

The common transport policy

European File

Forty per cent of public investment in the Nine and 11% of private investment are absorbed by the transport sector which also employs six million people and constitutes 6% of the European Community's gross national product. In 1976 the Nine injected 27 500 million European units of account ¹ into their road networks, rail systems and inland waterways. This is equivalent to the total tax revenue of a country the size of Belgium.

A European transport policy is necessary because :

- the Nine need to draw the maximum benefit from their expenditure in this sector. A certain amount of coordination is needed simply on account of the geographic proximity of our countries. It is also an advantage in relations with outside countries;
- the Community is founded on the principle of a common market in which goods and services move freely. The volume of trade between the Nine has quadrupled since 1958. Transport is directly involved both as a major industrial sector and as a service linking manufacturers with consumers across our now open frontiers;
- the European Treaties — drawing the logical conclusion of all this — confer on the Community the responsibility for removing distortions in competition and

¹ 1 EUA = about £ 0.66 (at exchange rates current on 12 November 1979).

discrimination in this sector whether they are the result of tariff policies, public subsidies, taxation methods or national regulations on commercial practices. Accordingly, since 1955, direct international tariffs were introduced for transporting coal and steel by rail to ensure the same price/distance relationship no matter how many national frontiers were crossed. In 1968 a system was set up (currently being revised) which catered for the establishment by road transport organizations of international tariffs based on cost prices. In 1971, the Commission also proposed common rules for imputing costs for infrastructure so as to harmonize vehicle taxation regulations and to eliminate distortions of competition.

The Community has also taken some hundred decisions affecting the transport sector. The priority work being conducted during the period 1978-80 (based on an action programme adopted in 1973) has the principal objective of gradually creating a European infrastructure network as well as ensuring that the transport market meets the needs of users at the least cost to the taxpayer. In addition a new urgency, the need to save energy, has arisen — the transport sector accounts for one quarter of oil consumption in the Nine.

Road transport

Cars and lorries have traditionally been subject to national regulations and standards which hinder the free movement of goods within the Community. The measures taken to remedy this situation are varied:

- first of all, there are numerous European directives to harmonize the national norms to which vehicles are subjected: brakes, lighting, windscreens, sound levels, etc. To cover, in particular, the five-axled articulated or semi-articulated lorries whose international movement is hindered by different national regulations on maximum weights and dimensions (50 tonnes in the Netherlands, 32 in the UK), the European Commission proposed (in vain so far) that these provisions be harmonized at a limit of 44 tonnes as long as certain environmental protection and safety regulations are respected;
- crossing frontiers has been made easier for individual travellers and for public transport. In broad terms, no authorization is required for tourist transport (buses and coaches). In the goods sector, traditionally subject to authorization and quota systems, Community action has successively eliminated first one, and then another of these barriers for a series of forms of transport. As for the rest, a quota of Community permits created ten years ago enabled a certain number of operators to travel between all member countries without the need to obtain bilateral authorizations valid for the passage from one country to another. In the long term the Community's objective is to eliminate all quantitative restrictions in this sector;
- the quality and the safety of road transport has been improved since 1969 by Community regulations which specify maximum permitted driving hours per day and week. Controlling these provisions is the job of the European tachograph installed in heavy road vehicles which records driving hours, stops and travelling

speeds. In the same spirit of quality and safety, the Nine adopted directives in 1974 which impose certain conditions covering professional capacity and access to the transportation business. In addition, since 1977, another directive has been improving the mutual recognition of national certificates and qualifications so that transporters from one country are able to set up in business in other countries;

- finally, the European Commission has proposed — for the benefit of all — the introduction of a Community driving licence. New driving tests would no longer be necessary when changing country of residence.

Railways

The financial situation of the European railways has frequently been precarious. The difference between income and operating costs amounts to an average 50 European units of account per head in the Community. Though economical on energy consumption, rail has nevertheless been the main competitive target for other forms of transport and its role in the transport of industrial goods has diminished. It has also had to fulfil public service objectives and bear other non-operating costs: keeping uneconomic lines open for reasons of regional balance, social costs, staff pensions, etc. On the other hand, the railways have traditionally received public aid. How can strict accounts be kept which ensure that competition between different forms of transport and different countries will not be distorted to the detriment of European consumers ?

