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Second biennial report on the economic and financial situation
of the railway undertakings
(Article 14 of Decision 75/327/EEC)

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I. INTRODUCTION

1. Article 14 of the Council Decision of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States (75/327/EEC) (1) provides that :

"Every two years, the Commission shall submit to the Council a report on the implementation by Member States of this Decision and of Regulations (EEC) No 1191/69, (EEC) No 1192/69 and (EEC) 1107/70. The report must clearly indicate the results achieved, with particular regard to any change in the financial situation of the railway undertakings.

2. The Commission presented on 27 June 1977 its first report (2) under this provision. That report, in the absence of the basic information necessary for any analysis of the change in the financial situation of the railways described

- the railways' situation on the transport market
- the financial trends of the railway undertakings
- the technical aspects of the implementation by Member States of Regulations 1191/69, 1192/69 and 1107/70
- the measures taken by Member States to implement the provisions of the Decision
- the intended measures to be taken at Community and national levels on the basis of the Decision.

3. The Council took note of the report but undertook no further action on it since the time lag between the adoption of the Decision and the presentation of the report had been too short to permit the Commission to analyse the impact of its provisions on the financial situation of the railways.

(1) OJ L 152 12/6/75 p.3

(2) COM (77) 295 final

4. The second report aims again at examining the application of the regulations and the implementation of the Decision but attempts to do so more in the light of the railway policy developed at Community level and its objectives.
5. This brief introduction restates the Community approach to railway policy development. It is to be seen within the context of the Community's overall approach to transport policy which aims essentially at the creation of a market, particularly for goods traffic, organised on the principles of free and fair competition between the different land based modes of transport and a co-ordinated infrastructure. The development of such a market requires that existing distortions should be eliminated.

Within this general framework the Commission has, over the last decade, developed a specific railway policy aimed at the improvement of the situation of railway undertakings and the elimination of distortions through :

- a greater transparency of the accounts of railway undertakings with a view to better identifying state interventions and isolating the true deficit,
- compensation of railway undertakings for any financial disadvantages which they must bear as a result of the imposition of burdens upon them by the public authorities,
- greater commercial freedom and financial autonomy of the railway undertakings,
- adaptation of railway undertakings and services, particularly through improved business planning and financial and investment programming, to the contemporary and future needs of users with a view to attainment of the undertakings' financial balance.

6. This second report is presented in two parts :
 - Part I , within the context of the above policy and the chosen instruments for its development :

- (a) examines to what extent and in what manner the three regulations on public service obligations, the normalization of railway accounts and aids to transport have and/or should have been applied to attain greater transparency of state interventions;
 - (b) examines and explains the motivation and need for their modification to meet contemporary requirements;
 - (c) examines the actions taken at both Community and national levels to implement the provisions of the Decision of 20 May 1975;
 - (d) arrives at conclusions as to what matters and issues the Commission and Member States should direct their efforts in the short and medium terms to develop the policy pursued and ensure a correct implementation of present legislation.
- Part II is exclusively devoted to a detailed analysis of the financial and economic evolution of the railway undertakings of the Community.

PART I

II. APPLICATION AND EVOLUTION OF REGULATIONS (EEC) No 1191/69, (EEC) No 1192/69 AND (EEC) No 1107/70

7. The tables found in Annexe I of Part II to this report show the amounts of compensation, aids and financial assistance granted to railways between 1973 and 1977. These figures have been agreed with government experts and represent the latest available information.

8. These regulations were adopted on the basis of the provisions of the Council Decision of May 1965 which provides that
"Whereas measures should accordingly be taken ... as regards State intervention in transport : to reduce public service obligations to a minimum; to provide fair compensation for financial burdens resulting from those obligations which are maintained and from those involving reductions on social grounds; to normalize the accounts of railway undertakings; make such undertakings financially autonomous; and to lay down rules governing aids for transport, taking account of the distinctive features of that sector."

9. Section II examines this mandate, its objectives and the instruments used to attain them.

A. REGULATION 1191/69 ON PUBLIC SERVICE OBLIGATIONS

10. It is to be recalled that this regulation embraces 3 basic notions :
 - Public service obligations should be terminated where they entail economic disadvantages for the undertaking and where they are not essential to ensure adequate transport services. The principle of termination does not apply to social rates and conditions imposed on passenger traffic.
 - Where public service obligations are maintained to ensure the provision of adequate transport services the competent authority (national government) shall select, where there exists a choice between techniques of transport, the way least costly to the Community.

- The Undertakings should receive full and fair compensation for any obligation imposed and which results in an economic disadvantage for them.

11. The application of this regulation has resulted in

- with few exceptions, no major reductions in the extent of the public service obligation imposed upon railway undertakings,
- a wide interpretation of the notion of "adequate transport services" and of "least cost to the Community" to justify the maintenance of existing public service obligations,
- a substantial increase in compensation paid by Member States to their railway undertakings.

12. In turn, this use of the regulation as a major instrument for the compensation paid to railway undertakings for obligations imposed, as opposed to its original conception as an instrument for their termination, raises problems of a different nature.

- Should the criteria for the termination or maintenance of an obligation be specified ?
- What additional guarantees can be provided to the public authorities against the uneconomic use of scarce State resources by railway undertakings ?
- Should the scope of the regulation be extended to, amongst others, all transport services provided by railway undertakings to ensure that the choice of transport mode (bus/train) is the least costly to the Community and to encourage the development of integrated (road/rail) services ?
- Should the notion of "public service obligation" be completed by including impositions on transport undertakings (e.g. general tariff levels) which are at present excluded from compensation under this regulation ?

13. The Commission recognises the need for railways through certain of their activities to provide a social service and to be adequately and fairly compensated for it. However it still maintains that the extent and scope of this social service should be clearly delimited and provided at the lowest cost possible for the Community.

To this end :

- criteria for the determination of the railways' social role at the least cost to the Community and optimum utilisation of State resources will be the subject of a Commission proposal after consultation with all interested parties on the basis of Article 15 § 2 of the Council Decision of 20 May 1975.

The advisory Committee on transport gave its opinion on this issue

- extension of the scope of the regulation to include other services and especially transport services provided by railway undertakings was already proposed by the Commission in 1972 (1). The Commission would like the Council to reconsider its position on this subject and pursue its work on the proposal to ensure equal treatment of undertakings in the transport market.
- the adaptation of the provisions of regulation 1191/69 to include public service obligations currently exempt from its scope, such as the imposition of general tariff levels as an element of tariff obligation, is the subject of a Commission proposal on the basis of Article 9 of the Decision of 20.5.1975 (2) presently under discussion in the Council transport working group.

B. REGULATION 1192/69 ON THE NORMALIZATION OF THE ACCOUNTS OF RAILWAY UNDERTAKINGS

14. This regulation comprises two basic ideas :

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- (1) Doc COM (72) 1516 final of 7.12.1972
 - (2) OJ C 139 of 14.6.1978

- elimination of distortions of competition arising from the imposition of financial burdens on, or the grant of benefits to, railway undertakings by public authorities,
- compensation for burdens which are not eliminated, in accordance with common principles.

15. Generally this regulation has been applied in accordance with the provisions therein. However, of the 15 classes of normalization laid down in the regulation only four are obligatory (classes I - IV), three were to have been terminated by the 1st January 1971 at the latest (classes V - VII), one was to have been terminated by January 1973 at the latest (class VIII) and the other seven are optional. The Regulation provides that a final settlement on the position of these optional classes should be adopted by the Council not later than the time when measures are adopted for the implementation of art. 8 of the Council Decision of 13 May 1965. Annexe III B 4 of the regulation provides that by the same date the Council should also decide on what action to take in respect to the calculation of compensation for pension obligations which the railway undertakings bear.

16. The first proposal to amend this Regulation was submitted to the Council on 28 July 1971 (1) with a further proposal extending its scope on 20 December 1972 (2). The Council took no action on these proposals; later the Commission withdrew them and replaced them with a new proposal (3) which provided for :

- extension of the provisions of the regulation to non-national railways,
- re-introduction, under exceptional economic and social circumstances, of the three classes which normally should have been abolished in 1971 (classes V - VII - obligation to recruit surplus staff, backdated salary increases, delays with regard to renewals and maintenance,

(1) OJ C 106 of 23.6.1971

(2) Doc. R/2889/72 (TRANS 167)

(3) COM (77) 637 final du 7.12.1977

- transformation of optional classes IX through XIV into categories whose usage, if agreed between railways and public authorities, must be compulsorily compensated (retention of surplus staff, benefits to staff for services to country, staff allowances, social benefits to staff, maintenance of workshops, public tenders),
- harmonization and simplification of the calculation of compensations for pensions (class III - Annexe III).

This new proposal was introduced to ensure that the States should bear the full financial responsibility for interventions which they consider necessary and which entail financial burdens for the railways.

The first point was not retained in the final version of the proposal submitted by the Transport working group to the Council in November 1977. The proposal was in turn referred back to the Transport Group for further revision of a technical nature.

17. The proposal is still before the Council and the Commission urges its adoption as a further step towards :
- a greater transparency of State interventions, in order to identify the real deficit,
 - the creation of a clearer and sounder competitive basis between the modes of transport

C. Regulation 1107/70 on aids to transport

18. Regulation 1107/70 on aids for transport by rail, road and inland waterway modified by Regulation 1473/75 (1)

- confirms that art. 92-94 of the Treaty shall apply to aids granted for transport by rail, road and inland waterways,
- specifies the cases and circumstances in which Member States may take co-ordination measures or impose obligations inherent in the concept of a public service which involves the granting of aids under art. 77 of the Treaty and which are not covered by Regulations 1191/69 and 1192/69.

