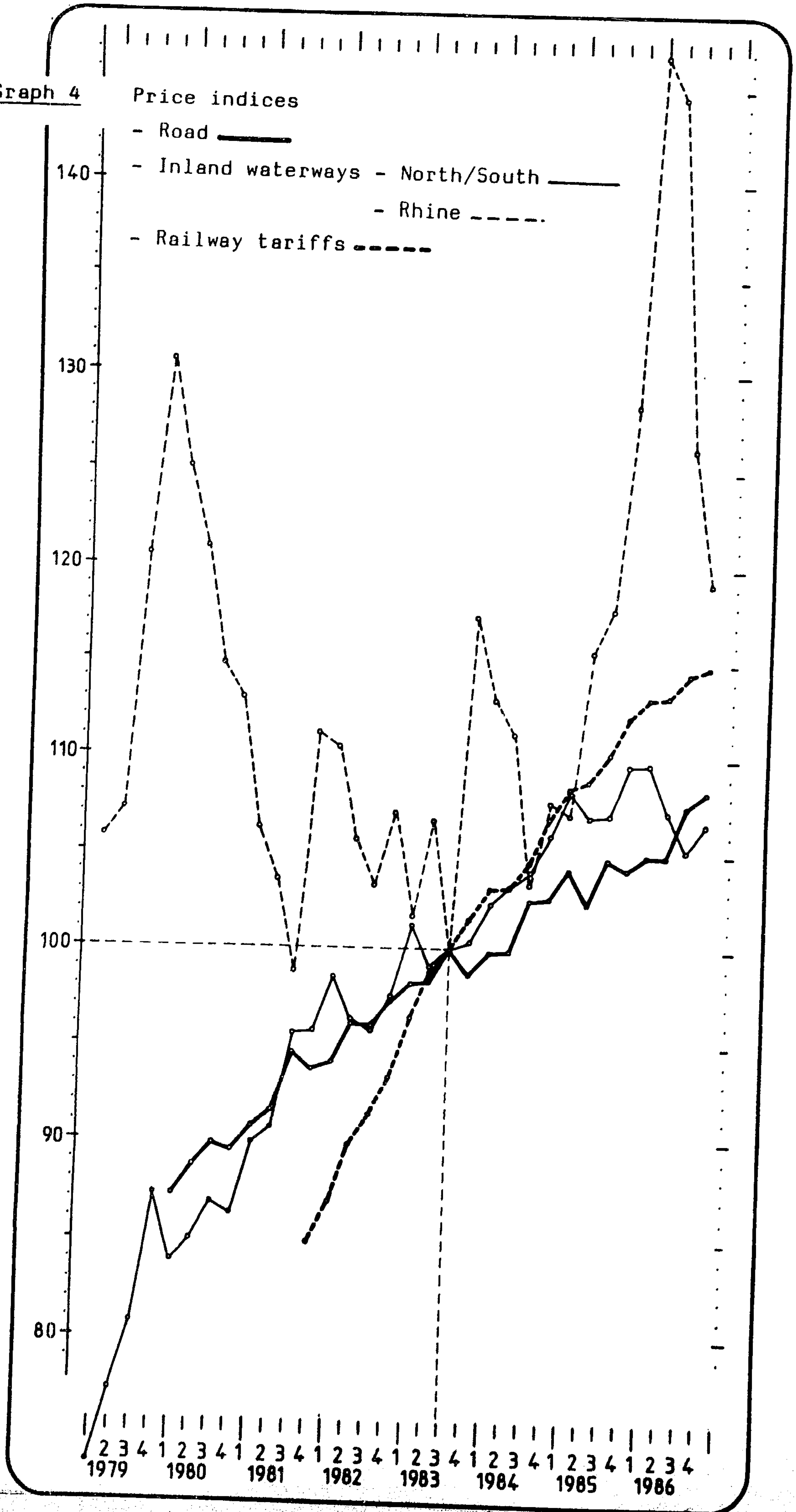
Graph 2 Modal split



Graph 3 Combined transport
- Container traffic ———
- Piggyback traffic - - - -

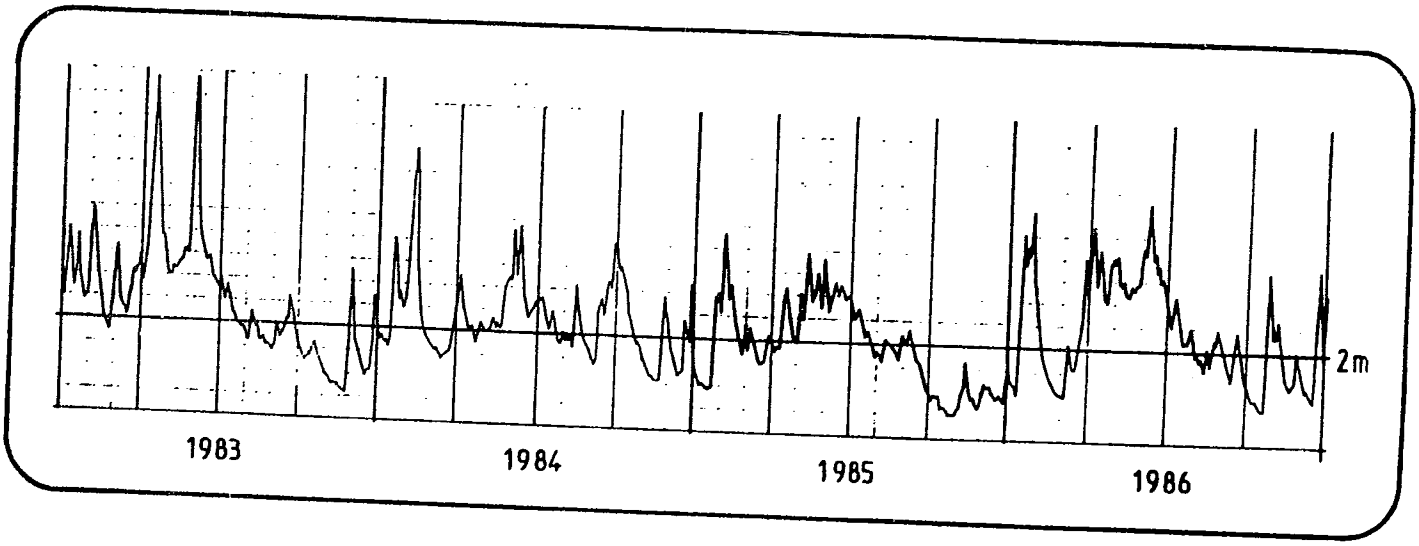


Graph 4



Price indices
- Road
- Inland waterways - North/South
- Rhine
- Railway tariffs
140
130
120
110
100
90
80
1979
1980
1981
1982
1983
1984
1985
1986