Since the early 1960s, the Community has tried to clarify the situation. The Council of Ministers agreed to harmonize the rules of financial compensation and public service obligations. Aids for infrastructure and subsidies to cover operating deficits have generally been taken into consideration. Greater transparency has thus been achieved and in 1975 the Nine specified the means for financial redress and a clearer definition of the relations between the rail and the public authorities :

- autonomy in the administrative, economic and accounting management of the networks;
- the operation of networks in accordance with economic needs, including the freedom to fix transport rates;
- greater commercial and technical cooperation between European networks to offer them the advantages of an enlarged market and standardized infrastructure and equipment.

The European Commission has drawn up several reports on the economic and financial situation of the different networks as well as on progress towards cooperation between companies and in the longer term towards a total or partial integration of the European railways. Following Commission proposals, the Nine have already adopted measures to assure the comparability of railway accounting systems (1977) as well as uniform costing principles (1978). To facilitate and re-establish financial equilibrium, the European Commission demanded that Member States bear the

financial consequences of their intervention and of the obligations which they put on the rail companies. It also argued for :

- the establishment of multiannual industry programmes, particularly for investment (infrastructure, rolling stock); these programmes aim to increase productivity and, at the same time, the variety and quality of services;
- the removal of economic and technical barriers to free movement, and closer cooperation between different European companies;
- an extension of combined transport services (rail and road for example).

Inland waterways

Europe's rivers and canals play a vital role in the movement of heavy industrial goods. Total tonnage transported in 1976 was 680 million tonnes. Over 60% of traffic used the Rhine and surrounding tributaries.

- Since 1976 the approvals for navigability given by Community countries have been mutually recognized. The European Commission is proposing the creation of a Community certificate based on uniform standards, as well as the adoption of common rules governing qualifications for seamen and their living and working conditions.
- To clean up this sector, all the ageing and unsuitable barges must be eliminated, equipment modified and means allocated to monitor market trends. On a recommendation from the European Commission, Community countries have already scrapped numerous decrepit barges and the owners compensated. The Commission is preparing a series of Community measures to consolidate the progress already achieved.
- Improvements in the European network of navigable waterways should be continued. The Commission has undertaken a general study on this problem. It is also concerned about the completion of the Rhine-Main-Danube canal which will link the North Sea to the Balkans in the mid-1980s and the possible harmful practices of Eastern European companies which operate within a different economic system.

Maritime transport

Around 85% of Community external trade is conducted by sea. A common policy has also developed, quite remarkably, in this sector in recent years.

- Safety at sea and the anti-pollution campaign : following the Amoco Cadiz disaster in March 1978, new measures were taken in conjunction with the Intergovernmental Maritime Consultative Organization (IMCO). In particular, two European directives were adopted in November 1978, one on the qualifications of deep sea pilots operating in the Channel and in the North Sea, the other on the safety

standards applicable to tankers entering and leaving Community ports. The European Commission is also preparing actions to strengthen safety and pollution-prevention standards in ports.

- Competition and third countries : in 1977 when the first common decision was taken concerning maritime transport, the Nine decided to discuss periodically their relations in this field with other countries.
 - One of the first problems was the competitive challenge faced by Community shipowners from a large number of East European companies largely subsidized by their public authorities. In September 1978, the Nine decided to monitor the traffic passing through their ports. All shipping lines from Eastern Africa and Central America are now being monitored particularly in relation to their tariffs and cargo.
 - Developing countries want to be guaranteed a certain share of world traffic. Following four years of discussion, the Nine accepted in May 1979 to ratify the United Nation's code of conduct which allocated an equitable share of the traffic of national shipping companies while a substantial share was left for other transporters. It should be mentioned, however, that the Nine decided to let them continue competing with each other (and to operate on a basis of reciprocity in their relations with other market economy industrialized countries). Such competition must, however, be fair. The European Commission is drafting a regulation which will enable European competition rules to be applied to maritime transport.