Aids which are granted to national railway undertakings under the provisions of this regulation fall into the following classes :

- (a) Aids for co-ordination of transport where the purpose of the aid is :
- (1) until the introduction of a common system of charging for the use of infrastructure to compensate undertakings for infrastructure costs which they must bear and other competing modes do not
 - (2) to promote research and development into transport systems and techniques.
- (b) Aids to cover tariff obligations not included under 1191/69 and transport activities to which that regulation does not apply.
- (c) Aids for deficits granted, according to Art. 13 of the Decision, and other financial interventions under the provisions of Art. 5 § 1 until financial balance is achieved.

(1) OJ L 152 of 12.6.75

19. The variety of aids granted under this regulation can be seen in Annexe I to this report. The technical application of this regulation is fully covered in the minutes of the advisory Committee on Aids held annually

In the present report therefore the Commission will limit its remarks to the problems arising from certain aids granted and to the major question of whether the Regulation as it stands meets contemporary needs.

20. To date the Commission has generally looked favourably upon aids granted by Member States to their railway undertakings but nevertheless considers that certain types of aid currently being granted merit closer attention.

- Aids granted for infrastructure pose two problems :

(a) Need for the method used for calculation of any disadvantages which a railway must bear on account of having to meet the full costs incurred in providing and maintaining its infrastructure in comparison with the other land based modes of transport, to be specified in order to permit objective evaluation of the aid awarded.

(b) How are transfers of capital within different state budgets for the benefit of railway undertakings whose infrastructure is owned by the State to be judged in the framework of existing Community rules, taking account of Art. 5 § 2 and Art. 2 of the Decision which establishes the separation of assets ?

- Aids for research and development, particularly concerning the development of combined transport techniques (road/rail), raise the need for criteria to be established whereby the point at which new technologies and/or techniques pass from an experimental (or development) phase into a fully operational and commercial activity of the railway business.
- The Commission proposes to find solutions to these problems with the help of experts.

21. The Commission, furthermore, is frequently faced with the question whether existing Community aid legislation meets contemporary needs in the transport field. The provision of Regulation 1107/70 particularly on the promotion of new transport techniques (containerisation, ferroutage) or the development of existing systems (railway sidings, high speed trains), limit Member States' scope for actions which sometime appear politically desirable and would not be inconsistent with Article 77 of the Treaty.

The Advisory Committee on Transport, which was consulted by the Commission on these questions, reached no unanimous conclusions.

III. IMPLEMENTATION OF THE PROVISIONS OF THE DECISION

22. The Council Decision of 20 May 1975 not only lays down a framework for State/railway relationships but also provides a timetable for and a programme of action to attack and resolve the serious structural and commercial problems which beset railway undertakings and which are reflected in their current position on the transport market.

The objectives and philosophy of the Decision are well known and were extensively treated in the first biennial report. In this report, therefore, the Commission addresses itself to the progress made in the implementation of the specific provisions. Those provisions had a timetable for actions to be taken at three levels :

- by Member States at the national level
- by Community organs at the European level
- by joint national/Community bodies.

23. Actions undertaken on the basis of the Decision by Member States

(a) Implementation of the Decision

Article 16 provides that "as soon as possible and not later than 1 January 1977, Member States shall, after consultation with the Commission, give effect, by law, regulation or administrative action, to such provisions as may be necessary for the implementation of this Decision".

All Member States with the exception of Italy and Luxemburg have made provisions for a full implementation of the Decision and have duly received favourable opinions on them.

In Italy, although the legislative provisions to restructure the railways in line with the provisions of the Decision have not yet been adopted, the governmental and railway authorities are acting within the spirit of the Decision.

In Luxemburg implementation has been retarded due to the need for revision of the Statutes of the railway undertaking by its partners but the necessary provisions have been made and await finalization in the near future.

24. (b) Business Plans

Article 3 of the Decision provides that : "... each railway undertaking shall, in particular :

- submit its business plans, possibly covering a number of years, including its investment and financing programmes within the framework of the overall policies laid down by the State and taking account of national transport planning, particularly with regard to infrastructure;"

The Commission has repeatedly stressed the importance which it attaches to this provision. Indeed it is the main instrument for achieving the objective of improving the situation of railway undertakings. The expectations the Commission has regarding these plans and its role in evaluating them remain as clearly stated in paragraphs 52-55 of the first report.

Meanwhile the Commission has received and commented upon the Business Plans of all railway undertakings. The essential features of these plans are given below.

Analysis of Business Plans received to date

25. (A) Belgium - SOCIETE DES CHEMINS DE FER BELGES (SNCB)

The Belgian government communicated its activity programmes, agreed with the Belgian railway undertaking, to the Commission on the 5/1/1979.

This programme was complemented by further remarks in a communication of 1/2/1979. This programme covered the business activities and financial and investment programmes envisaged for the years 1978/1979/1980.

Over this period the Belgian railway undertaking foresees a small decline in the demand for passenger and small parcel services but a slight increase in full wagon traffics. The financial implications of such a market evo-

lution are calculated to be an increase in revenue from passenger traffic due to price increases implemented in July 1978 and an increase in the average price per passenger/km because of more full fare paying customers. In the goods sector of the business, at least for 1978, the small increases in demand will not substantially change the revenue earned because of the fall in the average price per ton/km received.

Over the period covered it is envisaged (using constant money values) that receipts from passenger services will remain constant around 7.8 milliards francs whilst earnings from goods and miscellaneous activities will increase from 14 milliards in 1977 to 14.8 milliards in 1980 (an increase of some 5.7 %). State compensations for the public services imposed on the railways are expected to increase by 13.9 % (from 18 milliard in 1977 to 20.5 milliard in 1980).

Expenditures over this period are expected to increase by some 4.7 milliard of francs (using normalized figures) or 9 %. State compensations for abnormal expenditures (infrastructure and certain financial charges) are expected to increase some 11 %.

Total State compensations towards operational expenditure are expected to increase over this period by 4.2 milliard francs (10 %) but it is expected that by 1980 the undertaking will have attained financial equilibrium (e.g. situation without deficit subsidy).

Investment expenditure over the three years under consideration is forecast at 16 milliard francs in 1978, 22 milliard francs in 1979 and 26 milliard francs in 1980 of which approximately 50 % will be paid for by and is written into the State budget as the network belongs to the State.

26. (B) Denmark - DE DANSKE STATSBANER (DSB)

The Danish government communicated the danske Statsbaner's business plans for 1977-1982 to the Commission in September 1977. This was subsequently updated in October 1978 by the plans for years 1978-1984. These plans are conceived within the framework of the Danish State railway's "plan 1990" which attempts to forecast the long term evolution of DSB. On the basis of objectives aimed at in "plan 1990" the DSB has established firm and concrete programmes of action for five year periods.

These action plans are based on the division of DSB's activities into 5 distinct business sectors :

- passengertransport (excluding S trains)
- the "S" trains (services in the metropolitan area of Copenhagen)
- goods transport
- ferry services
- other activities.

Over the period 1978-1984 it is planned to make the necessary preparations for a reorganized passenger service based on high speed hourly services between major regional centres fed by integrated road/rail services from outlying areas. To attain this objective it is proposed to invest 1155 mio Dkr (77) over the period.

The "S" train service, which it is envisaged will carry 25 % more traffic by 1990, is the backbone of the public transport system of the Metropolitan area of Copenhagen. In order to offer an attractive alternative service to individual transport within this market and integrate transport services more fully into the urban planning functions the DSB in conjunction with the metropolitan Council of Copenhagen (as from 1/4/78) proposes to extend the service into new suburbs, increase its frequency and invest in new types of rolling stock. Under the new arrangements DSB acts as a contractor of transport services to the Metropolitan

Council. Future planning will be a joint venture between DSB and the Metropolitan Council and DSB will receive the economic price for the services provided with shortfalls in revenue being met directly from the budget of the Metropolitan Council. The financial implications for DSB of such an arrangement are quite considerable and it is expected that in the first year the increases in self generated revenue to DSB through this new arrangement will amount to 6 %.

Investment over the five years 1978 - 1984 is expected to amount to 311 mio Dkr.

In the goods transport sector it is assumed for planning purposes that Danish society wishes to maintain two overland transport systems - a purely private road haulage system and a combined public system of road/rail - therefore DSB bases its plans on the provision of a combined road/rail system covering the whole country and offering a door to door service. To establish such a system it is proposed to set up a network of regional marshalling and transshipment yards, highly mechanized and with greater utilization of palletisation and containerisation.

The DSB envisages an increase in freight traffic of 100 % by 1990 and over the five years 1978-1984 plans to invest 498 million Dkr to establish the foundations of the proposed system.

Ferry services will be adapted to the needs of the proposed railway system as well as improving its facilities for car transportation in line with its private competitors. Over the years 1978-1984 it is envisaged that 840 million Dkr will be invested in this sector to increase general service levels and capacities to meet an anticipated 100 % increase in demand by 1990, including the adoption of 2 new broad ferry boat services on the Kosør/Nyborg line.

In DSB's other activities concerning their restaurant and kiosks interests no changes in the current policy of contracting them out are envisaged whilst the undertaking's administration it is hoped will be improved by the introduction of a new management structure as from March 1978 and the development of new computerized administrative procedures.