Graph 5 Rhine: water levels at Kaub lock

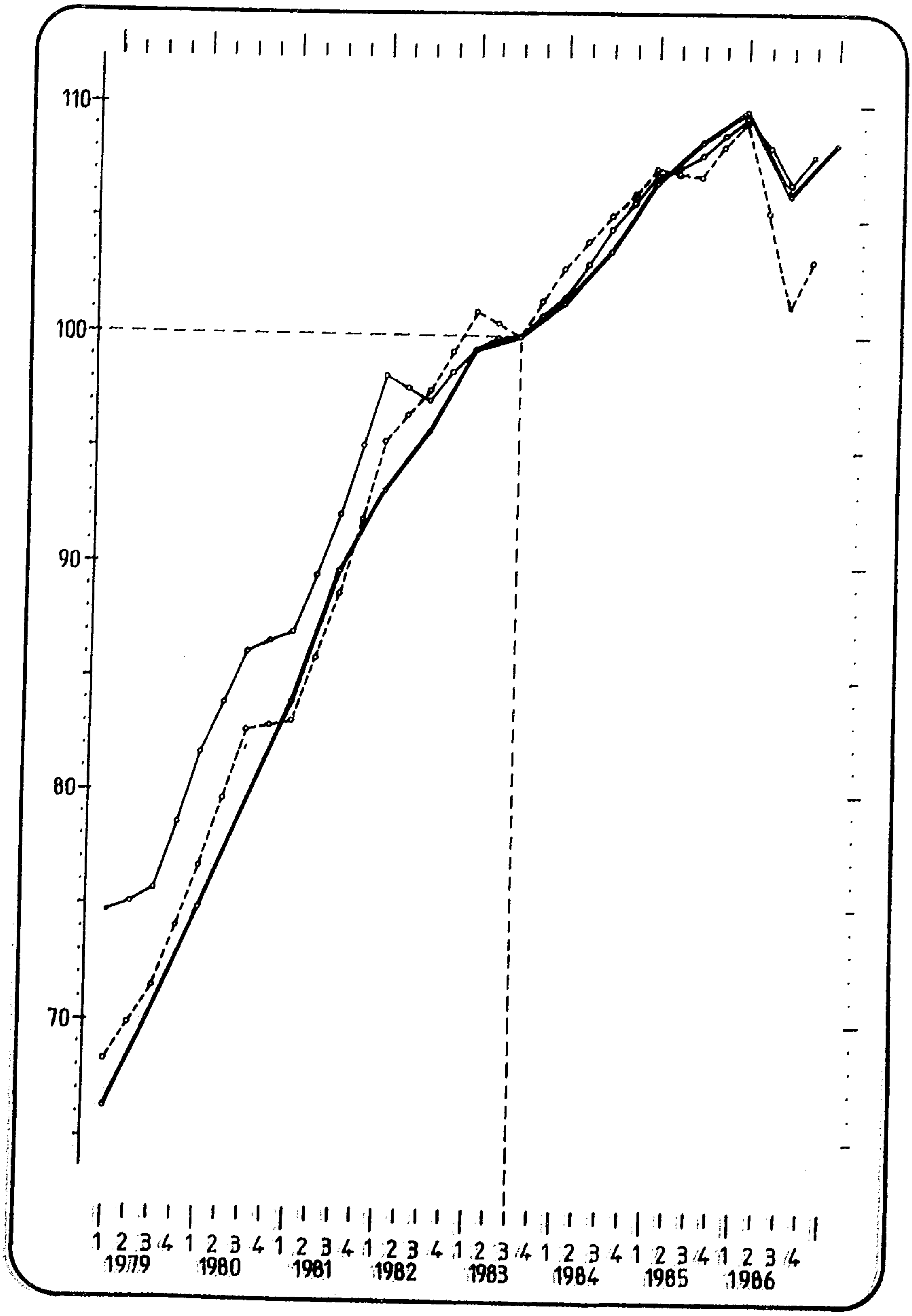


Graph 6 Cost indices

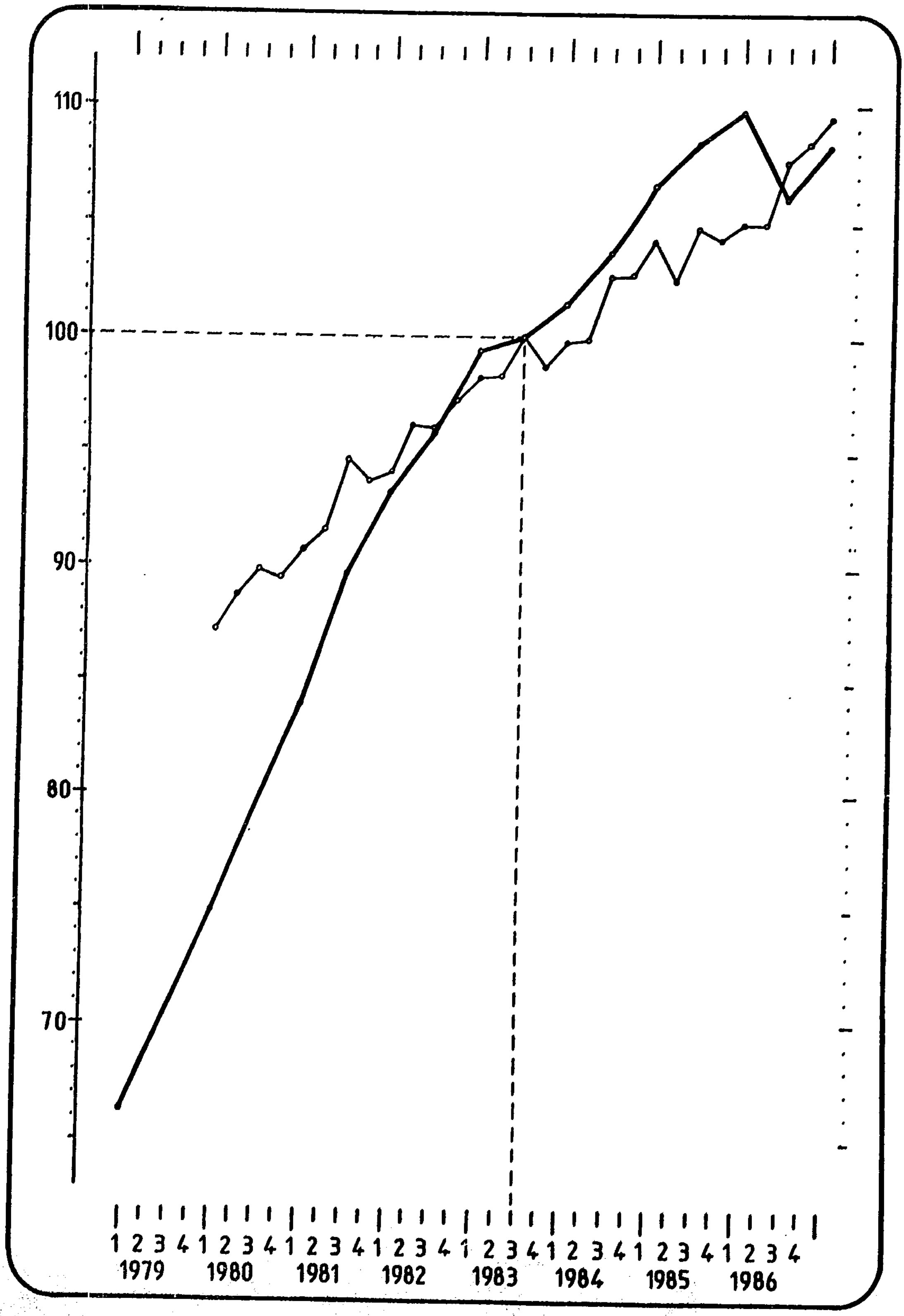
- Road

- Inland waterways - North/South