Civil aviation

Community activity in the civil aviation sector is very recent. The objectives set by the Nine in 1977 are as follows:

- the definition of common standards to limit nuisance levels (noise etc.), to increase safety and take advantage of economies of scale through the removal of technical barriers in an enlarged market;
- the simplification of airport formalities, particularly for freight;
- improving interregional services;
- the definition of rules on competition and public aid;
- the mutual recognition of licences (flight personnel and ground staff), the implementation of the right to work anywhere in the Community and the improvement of working conditions;
- cooperation in the field of operational research and rescue as well as accident enquiries.

A draft European directive on maximum permitted noise levels has already been submitted to the Nine. A Commission proposal on competition should soon be examined by the transport Ministers. In June 1979, the European Commission presented a memorandum on ways to improve and develop air freight services in the Community. This document takes account of recent developments (in particular the deregulation of prices in the USA) and calls upon the Nine to coordinate their efforts particularly in international dealings. Four main objectives have been proposed:

- users : new lines to complete the intra-Community network, efficient services at the lowest possible prices without discrimination;
- airlines : maintaining or encouraging financial soundness for the airlines by reducing operating costs and increasing productivity;
- staff: the elimination of obstacles to the free access to jobs throughout the Community;
- general public: improving safety and better environmental protection, more rational use of energy, development of the European aerospace industry, consideration for regional development.

European infrastructure network

Many actions taken by the Community affect transport as a whole; in particular:

- the introduction of a market monitoring system which will provide quantitative and qualitative information on the development of international road, rail and sea transport, and which will help predict user requirements and the transport facilities available;
- policy for ports: the ports tend to act as the linking points between the different forms of transport and the European Parliament put forward a case for a common policy in this sector. In liaison with the European Commission, representatives from the principal European ports have had regular meetings since 1974. A report has been drawn up and the group is currently examining the areas in which Community action could be useful;
- the promotion of combined road/rail/sea transport. The use of containers facilitates cooperation between the different forms of transport and permits a more rational use of infrastructure, greater energy saving and a cleaner environment. The European Commission has already managed to simplify the formalities for combined transport when crossing frontiers; it is currently examining other ways to stimulate the extension of these techniques;
- harmonization of the different national systems for summer time has been proposed by the European Commission to simplify matters for transport users.

The big question which affects all forms of transport and all users is to know what new transport infrastructure we will need in the coming 15 to 20 years. This is a crucial problem for the future of the Community but is all too often still only dealt with in purely national terms. When governments are evaluating individual projects they tend, quite naturally, not to take into account the advantages or costs which could arise outside their borders. The growing traffic between the Nine calls for another approach. Without getting too involved itself in national projects which Member States can carry out most effectively themselves, the European Commission wishes to ensure that the Community interest is fully taken into account in the development of new infrastructure projects and that the Community as a whole contributes to the planning and financing. The Commission has :

- introduced a proposal (in 1976) to create a financial facility capable of according aid or loans at low interest rates to projects of Community interest. Such projects are already the subject of periodic meetings of senior officials in the Nine and of information exchanges;
- launched a research programme on the Community interest in certain major projects such as the cross-Channel link, links with the prospective new members of the Community, the development of combined road/rail transport, an inventory of problem regions and the bottlenecks in the European transport system, as well as Europe's transport needs from 1985-2000. The results of these studies are expected at the end of 1979.

The European Commission also published a memorandum in November 1979 on the role of the Community in the development of transport infrastructure. Without taking a definitive stand on the various options open to the Community, this memorandum tries to detail them and assess how Europe can equip itself to deal with the requirements highlighted by integration. Amongst the problems dealt with are: changes in the structure of transport demand, the impact of enlargement on the Community, ways of identifying and evaluating the Community interest, as well as the new Community priorities and the outlines of an action programme ■



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