General financial consequences arising from the 5 year plan 1978-1984 are that total investment is envisaged to be around 4550 mio Dkr with operating expenditures of 2018 mio Dkr in 1978 rising to 2730 mio Dkr in 1984, income increasing from 1805 mio Dkr to 2571 over the same period and a corresponding decrease of State payments from 213 to 159 million Dkr.

27. (C) Germany - DEUTSCHE BUNDESBAHN (DB)

The German government communicated the German Railways' business plan for the year 1978 to the Commission on 4/8/1978. The programme covers only one year because the multi annual plans of the DB are at present having to be re-formulated on the basis of a less optimistic economic growth rate than previously envisaged.

In the passenger sector of its business, the DB envisaged no change in the level of services throughout 1978 but hoped that an overall increase of tariffs of 5.8 % (9.5 % for short distance, 4.7 % for long distance) would yield an extra 185 mio DM in receipts.

In the goods sector demand was static and competition fierce but slight improvements could be seen from concentrating efforts on the development of combined transport operations, parcels and full wagon loads. In parcel traffic, increases in volume from 3.5 to 3.58 million tonnes were expected which would increase the receipts from 907 to 959 million DM.

For transport in full wagon loads an increase in volume from 276 million to 284 million tonnes was expected which would increase the receipts from 5846 to 6060 million DM.

The DB reaffirmed its objectives to be an increase of self generated income, increased investment and productivity and the rationalisation and improvement of the administrative structure. In pursuit of these objectives it was expected to reduce the numbers employed by some 16,000 persons (1977 374,510 to 1978 358,100), investment should have been of the order of 5.5 milliards of DM of which 5.2 milliards was for fixed assets .

Over the year total expenditure was envisaged to rise to 26,558 million DM and income to increase to 22,039 million DM leaving a total State contribution on operations of 7,553 million DM compared with 7,267 million DM in 1977 to cover payments made on the basis of Community legislation.

28. (D) France - SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (SNCF)

The French government communicated its "Contrat d'Entreprise Etat - SNCF" on 28 April 1979 . This " contrat " covers the period 1978-1982 and on the basis of the objectives laid down the SNCF will have to prepare its business plans. This "contrat" does not cover rail services within the Paris region for which special provisions apply. The essential points of the "Contrat" are :

- (a) a reduction of the railway undertaking's deficit, after due compensation by the State for obligations imposed, by 50 %. The current deficit, 1978, is some 4 milliards FF and this should be reduced to 2 milliard by 1982.
- (b) to attain this financial improvement "le contrat" provides for the granting of a greater management autonomy to the undertaking, particularly regarding the determination of prices and tariffs. The undertaking will be given complete freedom to fix its goods tariffs and the possibility to adjust passenger tariffs in line with inflation.

(c) the SNCF, under the provisions of the "Contrat" will have the right to determine its level of services and organize the network to meet current needs. It is provided however that the termination of lines and the transfer of services to road on which regular stopping train services are currently provided should not exceed 5 % of the 1977 level in any year. Programmes for any such action will be communicated to the Minister of Transport.

The "contrat" envisages that over the five year period passenger traffic (excluding Paris - South East) will increase on average 2.7 % per year. In this sector of the SNCF's activity it is envisaged that express services will make a positive contribution to common costs by 1980 and this contribution should reach 350 million FF by 1982 (1977 values).

In the goods sector traffic is expected to grow by 1.4 % per year and from 1980 onwards it is envisaged that a positive contribution to common costs will be made. This will reach some 500 million FF in 1982 (1977 values). It is further envisaged that SERNAM will be in balance by 1980.

The "contrat" also provides that productivity should increase over the period and unit cost be contained in real terms. To help the attainment of this objective the "contrat" provides for investment (of some 20 milliard FF) in new rolling stock, electrification of track, automatic security equipment, and new telecommunication systems.

In addition, to ensure the harmonization of the conditions of competition between the modes of transport the State will grant the SNCF a sum of 2,850 milliard FF annually, not to be exceeded in real terms over the period, for infrastructure expenses.

29. (E) Ireland - CORAS IOMPAIR EIREANN (CIE)

The Irish government transmitted the business plan of Coras Iompair Eireann to the Commission on 10.6.77. This plan covered the period 1977-1980 although, because of the Irish government's policy of not committing resources beyond one year, the definitive financial figures relate to 1977 only.

In this programme the Irish railways are committed to an improvement of services to the public and industry by concentrating their efforts on those activities for which it is considered railway technology has a relative advantage over its competitors, through improvements in productivity, by increased capital investment, reduced staff numbers and organizational changes and the creation of profit centres to pinpoint more readily responsibility and increase motivation.

In pursuit of these aims it is proposed that in the passenger sector of their business CIE shall attempt to achieve 6 million passenger journeys per year by 1980 (5.7 million in 1975) by improvements in train frequency, higher speeds, the introduction of new rolling stock and the separation of mail and parcel services from passenger services. In financial terms it is envisaged that capital expenditure of direct benefit to passenger services over the period 1975/80 will be of the order of £ 15 million and the financial results for this sector will show a reduction in State support of some £ 2 million (£ 13 million in 1976 to £ 10.9 million in 1980).

In the goods sector the Irish railways divide their business into four easily identifiable market segments :

- Sundries
- Unit load traffic
- Palletised traffics
- Bulk traffics

In all sectors the Irish railways plan for increases in volume of traffics (over a five year period 1975-1980, sundries traffics are expected to increase from 184,000 tons to 204,000 tons, unit load traffics from 833,000 tons to 915,000 tons, palletised traffics from 700,000 tons to 1,194,000 tons and bulk traffics from 1.6 million to 2.0 million tons). To improve the service the Irish railways envisage an increased use of mechanical handling and containerisation, a rationalized distribution

network and the introduction of a "real time" freight documentation system to streamline the administrative function. Over the five years 1975-1980 capital expenditure of direct benefit to these sectors of the business is envisaged to be of the order of £ 22.5 million (at November 1975 prices) with a reduction in the deficit of some £ 4.0 million from £ 11.0 million in 1976 to £ 7.0 million in 1980.

Over the period of the plan capital expenditure of some £ 30 million at 1975 prices is envisaged with a consequent reduction in the government's financial contribution from £ 24.0 million in 1976 to £ 17.5 million in 1980 (at 1976 prices).

30. (F) Italy - FERROVIE DELLO STATO (FS)

The Italian Government communicated its Business Plans for the FS to the Commission on 9 April 1979. These plans comprise three distinct investment programmes. The first programme, covering the three years 1978-80, provides for the investment of 1665 milliard lira for : -

- increase and modernisation of rolling stock
- completion of three new workshops in the 'Mezzogiorno' to improve the standard of maintenance and adaptation of rolling stock
- improvement of security and signalling facilities.

It is hoped that this programme will result in a reduction of operating costs and a corresponding increase in traffic and receipts by offering a better rail service in the high density population areas, by a major development of combined transport and an improvement in safety and speed on the main lines.

The second programme provides for commitment of some 2 000 milliard of lira over a period 1975-80 for a modernisation programme of the network - track, and rolling stock - and the adoption of advanced technology to provide a better service in all sectors of the railway's business.

A third programme provides for investment of some 400 milliard lira for quadrupling the Rome-Florence line with a view to increasing its capacity and speed.

31. (G) Luxemburg - CHEMINS DE FER LUXEMBOURGEOIS (CFL)

The Luxemburg government communicated to the Commission on the 9/10/78 its provisional investment plans covering the period 1978-1982 and the related programme and budget for the year 1978 together with the 1978 operational budget (financial programme). These programmes provide for a capital investment of 3,544 million francs over the five year period 1978-1982 with 1,060 million francs approved for the year 1978. It was budgeted to spend 571 million francs on "Travaux et acquisitions de premier établissement" and 489 million francs on "Travaux et acquisitions de renouvellement".

The operational budget of CFL for 1978 envisaged that the expenses of the undertaking would increase by 4.9 % compared with 1977 (an increase from 5,286 million francs to 5,544 million francs). On the revenue side however it was envisaged that the direct revenue from traffic would fall by some 2.9 % to be compensated for by an increase of some 32 % in other receipts and a 6 % increase in compensation from the State (3,557 million in 1977 to 3,766 million in 1978). The overall deficit was forecast to increase from 116 million in 1977 to 188 million in 1978, an increase of some 72 million francs or 62 %.

32. (H) Netherlands - NEDERLANDSE SPOORWEGEN (NS)

The Dutch Government communicated the programmes and plans of the Nederlandse Spoorwegen (NS) by its letter of 2.11.1978.

The information in the original Business Plans of February 1977 has been updated by a communication of the Dutch Government of 22.5.1979.

The N.S. divide their business activities into two distinct sectors : passenger traffic and goods traffic. In the passenger sector the NS intend to maintain the present levels of passenger services (currently 8,150 million passenger kilometres per year) whilst making the

necessary adjustments to services and new investments in lines to meet changing demand patterns. To promote passenger services the NS is currently pursuing a rigorous commercial policy, concentrating its efforts on specific market sectors such as government establishments, specific age groups (the young and the elderly) and recreational traffic. Special attention is being given to the promotion of 'combined passenger transport' (park and ride plan) and efforts are being made to extend parking facilities at stations. Plans also exist for the construction of new stations on existing lines as well as for the modernization of existing facilities.