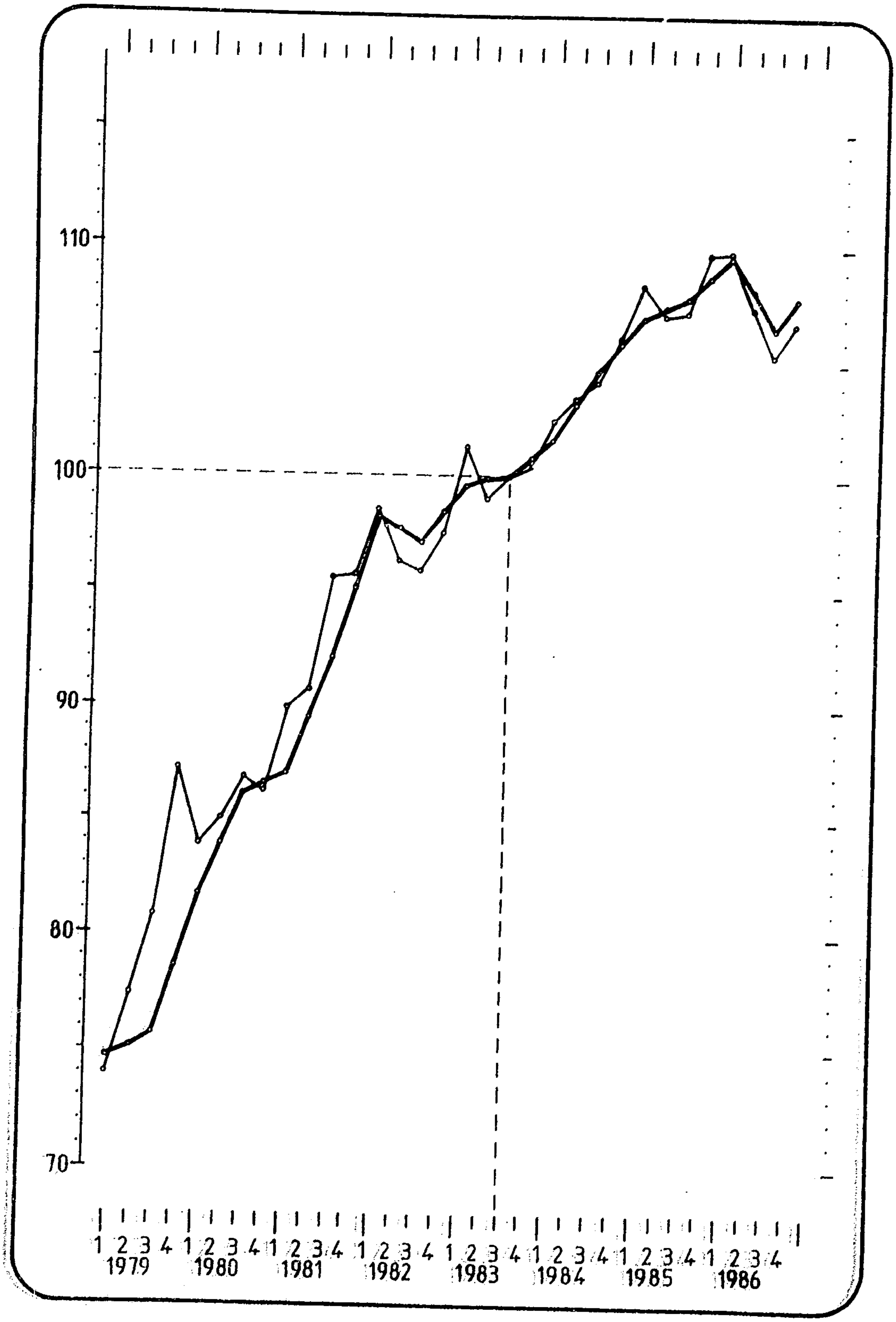
  - Rhine



Graph 7   Road : price and cost indices



Graph 8 Inland waterways - North/South :
Price and cost indices




Graph 9
Inland waterways - Rhine :
Price and cost indices
140
130
120
110
100
90
80
1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4
1980
1981
1982
1983
1984
1985
1986