Self generated revenues (at current prices) are anticipated to increase from FL 711 million in 1978 to FL 853 million in 1982 whilst compensation payments for public service obligations imposed upon the railways are expected to fall from FL 767 million to FL 711 million over the same period. The Government and the NS have agreed on a multiannual investment framework for the passenger network within which it is envisaged to invest some FL 1,900 million (at 1976 prices) between 1979-85.

In the goods sector of its business activities NS's overall policy objective has been to ensure that goods traffic covers its specific costs by 1980. It is now unlikely that this objective will be attained and therefore a comprehensive study into this business sector has been launched. The most recent Government forecasts foresee a decline in the total volume of goods transported from 18.2 million tonnes in 1978 to 17.7 million tonnes in 1981. The Dutch Government believes that this sector should be adapted more to market requirements and in this respect fully supports all measures for closer commercial co-operation between the railways of the Community.

The 1978 Railway Goods programme envisaged that deficits on goods traffic (calculated on the basis of specific costs) would fall from FL 33 million in 1977 to FL 18 million in 1980 but these figures are now under review given the slow rate of economic recovery and a study being undertaken into this sector of the NS's business activities.

33. (I) United Kingdom - BRITISH RAILWAYS BOARD (BRB)

The United Kingdom Government communicated the business plans of British Railways to the Commission on 21 March 1979. The plans cover a period 1978-1983 during which time no major reductions in network size are planned.

Over this period British Railways will continue to provide long distance passenger services linking all major centres of population, commuter services within the S.E. region (including London) and maintain, under the Public Service Obligations imposed, local and regional passenger services where rail is judged to be the most appropriate mode of transport to meet these needs. It is anticipated that passenger miles (000 million) will increase from 18.2 in 1978 to 20.5 in 1983. It is expected that State compensations will fall from £ 560 million in 1978/1979 to £ 549 million in 1981/1982 and capital investment in passenger services (1978 prices) will total £ 593 million. Significant improvements will be made by the extension of high speed train routes, the introduction of the advanced passenger train on the London to Glasgow line and the use of new rolling stock for commuter and provincial services.

In the non-passenger sector it is envisaged that the trend to train load traffics will continue over this period with an increase in the volume of train load traffic from 84 % to 87 % of goods carried. Capital investment in the freight sector will be some £ 230 million over the five year period.

Improvement in productivity and efficiency is an important objective of the business review, indeed it is essential to securing the future of the railways. In this respect British Railways is looking for improvements in the loaded train miles per unit of rolling stock and a reduction of some 30,000 in personnel. Further, it is envisaged that over and above the capital investment programme outlined above (rolling-stock, locomotives, new infrastructure which is financed from depreciation, other internal sources and from borrowing) it is planned to invest directly from revenue a sum of £ 846 million over the period for the extension of colour-light signalling, automatic warning systems, continuous welded rail and improved telecommunications.

General remarks on the Business Plans

34. In summarizing the essential features of the plans and programmes received to date the Commission is attempting not only to give an overall resume of the current situation and future plans of the railways of the Community but also to establish a basis for comparison between the results expected and attained. The Commission recognizes the efforts of those Member States and their railways who have compiled these programmes in the very difficult contemporary political, social and economic conditions.
35. To draw general conclusions and trends from such diverse sources and different approaches (some plans communicated cover only envisaged investment programmes and are not activity programmes, some plans are multi-annual whilst others cover only a one year period) is always a difficult task. However the following common features are in evidence :
- It is relatively clear that all railways are faced with similar problems of static or declining markets, rising operating expenses and, up to now, increasing dependance on the State for financial support.
 - The response to these problems appears to be in all cases, from an analysis of the business plans, a more commercial approach to the market through improved services and productivity, especially through investment in mechanized systems of operation. However differences are apparent in the degree of market orientation in policy development and the extent to which the railway undertaking will itself be responsible for generating its own revenue both for operational and investment purposes and thereby improving its financial situation.

(c) Action undertaken jointly by national and Community bodies

36. Article 11 § 1 provides that "Member States shall, in conjunction with the Commission, investigate measures likely to promote co-operation among railway undertakings".

On the basis of this provision the Commission, after due consultation and consideration with railway and national government experts, presented to the Council of June 1978 a report¹⁾ "on the progress made in the preparation of a programme of co-operation among railway undertakings". This report, it will^{be} recalled, comprised the then current short term programme of co-operation being undertaken by the nine railways of the Community together with certain supplementary measures on

- the crossing of frontiers
- infrastructure investment
- the study of the concept of common commercial interests
- technical standardization and normalization
- supply policy

whose realization it was considered would require more positive and active assistance from national and Community authorities. The report therefore suggested the division of responsibility between the railways, governments and Community bodies if the attainment of closer co-operation in these areas is to become a reality.

37. The Council took note with interest of this report, expressing its approval of the general pattern of measures and its hopes for concrete results before the end of 1979. The Council considered that more attention should be devoted to commercial co-operation between the nine railways and that their efforts should not necessarily be linked to actions undertaken within the general framework of the IUR. The Council also requested the Commission, in collaboration with the Member States and the railway undertakings, to take supplementary measures aimed at simplifying frontier crossing, strengthening measures in the commercial field, facilitating the furtherance of common rail interests, promoting co-operation in combined transport (rail/road, containers etc.) and eliminating infrastructure bottlenecks. The Commission's intention to monitor progress was noted and it was requested to submit a new report on this subject as soon as any noteworthy progress had been made.

(1) COM (77) 694 final

38. In compliance with the Council's wishes the services of the Commission have pursued these matters with the railway undertakings and the Member States. At a meeting with representatives of the group of Nine on 20-21 September 1978 the Commission was informed that the short term action programme drawn up by the group of Nine in September 1977 was being fully implemented and a new programme was under preparation for the period 1979-82.
39. The Commission is now in receipt of this medium term programme of co-operation and whilst full discussions with all interested parties have not yet been completed it is worthwhile in this report to outline briefly the actions envisaged.
40. The programme of action concerns mainly the goods sector of railway activities, particularly its commercial and operational aspects. To develop closer co-operation in these areas the following actions are planned :
- Closer collaboration in marketing and sales efforts
 - Greater flow of relevant costing and statistical information to aid commercial decision taking
 - Improved product quality by the promotion of faster services on main routes where traffic volumes might be increased and a greater choice of services offered to the user
 - Simplification of frontier crossing by harmonization of the requirements concerning the composition and braking systems of trains and reduction of delays due to documentation formalities and marshalling. The question of simplifying customs requirements will also be studied.
 - Development of direct international tariffs and harmonization of the calculation of internal tariffs to facilitate the computation of non-direct international tariffs

- Introduction of "revenue pools" consequent on the development of direct international tariffs.
- Introduction of other categories of wagons in the "Pool Europ".

41. Discussion of this new programme with all interested parties is still taking place and therefore final positions have not been taken. However the services of the Commission consider the actions envisaged to be in line with the wishes of the Council.

(d) Action undertaken by Community bodies

42. Article 8 of the Council Decision provides "before 1 January 1978, the Council, acting on a proposal from the Commission, shall adopt the necessary measures to achieve comparability between the accounting system and annual accounts of all railway undertakings and shall lay down uniform costing principles".

43. On the basis of this provision the Council adopted on 12 December 1977 Regulation (EEC) No 2830/77¹⁾ on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings. The regulation lays down that railway undertakings should transpose their annual accounts (the balance sheet and profit and loss account), established in accordance with national regulations, into a common scheme of presentation.

(1) OJ 20/L 334 of 24/12/77

The Commission considers the regulation to be a first step in the direction of true comparability of railway accounts and accounting systems. The problems to be solved before full comparability can be obtained are manifold - differing national requirements as regards Company Law, different accounting practices and procedures and even differing notions of the objectives of accounting itself.

The first transposed accounts of the various railway companies relating to the year 1977, have now been received, in some cases rather later than foreseen. They are being analysed to enable the Commission to draw up its annual report on this subject and submit it to the Council, in the second half of 1979.

The Commission's services are hopeful that with the aid of the advisory committee established to assist the Commission in the implementation of this regulation many of the problems referred to above can be resolved and full comparability of the transposed accounts attained in due course.

44. On 19 September 1978 the Council, under the same provisions of Art. 8 of the Decision of 20 May 1975, adopted Regulation (EEC) 2183/78¹⁾ on laying down some uniform costing principles for railway undertakings. The regulation provides that as from 1 January 1979 uniform costing principles should apply to international freight transport in full train loads. The main principle adopted is that "costs" should be defined as the change in the total costs of the railway undertakings resulting from the introduction of new traffic, from an increase or a reduction in existing traffic or from the termination of such traffic. In addition to these costs which are to be communicated to each other by railways participating in the traffic, provision is also made under certain conditions for the calculation of and exchange of information on "total costs".

The Commission considers that this first step towards the adoption of more common costing principles by the railway undertakings of the Community should help to bring closer co-operation between them. With the help of the Advisory Committee established to assist in the application of this regulation the Commission will watch its implementation and, on the basis of experience gained, examine possible improvements and extensions.

(1) OJ Volume 21. L 258 of 21/9/78

45. Article 11 § 2 provides that "before 1 January 1979, the Commission will submit to the Council a report on the objectives to be pursued in the long term and the measures to be taken to promote partial or total integration of railway undertakings at Community level". In the execution of this mandate the Commission has presented its report to the Council on 26 April 1979 and it is currently under discussion in the Transport Working Group of the Council.