Graph 10 Business Opinion surveys - Road

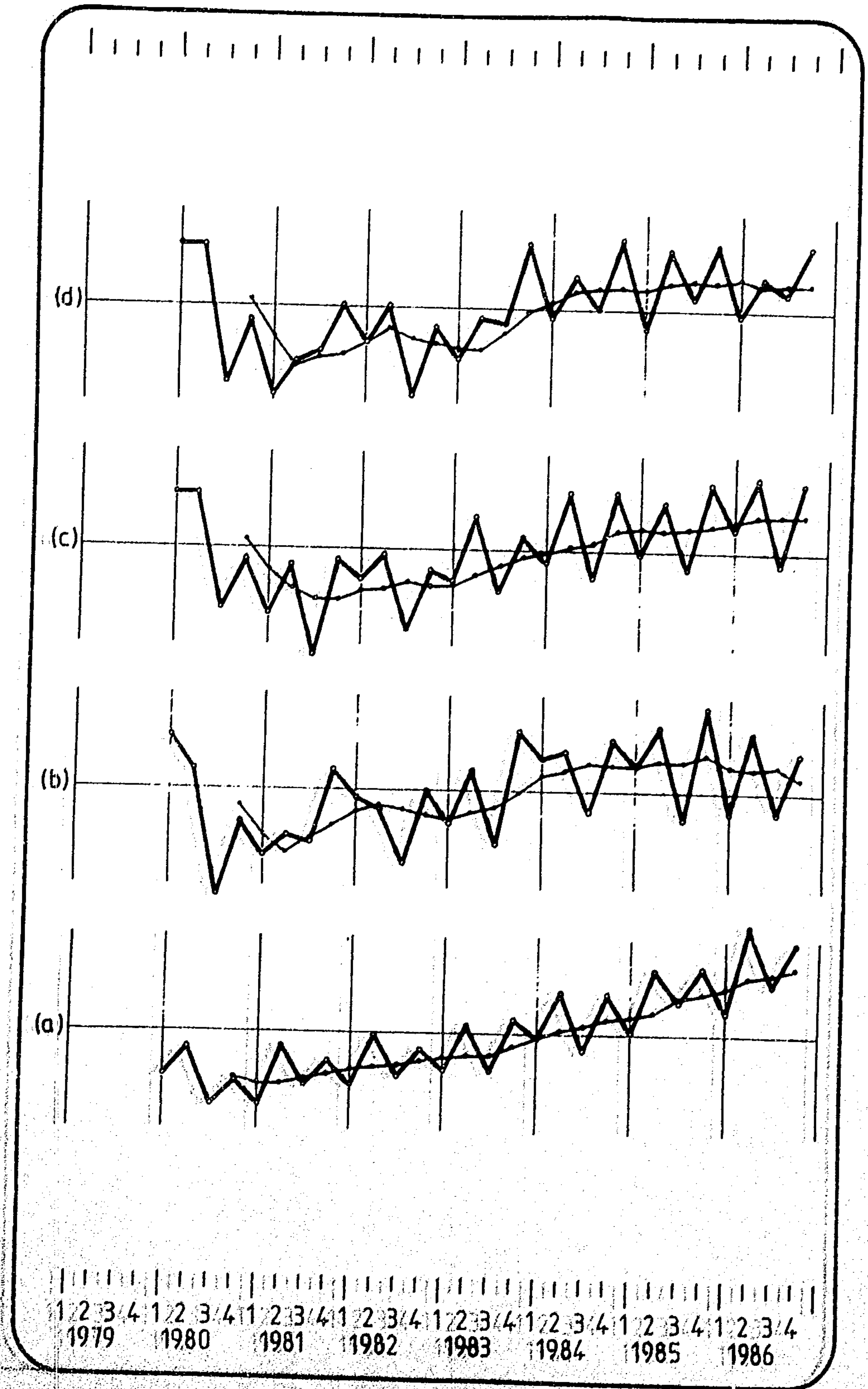
(a) actual activity

(b) opinion on activity

(c) forecast of activity

(d) utilisation of capacity

——— : moving average / last 4 quarters