46. To conclude this section of the report, it may be mentioned that the services of the Commission are actively engaged in the preparation of proposals in execution of the provisions of article 15, paragraphs 1 and 2. It is hoped that these proposals will be presented to the Council before the end of this year.

IV. CONCLUSIONS

47. In this report the Commission has, in compliance with Art. 14 of the Council Decision of 20 May 1975, reported on :

- the application of Regulation (EEC) 1191/69 on public service obligations, Regulation 1192/69 on the normalization of railway accounts and 1107/70 on aids
- the implementation by Community and national authorities of the provisions of the Decision.

48. An attempt has been made to examine the application of this legislation in the framework of the particular railway policy developed at Community level and the objectives pursued through that policy.

The policy aims at the improvement of the situation of railway undertakings through the instruments of :

- improved transparency of State interventions into the railway undertakings,
- improved business and financial planning of the activities of railway undertakings, with a view adapting their services and structures to the changing pattern of the market,
- closer co-operation of railway undertakings, particularly in the commercial and operational aspects of their activities.

49. From examination of current provisions and their application in the light of current policy development the following conclusions can be drawn.

(a) The search for greater transparency

It is clear from the figures in Part II and the comments in this report that much progress has been made in this field . There remain

however areas for improvement and as indicated in the main body of the report the Commission has made or is at present preparing proposals to :

- modify the provisions of regulation 1191/69 to include public service obligations currently exempt from its scope and which are at present settled under the permissive provisions of Article 3 of Regulation 1107/70. This action has been taken on the basis of Article 9 of the Decision,
- specify the criteria for the determination of the public service obligations imposed on railway undertakings provided in Regulation 1191/69 with a view to assuring optimal utilisation of State resources and the least cost to the Community. This action is undertaken on the basis of Article 15 § 2 of the Decision,
- modify the provisions of Regulation 1192/69 on normalization of railway accounts with a view to transforming the optional classes for normalization into compulsory items for compensation with the twin objectives of improving the transparency of State interests and making Member States aware of the financial consequences of their action,
- examine the relevance of existing aid regulations and provisions to present day conditions, with a view to possible improvements in their operation.

(b) Improving the business and financial planning of railway undertakings

50. The Commission considers that progress has been achieved in this field but there still remains a long way to go before all railways in the Community use business and financial planning as an effective and dynamic business management tool.

The Commission outlined its main ideas on business planning in the first biennial report (paragraph 54) and whilst these remain valid, in the light of experience, it can add the following observations. It is considered that :

- plans should be integrated into the overall transport policy pursued at national and community levels
- planning of the financial and investment programmes should aim more at an examination of the need for capital reconstitution of the undertakings with a view to establishing a capital structure more readily serviced from self-generated revenues
- plans should examine current and future market potentiality in more detail than has been current practice to date
- plans should examine more deeply the need for and the methods of adapting the productive, marketing and technical capacities of the undertakings to identified markets with a view to increasing responsibility at all levels of the organization
- common state practices of "annual commitment" of resources to railways, particularly for investment programmes which can cover several years, should be reviewed, if the financial balance of the railways is to be achieved.

51. In pursuit of improved financial and investment planning the Commission will present, before the end of this year, proposals to the Council, on the basis of Article 15 § 1 of the Decision, taking account of the particular conditions affecting the role and importance of the railways in each State, "...to fix the time limit and conditions for achieving the financial balance of the railway undertakings". Discussions on this subject are under way with interested parties.

52. (c) Closer co-operation between railway undertakings

Action undertaken on the basis of the Decision of 20 May 1975 has been fully outlined in section III of this report where it can be seen that current activity in this field is fully in line with the wishes expressed by the Council. The Commission for its part is pursuing this aspect of railway activity with high priority because it considers that through co-operation the railways can be relieved of some of the disadvantages of their strict national structure and character and so play a fuller and more profitable role, as do their competitors, in the wider European market.

53. Particular emphasis is placed on the development of closer co-operation in the following fields : -

- Commercial Policy. The Commission has proposed¹ , and later amended, a system for the formation of the prices of international goods transport. This system is based on two main principles : -
 - (1) railway undertakings should enjoy far reaching autonomy in the determination of these prices
 - (2) financial balance should be attained in this sector of their activities
- Promotion of combined transport techniques. In this field the Commission is currently preparing measures aimed at the development of combined transport , especially by rail and road. The measures should improve in particular the commercial promotion of this transport on all markets where the conditions are favourable for these techniques. This approach which preserves the freedom of choice of users whilst taking account of the wider needs of energy conservation, regional development and environmental protection enjoys a wide measure of support by the Member States.
- Facilitation of frontier crossing. Progress has already been achieved in this field but there still remains much to be done through the further simplification of the railways' own administrative and technical procedures as well as by political and legislative action at Community and National levels.
- Planning and implementation of joint infrastructure improvements. Community efforts and action in this respect are aimed at both the elimination of bottlenecks, particularly at frontiers, and modernisation of the main rail axes of Europe. It is clear that the adoption of the Commission's proposal on financial support for infrastructure projects of Community interest² would constitute a major progress in this field. Railways, because of their technical suitability for the carriage of long and medium distance traffic, could be expected to be well placed in putting forward projects for support with a high degree of community interest.

¹ OJ C 1/37 of 5.1.1976

² OJ 2.9.1976

54. The Commission intends to maintain its close collaboration with the Group of Nine Railways and Member States to help promote closer railway co-operation. Further, the Commission will present a report in 1980 to the Council on progress made in implementing the short term action programme on railway co-operation and the objectives pursued under the Medium Term Co-operation programme (1979-1982).

55. Improved co-operation is also seen as an important step in the evolutionary process of the integration of the railways. In its report on integration the Commission has laid down a programme of action both to complement studies currently being made within the railways and the Commission and to intensify efforts to identify possibilities for partial integration of some of the railways' activities.

PART II

ECONOMIC AND FINANCIAL SITUATION OF THE RAILWAYS OF THE COMMUNITY

(a) Market Evolution

56. Complete figures on the evolution of the Community transport market and relative shares of the three land based modes of transport are unavailable. Annexe II of the report gives the most recent figures available for goods traffic (*) and show that railways' share of land based transport continues to decline relative to the two other modes, particularly road. The economic crisis of 1974 has had a noticeable affect on railways, resulting in considerable losses of traffic which to date have not been regained.
57. Where complete statistical data exist, for example the Federal Republic of Germany, examination of market developments shows that over the period 1970-1978 the total goods market for land based modes of transport grew by 11 %. Increases in road transport accounted for the total growth whilst railways and inland waterways lost respectively 10 % and 1 % of their share. Of the 11 % increase in road transport, growth in international traffic accounted for 7 %.
58. From the limited evidence available it appears a similar pattern of market development is to be found throughout the Community.

In Part I of the report the Commission comments on the need for railway undertakings to adapt their services to changing patterns of demand in the transport market, particularly in international markets by closer cooperation. The statistical evidence available supports such an observation.

(1) Source - EEC Statistical Office - Luxemburg

59. The Commission is at present setting up a market observation system which, it is hoped, will not only assist the Community institutions with their policy development but will also be of use to, and indeed utilized by, railway undertakings in their own future planning.

(b) Financial Trends of Railway Undertakings (1973-1977)

60. Annexes I (a) and (b) and III record :

- compensations, aids and other financial assistance granted by Member States to railway undertakings,
- profiles of national railway undertakings which show the scale of each undertaking's network, operations and staff; financial data, in particular receipts classified according to their main transport activities and running costs,
- indications of some of the main trends in the financial results of the nine railway undertakings.

61. A few preliminary comments on data used in the annexes are apposite :

- Source data used for the compilation of Annexe I (a) are returns submitted by Member States under the provisions of Regulation (EEC) 1191/69 on Public Service Obligations, Regulation (EEC) 1192/69 on Normalization of Railway Accounts and Regulation (EEC) 1107/70 on Aids to Transport. In all cases the figures used are those which had been received by 30 May 1979.
- Figures used in Annexe I (b) are taken directly or calculated from information and data presented in the Annual Reports of National Railways. Figures have been agreed with Member States.
- Differences in state payments shown in Annexes I (a) and (b) arise from the inclusion of capital grants under Regulation 1107/70 in Annexe I (a) whilst Annexe I (b) only includes profit and loss account figures.

- It is not the intention in these annexes to make direct comparisons between railway undertakings, but rather provide a data basis from which common problems and similar trends can be identified.

02. From the financial results of railway undertakings the following trends are discernable :

- Growth of expenditure is rising faster than the rate of inflation in Member States. Individual figures for each Member State are given in Table I of Annexe III.
- Personnel costs still represent a high percentage of operating expenditure (total expenditure less depreciation and interest). Figures for individual railways are given in Table II of Annexe III. Direct comparisons between railway undertakings cannot be made since for DB, CFL and SNCB personnel expenditure includes direct pension payments made by the undertakings for which compensation is granted under Regulation 1192/69.
- Little improvement is to be seen in the relationship between self-generated revenue and total income. State support still exceeds self-generated revenue in Italy, Luxemburg and Belgium and, with the exception of Ireland, Denmark and the United Kingdom, self-generated revenue as a percentage of total income has fallen in all cases between 1975-1977. Figures for individual undertakings are given in Table V of Annexe III.
- Increasing expenditure and failure by railway undertakings to improve their self-generated revenues has led to greater dependance on financial assistance from the State (see Table IV of Annexe III).