Graph 11 Business Opinion surveys - Inland Waterways - North/South

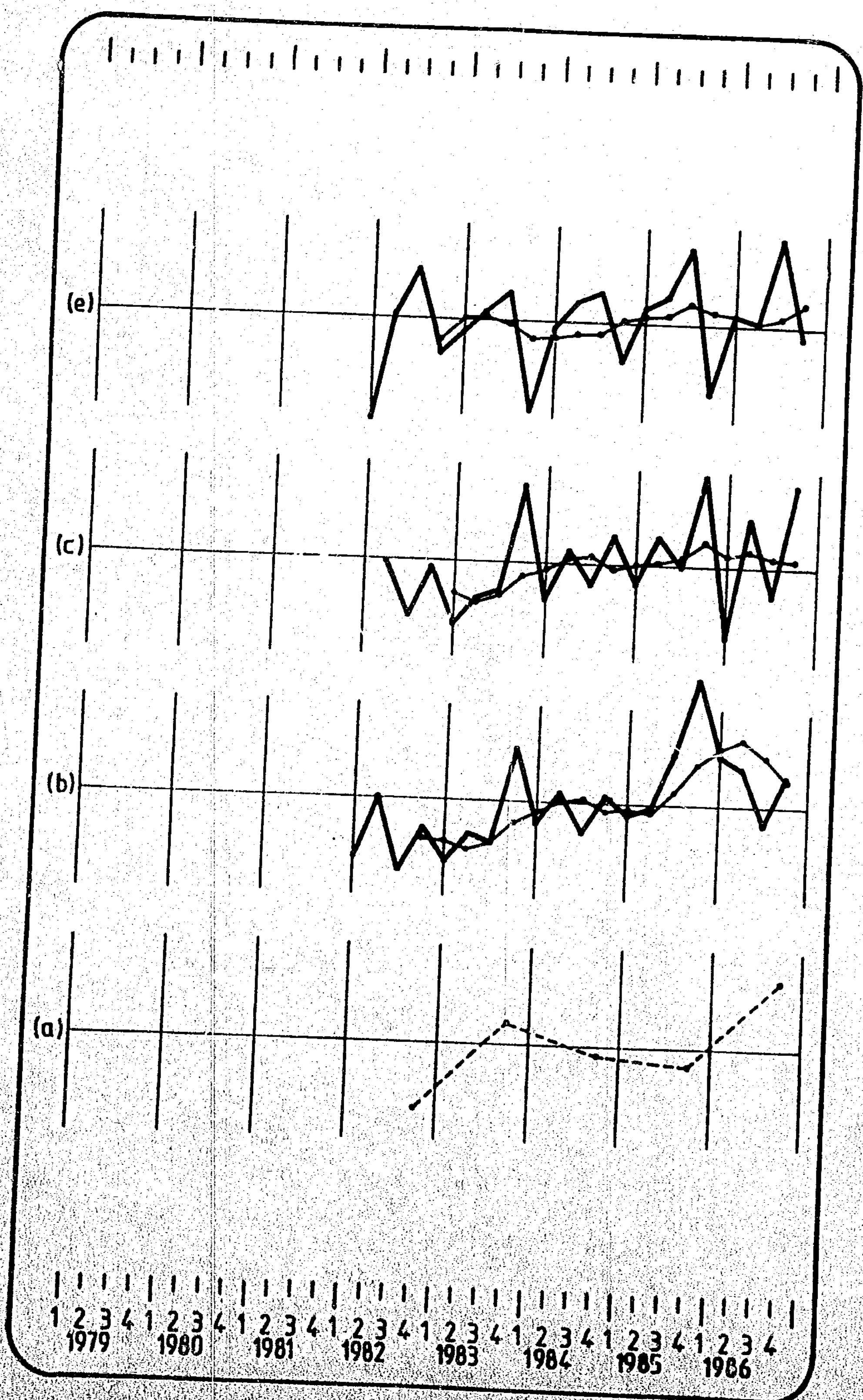
(a) actual activity

(b) opinion on activity

(c) forecast of activity

(e) average waiting days

——— : moving average / last 4 quarters



Graph 12 Business Opinion surveys - Inland Waterways - Rhine

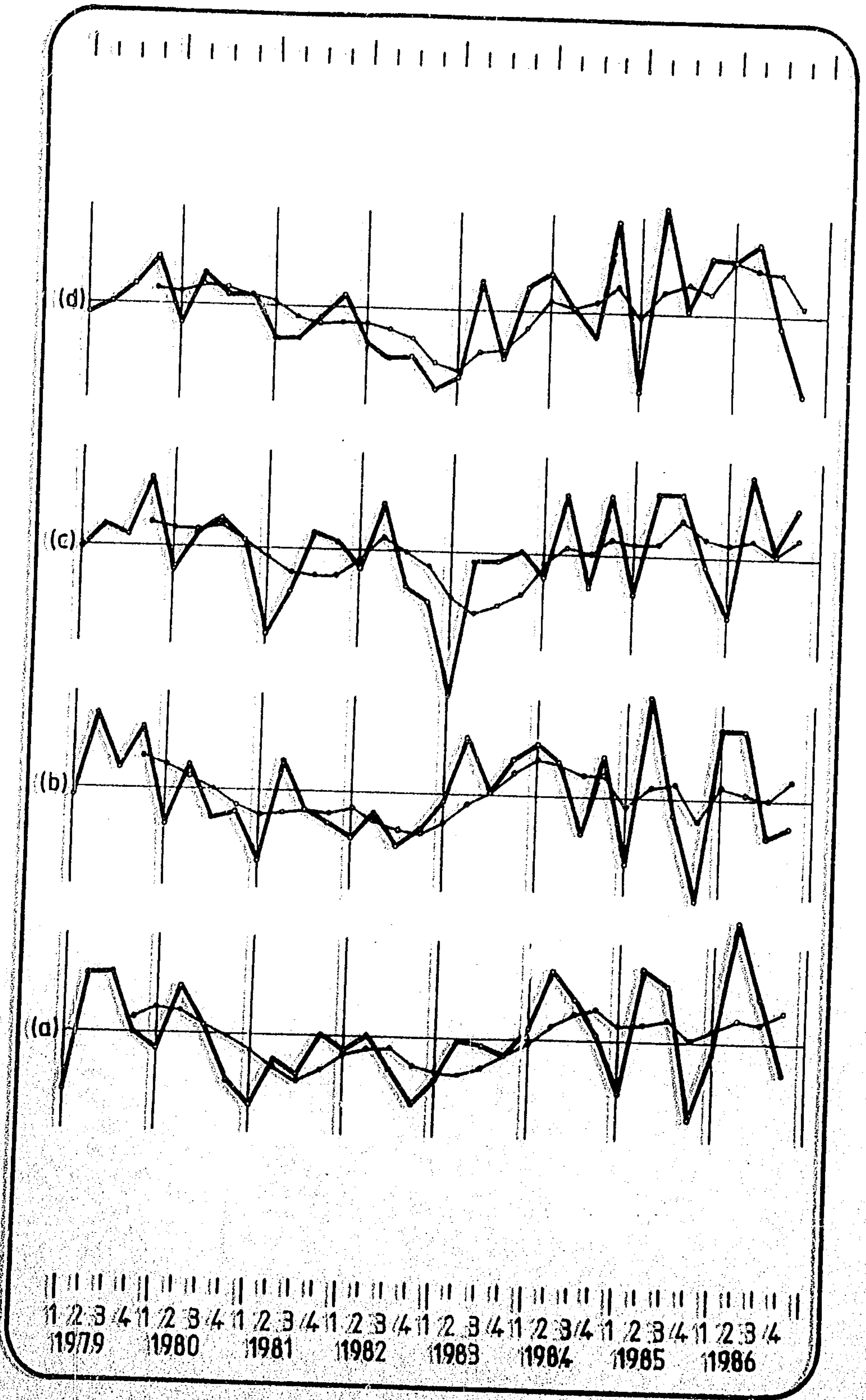
(a) actual activity

(b) opinion on activity

(c) forecast of activity

(d) utilisation of capacity

——— : moving average / last 4 quarters



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