Whilst the above trend is manifest direct comparisons of performance should be avoided. The substantial differences in figures have to be appreciated in the light of undertakings' structure, organization and activities :

(a) CFL (Luxemburg) is a single rail activity undertaking whilst BRB (UK) and CIE are multi-activity organizations with several highly profitable non rail sectors. This impairs direct comparison of performance.

(b) Differences in structure (re State/Railway relationship) and role determine the nature and extent of State intervention. Financial obligations and burdens are imposed upon some railways (e.g. direct payment of pensions, provision of social services) which others do not have to bear. Large sums are therefore paid in compensation for activities which have little or nothing to do with operating railways efficiently. Figures become distorted and direct comparison is impossible. It is hoped that this problem will be resolved by Regulation (EEC) No. 2830/77 on comparability of railway accounting. Complete figures for all networks are not yet available and it will need due examination by the Commission's services and the Committee set up by the Regulation to determine how and to what extent direct comparisons between railway undertakings can be made on the basis of those accounts.

- Interest payments, with two exceptions (BRB and NS), continue to grow and increase the financial burdens of railway undertakings (see Table VI of Annexe III). The Commission therefore urges Member States to address themselves to the task of providing their railway undertakings with a capital structure more in line with their earning capacities.

(c) Conclusions

64. Examination of several key financial indicators shows :

- total expenditure on average is rising faster than the consumer price index (Table I of Annexe III).
- staff expenditure remains at a high level of operational expenditure (Table II of Annexe III).

- self generating revenue is falling relative to total income and is not keeping pace with increases in expenditure (Table V of Annexe III).
- State assistance is still growing alarmingly.
- interest payments, with their repercussions on the financial situation of the railways, continue to increase (Table VI of Annexe III).

64. With one or two exceptions the financial situation of railway undertakings has continued to worsen. The Commission is aware of the political and economic difficulties railway undertakings and Member States must overcome to halt these trends but considers that the measures outlined in the conclusions of Part I of the report should be urgently pursued.
65. The Commission proposes that the Council take note and discuss the overall action outlined in the report.
66. The Commission will continue to develop and implement its railway policy with a view to assuring that railway undertakings play a full role in the future Community transport system. Contemporary needs to conserve energy and protect the environment suggest that this might be a major role.

ANNEX I a)

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS
GRANTED BY THE STATES TO THE RAILWAY UNDERTAKINGS

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE TO THE SOCIETE NATIONALE DES CHEMINS DE FER BELGES (SNCB)

(Source : communication from the Belgian government

(in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>					
Student season tickets	889	1 043	1 399	1 582	1 273
Season tickets, certain social categories	2 890	3 370	4 593	5 143	5 765
Ordinary season tickets	1 022	1 216	1 657	1 856	2 106
Individual reductions	513	681	1 233	1 635	1 956
Full fare tickets (refusal of tariff increase)	1 653	2 504	3 716	4 279	5 384
Belgium-Luxemburg tariffs	26	26	24	26	25
Flanders-(Zeland) tariffs	1	1	1	1	1
Continued operation of lines	-	47	329	881	1 126
	6 994	8 888	12 952	15 403	17 636
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS - Reg. (EEC) No 1192/69					
Class III - retirement & other pensions	6 764	7 853	9 009	10 422	11 333
Class IV - crossing facilities	171	182	241	257	298
Class VIII - war damage	16	16	16	16	16
Class X - recognition services to country	40	41	40	42	39
Class XI - additional family allowances	102	21	9	8	9
Class XII - a) medical treatment	786	926	1 247	1 647	1 919
b) occupational injuries	49	64	94	77	80
Class XV - a) financial charges	160	177	288	364	160
b) shortfall in provisions for renewal	477	550	672	944	263
	8 562	9 830	11 616	13 777	14 124
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>					
<u>Railways</u>					
Infrastructure costs (Article 31b)	2 735	3 343	5 398	4 877	6 180
Financial burden for works and supplies as regards initial installation (art. 4)	1 288	1 371	1 574	1 508	1 817
Certain tax exemptions (Article 4)	- 15	- 15	- 15	- 17	- 16
Transporting passengers by busses laid on by the railways (Article 3(2))	184	273	396	428	226
ECSC tariffs (token entry)	489	512	456	490	517
Balancing subsidies	-	-	1 234	-	-
Loans for covering accumulated deficits and delayed renewal	-	-	-	-	891
	4 681	5 484	9 043	7 286	9 615
T O T A L	20 340	24 202	33 611	36 466	41 375

COMPENSATION, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE DANSKE STATSBAKER (DSB)

(Source : communication from the Danish government)

(in million national currency)

	1973/74	1974/75	1975/76	1976/77	1977/78
MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS					
<u>Regulation (EEC) No 1191/69</u>					
Copenhagen suburban traffic	86	113	134	126	139
other passenger traffic	266	371	382	428	471
carriage of goods and mail	93	123	133	88	96
	445	607	649	642	706
NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS					
<u>Regulation (EEC) No 1192/69</u>					
Class IX - staff surplus to requirements	15	18	21	25	29
Class X - recognition of services to the country	1	1	1	0	0
Class XI - allowances to staff	6	7	8	10	11
	22	26	30	35	40
AIDS TO TRANSPORT					
<u>Regulation (EEC) No 1107/70</u>					
aids for infrastructure investment	120	127	145	161	180
compensation for tariff obligations not covered by Regulation (EEC) No 1191/69	8	46	-	47	-
	128	173	145	208	180
TOTAL	595	806	824	885	926

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE DEUTSCHE BUNDESBahn (DB)

(Source : communication from the German Federal Government)

(in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>					
- Compensation for the continuation of short-distance passenger transport operations	1 542.0	2 332.0	2 389.0	2 343.0	2 603.0
- Continued operation of lines for which closure has been proposed	0.7	2.9	2.3	2.5	1.3
- Compensation for loss of receipts due to the Saar tariffs for the carriage of ECSC products	16.0	26.2	19.0	35.5	20.0
- Maintenance of tariff reductions for certain categories of persons			100.0	94.0	94.0
- Compensation for loss of receipts due to drought				2.6	-
- Free transport of Italians due to election 1967					1.4
	1 558.7	2 361.1	2 510.3	2 477.6	2 719.7
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>					
- Class I - compensation for children's allowances paid to employees	107.0	115.0	-	-	-
- Class III - retirement & other pensions supplementary retirement pension for workers	1 850.0	2 102.0	2 053.0 233.0	2 258.0 248.0	2 635.5 328.0
- Class IV - crossing facilities	335.0	380.0	425.0	400.0	390.0
- Class XII - medical treatment	2.5	3.0	4.0	4.0	5.0
	2 294.5	2 600.0	2 715.0	2 910.0	3 358.5
C. AIDS TO TRANSPORT <u>(Regulation (EEC) No 1107/70</u>					
- Contribution to the investments constituting an increase in capital	525.0	626.4	1 055.6	1 504.6	2 236.3
- Contribution to investments for short-distance passenger transport	251.3	344.4	341.3	266.5	343.0
- Allowances for the maintenance of liquidity	3 150.1	1 911.4	1 361.2	1 139.1	949.2
- Interest and amortization on loans to increase the own capital	194.4	475.5	511.3	192.3	411.3
- State compensation to the DB for taxes on mineral oil used by railway engines	110.7	205.8	420.7	285.5	279.4
- Repayment of interest on loans contracted in the past for financing purposes (allowances as owners)	837.0	837.0	837.0	1 012.0	994.0
- Compensation for refusing request to increase general tariff levels for passenger transport		78.6			
- Compensation of tariffs for bus services carried out by railways					20.0
	5 068.5	4 479.1	4 527.5	4 400.0	5 233.2
TOTAL	8 921.7 =====	9 440.2 =====	9 752.8 =====	9 787.6 =====	11 311.4 =====

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE SOCIÉTÉ NATIONALE DES CHEMINS DE FER FRANÇAIS (SNCF)

(Source : communication from the French government) (in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS REGULATION (EEC) NR. 1191/69					
- Compulsory tariff reductions or refusal to agree to increase					
(a) Paris suburbs	164.6	349.7	590.8	611.7	756.4
(b) reductions for passengers					
. members of the armed forces	349.2	409.8	566.0	657.0	684.5
. prisoners under escort	3.2	3.5	3.9	4.6	5.0
. spouse and children of retired persons	8.5	8.9	9.9	10.6	11.7
. local and Paris City traffic	330.9	364.6	382.2	595.0	717.4
. other tariff reductions	474.2	542.8	570.6	605.2	654.3
(c) transport of goods and newspapers	31.0	31.3	32.6	36.2	47.0
- Continued operation of unprofitable lines					
(a) local services	653.0	842.2	1 038.0	1 240.3	1 442.4
(b) national defence purposes	3.0	2.9	3.8	3.8	4.1
	2 017.6	2 555.7	3 197.8	3 764.4	4 322.8
B. NORMALIZATION OF THE ACCOUNTS REGULATION (EEC) NR. 1192/69					
- Class III - retirement & other pensions	2 890.0	3 255.2	3 856.9	4 213.5	4 914.5
- Class IV - crossing facilities	329.0	341.5	359.0	379.5	399.5
	3 219.0	3 596.7	4 215.9	4 593.0	5 314.0
C. AIDS TO TRANSPORT REGULATION (EEC) NR. 1107/70					
- Aids for infrastructure investment	1 358.0	1 499.0	1 760.0	1 906.7	2 136.3
- Unforeseen items (Art. 4)	100.0	100.0	100.0	80.6	-
- Balancing subsidies	186.0	-	-	-	-
- Compensation for tariff obligations not covered by Regulation (EEC) 1191/69	296.0	805.0	1 040.0	1 405.0	3 500.0
- Grant towards research	-	-	-	-	5.0
	1 940.0	2 404.0	2 900.0	3 382.3	5 641.3
TOTAL	7 176.6	8 556.4	10 313.7	11 739.7	15 278.1

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE CORAS IOMPAIR EIREANN (CIE)

(Source : communication from the Irish government)

(in million national currency)

	1973 year ended 31.3.74	1974 (9 months)	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>					
- losses on rail passenger services	-	5.9 *	10.4	12.9	13.8
	-	5.9	10.4	12.9	13.8
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>					
- Class III - retirement and other pensions	-	0.4	0.7	1.5	2.1
- Class IV - crossing facilities	-	0.1	0.2	0.3	0.3
- Class XII - medical treatment	-	0.1	-	-	-
	-	0.6	0.9	1.8	2.4
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>					
- 50 % infrastructure grant	-	1.0	1.6	1.7	2.0
- Grants in respect of CIE's road passenger services	-	3.6	6.0	7.2	5.3
- Balancing subsidy	-	2.9	7.6	8.3	9.6
	-	7.5	15.2	17.2	16.9
(*) from 1.4.1974 to 31.12.1974					
TOTAL	10.7 =====	13.9 =====	26.5 =====	31.9 =====	33.1 =====

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE AZIENDA AUTONOMA DELLE FERROVIE DELLO STATO (FS)

Source : communication from the Italian government (in million nat. currency)

	1973	1974	1975	1976	1977
MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS					
REGULATION (EEC) NR. 1191/69					
- Operation of lines with low density traffic volumes	72 981	81 534	108 768	117 651	164 523
- Operation of non profitable facilities	376	1 874	6 623	9 895	7 842
- Operation of services between the Continent and Sardinia	1 653	2 620	4 966	6 492	7 816
- Other tariff obligations	78 204	86 911	89 164	88 145	102 086
- Carriage of mail	13 964	17 896	20 432	26 934	27 650
- Road transport to replace rail transp.	214	174	358	420	427
- Passenger tariffs for certain social categories	50 919	65 957	81 350	143 021	171 328
	<u>218 311</u>	<u>256 966</u>	<u>311 661</u>	<u>392 558</u>	<u>481 672</u>
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS					
REGULATION (EEC) NR. 1192/69					
- Class II Expenditure of a social nature	6 018	5 523	5 904	4 416	6 217
- Class III Retirement and other pensions	16 160	27 084	56 466	35 542	47 720
- Class IV Crossing facilities	8 132	12 074	25 234	21 438	25 578
- Class VIII War damage	3 423	2 313	968	-	-
- Class X Recognition of services to the country	-	-	18 624	15 819	17 105
- Class XIV Imposed conditions	-	-	268 688	268 490	8 421
- Class XV Burdens resulting from lack of normalization in the past	-	-	-	-	276 561
	<u>33 733</u>	<u>46 994</u>	<u>375 884</u>	<u>345 705</u>	<u>381 602</u>
C. AIDS TO TRANSPORT					
REGULATION (EEC) NR. 1107/70					
- Compensation for financial burden of covering management deficits in 1963/1964 and the second half of 1964	851	898	-	-	-
- Compensation for amortization of investment loans	69 334	77 257	149 751	117 049	135 416
- Extraordinary subsidies for running costs not foreseeable when budget was drawn up (staff costs and costs of repairs following floods, earthquakes etc.)	74 250	276 820	18 393	231 946	222 750
- Capital grant	2 000	-	5 500	2 500	-
- Exemption from fuel tax (petrol and gasoil)	6 072	7 546	7 655	7 412	4 376
- Covering of the deficit	692 991	774 211	812 713	875 782	986 059
	<u>845 498</u>	<u>1 136 732</u>	<u>994 012</u>	<u>1 234 689</u>	<u>1 348 601</u>
TOTAL	<u>1 097 542</u>	<u>1 440 692</u>	<u>1 681 557</u>	<u>1 972 952</u>	<u>2 210 875</u>

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE TO THE
SOCIETE NATIONALE DES CHEMINS DE FER LUXEMBOURGEOIS (CFL)

(Source : communication from the government of Luxemburg)

(in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS - Reg. (EEC) No 1191/69					
- Continued operation of passenger transport	320.4	404.1	480.2	696.5	930.1
	320.4	404.1	480.2	696.5	930.1
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS - Reg. (EEC) No 1192/69					
- Class II - expenditure of a social nature	28.4	17.0	18.2	19.3	33.5
- Class III - retirement and other pensions	826.0	845.9	919.2	1 179.6	1 577.4
- Class IV - crossing facilities	17.2	16.2	25.6	24.9	37.0
- Class X - recognition of services to the country	0.2	0.2	0.1	0.2	0.1
- Class XV - burdens resulting from lack of normalization in the past	10.4	4.8	4.8	4.8	4.8
	882.2	884.1	967.9	1 228.8	1 652.8
C. AIDS TO TRANSPORT Regulation (EEC) N° 1107/70					
- State aid for pensions - AL network	17.4	4.3	6.1	-	-
- State aid for various measures on salaries & wages	147.3	468.3	1 175.8	1 161.6	1 036.5
- Balancing subsidies	164.7	472.6	1 181.9	1 161.6	1 036.5
TOTAL	1 367.3	1 760.8	2 630.0	3 086.9	3 619.4

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE TO THE
NAAMLOZE VENNOOTSCHAP NEDERLANDSE SPOORWEGEN (NS)

Source : communication from the Dutch government)

(in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS					
<u>Regulation (EEC) No 1191/69</u>					
- Compensation granted for the continuation of passenger transport operations	326.0	415.5	553.7	646.2	710.6
	326.0	415.5	553.7	646.2	710.6
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS - Reg. (EEC) No 1192/69					
- Class III - Pensions (*)	127.2	135.3	168.5	179.2	201.0
- Class IV - Crossing facilities	23.6	26.3	29.3	34.4	38.6
	150.8	161.6	197.8	213.6	239.6
C. AIDS TO TRANSPORT					
<u>Regulation (EEC) No 1107/70</u>					
- State interest charges concerning losses until 1972 including	70.0	69.0	68.0	68.0	64.-
- Amortization of these debts	13.0	17.0	29.0	40.0	31.-
- Compensation for activities not covered by the public service obligation				154.0	156.-
Operating losses - Interest and Amortization in activities not covered by public service obligations during the period of 1973-75				42.1	42.1
	83.0	86.0	97.0	304.1	343.1
TOTAL	559.8	663.1	848.5	1 163.9	1 291.3

(*) amount given to a separate railway pension fund					

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE TO THE BRITISH RAILWAYS BOARD (BRB)

(Source : communication from the British government)

(in million national currency)

	1973	1974	1975	1976	1977
A. MAINTENANCE OF PUBLIC OBLIGATIONS - Reg. (EEC) No 1191/69					
- Central government grant for unremunerative rail passenger services		137			
- Local passenger transport authorities payments towards the costs of local rail passenger services		15			
- Compensatory payments for obligations imposed by the central government in railway passenger transport operations			315	329	362
		152	315	329	362
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS - Reg. (EEC) No 1192/69					
- Class IV - installations of crossings	-	6	9	10	10
	-	6	9	10	10
C. AIDS TO TRANSPORT Regulation (EEC) No 1107/70					
- Grants towards research and development	-	2	2	2	2
- Capital grants towards passenger transport improvement schemes	-	24	11	9	6
- Cashflow shortfall grants	-	209			
- Transitional deficit grant			66	28	6
			97	108	107
- Historic pension fund obligation		235	176	147	121
TOTAL	-	393 ====	500 ====	486 ====	493 ===

ANNEX I b)

STATISTICAL AND FINANCIAL INFORMATION
ON THE NINE RAILWAY UNDERTAKINGS

INFORMATION CONCERNING THE SOCIETE NATIONALE DES CHEMINS DE FER BELGES (SNCB)

(Source : Annual reports of the SNCB)

		1973	1974	1975	1976	1977
Rail network	km	4 084	4 004	3 998	3 998	4 003
Road network	km					
Ferry-boats	km					
Personnel		58 718	59 411	60 414	58 740	58 768
<u>Traffic carried</u>						
Number of passengers	total mio rail mio	237	237	232	227	200
Number of passengers/km	total mio rail mio	8 093	8 279	8 258	8 191	7 667
Tonnes of goods carried	total mio rail mio	75.5	82.0	59.6	60.0	58.3
Tonnes/km carried	total mio rail mio	8 238	9 199	6 804	6 693	6 527
<u>Income in mio FB</u>						
Traffic receipts (1)		18 363	20 554	18 368	19 747	20 470
Passenger receipts		6 825	7 161	7 420	7 673	7 532
Goods receipts		10 440	11 957	9 797	10 664	11 459
Miscellaneous traffic receipts		1 098	1 436	1 151	1 410	1 480
Other income (2)		18	217	144	305	328
Total income (1 + 2)		18 381	20 771	18 512	20 052	20 798
<u>Expenditure in mio FB</u>						
Operating expenses (1)		30 271	35 535	42 806	45 194	48 646
of which personnel costs		23 974	27 822	33 179	36 201	43 879
Depreciation (2)		5 700	6 430	6 705	7 775	8 320
Interest (3)		1 958	2 131	2 568	2 859	3 382
Total expenditure (1 + 2 + 3)		37 929	44 096	52 079	56 828	60 348
State intervention		19 454	23 276	32 364	34 819	38 325
Balance of the exercise		- 94	- 49	-1 203	-1 957	-1 225
Information - investments		2 313	2 323	2 608	2 714	4 825
renewal		6 011	6 121	6 522	7 388	8 134

INFORMATION CONCERNING THE DANSKE STATSBANER (DSB)

(Source : Annual reports of the DSB)

		1973	1974	1975	1976	1977
Rail network	km	1 999	1 999	1 999	2 004	2 004
Road network	km	7 566	7 134	7 430	7 558	7 639
Ferry-boats	km	208	208	204	259	265
Personnel		21 765	21 543	21 574	21 406	21 035
<u>Traffic carried</u>						
Number of passengers	total mio	120	116	113	115	118
	rail mio	87	85	85	86	89
Number passengers/km	total mio	3 809	3 750	3 205	3 353	3 440
	rail mio	3 307	3 333	2 853	2 997	3 084
Tonnes of goods carried	total mio					
	rail mio	8,7	7,9	7,0	7,5	7,0
Tonnes/km carried	total mio					
	rail mio	2 206	1 974	1 744	1 875	1 765
<u>Income in mio DKr</u>						
Traffic receipts (1)		1 282	1 434	1 621	1 772	1 876
Passengers receipts		571	661	745	776	837
Goods receipts		452	477	517	662	582
Receipts of cars carried by ferry		220	248	298	315	396
Other income (2)		163	228	245	303	314
Total income (1 + 2)		1 445	1 662	1 866	2 075	2 190
<u>Expenditure in mio DKr</u>						
Operating expenses (1)		1 748	2 152	2 341	2 570	2 678
	of which personnel costs	1 286	1 540	1 715	1 841	1 919
Depreciation (2)		100	109	120	135	154
Interest (3)		192	207	229	255	284
Total expenditure (1 + 2 + 3)		2 040	2 468	2 690	2 960	3 116
State intervention		595	806	824	885	926
Balance of the exercise		0	0	0	0	0
Information - investments		457	661	717	754	802

INFORMATION CONCERNING THE DEUTSCHE BUNDESBahn (DB)

(Source : Annual reports of the DB)

		1973	1974	1975	1976	1977
Rail network	km	29 022	28 831	28 796	28 576	28 552
Road network	km					
Ferry-Boats	km	168	168	168	168	168
Personnel		429 891	429 578	409 433	390 607	373 650
<u>Traffic carried</u>						
Number of passengers	total mio	1 656	1 568	1 612	1 510	1 493
	rail mio	1 028	1 060	1 017	971	971
Number passengers-km	total mio	49 668	50 293	46 562	44 625	44 373
	rail mio	40 718	41 607	38 547	37 100	37 348
Tonnes of goods carried	total mio	368	378	313	326	307
	rail mio	340	351	287	298	279
Tonnes-km carried	total mio	71 636	73 568	59 383	64 033	60 559
	rail mio	66 180	68 128	54 173	58 268	54 770
<u>Income in mio DM</u>						
Traffic receipts (1)		12 452	13 430	12 221	12 873	12 645
Passengers receipts		4 130	4 277	4 348	4 293	4 388
Goods receipts		7 851	8 570	7 295	7 976	7 588
Other income (2)		954	985	1 159	1 361	1 295
Total income (1 + 2)		13 406	14 415	13 380	14 234	13 940
<u>Expenditure in mio DM</u>						
Operating expenses (1)		17 084	19 252	19 435	19 861	20 576
	of which personnel costs :	14 426	16 334	16 656	16 893	17 407
Depreciation (2)		1 742	1 840	2 108	2 094	2 287
Interest (3)		1 495	1 667	1 950	2 256	2 407
Pensions (4)		492	516	500	485	469
Total expenditure (1 + 2 + 3 + 4)		20 813	23 275	23 993	24 696	25 739
State intervention		4 896	6 084	6 251	6 588	7 275
Balance of the exercise		- 2 511	- 2 776	- 4 362	- 3 874	- 4 524
Information : investments		3 574	4 080	4 011	4 024	4 154

INFORMATION CONCERNING THE SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (SNCF)

(Source : Annual reports of the SNCF)

	1973	1974	1975	1976	1977
Rail network km.	34 812	34 834	34 787	34 717	34 597
Personnel	283 415	286 249	276 819	272 178	265 444
<u>Traffic carried</u>					
Number of passengers total mio	620	642	658	675	694
rail out of Paris mio	223	231	240	239	243
Number passengers/km total thousand mio	44.7	47.3	50.7	51.5	52.3
rail out Paris thousand mio	37.9	40.2	43.4	43.9	44.3
Tonnes goods carried total mio	258	266	219	227	214
rail mio					
Tonnes/km carried total mio thousand	73.9	77.0	64.0	68.5	66.2
rail mio thousand					
<u>Income in mio FF (*)</u>					
Traffic receipts (1)	16 053	16 011	16 370	16 802	17 234
Passengers receipts	4 880	5 479	6 259	6 485	6 913
Goods receipts	8 984	10 343	9 841	10 019	10 011
Other income (2)	2 450	3 437	3 247	3 074	3 552
Total income (1 + 2)	16 503	19 448	19 617	19 876	20 786
<u>Expenditure in mio FF</u>					
Operating expenses (1)	16 127	19 336	21 923	24 926	27 810
of which personnel costs :	10 881	12 751	14 832	17 142	19 226
Depreciation (2)	1 851	1 864	2 183	2 249	2 296
Interest (3)	944	1 146	1 158	1 357	1 684
Fiscality (4)	2 458	2 528	2 343	335	407
Total expenditure (1 + 2 + 3 + 4)	21 380	24 874	27 607	28 867	32 197
State intervention	4 592	5 347	6 807	7 875	10 458
Balance of the exercise	- 285	- 79	- 1 183	- 1 116	- 953
Information : investments	2 135	2 990	3 730	4 262	5 011
(*) after 1976 these figures are without TVA					

INFORMATION CONCERNING THE CORAS IOMPAIR EIREANN (CIE)

(Source : Irish government communication)

		1973 (year ended 31.3.1974)	1974 (9 months)	1975	1976	1977
Rail network	km	3 096	3 089	3 078	3 067	3 034
Road network	km					
Ferry-boats	km					
Personnel		20 097	19 944	21 200	19 850	18 605
<u>Traffic carried</u>						
Number of passengers	total mio	321	190	321	315	305
	rail mio	13	11	14	14	15
	road mio	308	179	307	302	289
Number passengers/km	total mio	875	694	899	788	873
	rail mio					
	road mio					
Total goods carried	total mio	7.8	5.5	6.5	6.5	6.6
	rail mio	3.7	2.8	3.4	3.5	3.6
	road mio	4.1	2.8	3.1	3.0	3.1
tonnes/km carried	total mio	568	452	568	595	596
	rail mio					
	road mio					
<u>Income in mio £</u>						
Traffic receipts (1)		47.1	37.0	59.1	68.4	78.4
Passengers receipts		31.2	24.3	41.2	48.2	57.4
Goods receipts		15.9	12.7	17.9	20.2	21.0
Other income (2)		5.9	5.6	7.9	9.5	10.7
Total income (1 + 2)		53.1	42.6	67.0	77.9	89.1
<u>Expenditure in mio £</u>						
Operating expenses (1)		57.9	51.4	86.6	100.4	109.7
of which personnel costs :		41.2	34.8	61.9	68.9	75.4
Depreciation (2)		4.0	3.5	5.2	7.2	8.8
Interest (3)		2.0	1.7	2.4	2.8	3.3
Financial and administrative charges for road transport (4)		0.8	0.6	0.8	1.1	1.0
Total expenditure (1 + 2 + 3 + 4)		64.7	57.2	95.0	111.5	122.8
State intervention		10.7	13.9	26.5	31.9	33.2
Balance of the exercise		- 0.9	- 0.7	- 1.5	- 1.7	- 0.5
Information : investments		38.0	37.5	29.8	31.8	31.2

INFORMATION CONCERNING THE AZIENDA AUTONOMA DELLE FERROVIE DELLO STATO (FS)

(Source : Annual reports of the FS)

		1973	1974	1975	1976	1977
Rail network	km	16 076	16 077	16 077	16 144	16 177
Road network	km	2 019	2 019	2 127	1 681	1 628
Ferry-boats	km	237	237	237	237	237
Personnel		213 831	216 593	221 311	220 921	221 278
<u>Traffic carried</u>						
Number of passengers	total mio rail mio	361	387	370	390	394
Number passengers/km	total mio rail mio	36.4	37.9	36.3	39.1	38.4
Tonnes goods carried	total mio rail mio	54.8	52.8	43.2	48.4	50.2
Tonnes/km carried	total mio rail mio	17.6	18.1	14.9	16.4	17.1
<u>Income in thousand mio Lit</u>						
Traffic receipts (1)		496	634	646	756	925
Passengers receipts		281	357	395	440	557
Goods receipts		211	272	246	311	362
Other income (2)		71	92	113	138	184
Total income (1 + 2)		567	726	759	894	1 109
<u>Expenditure in thousand mio Lit</u>						
Operating expenses (1)		1 229	1 650	1 681	2 100	2 105
of which personnel costs :		814	1 056	1 075	1 333	1 548
Depreciation (2)		61	105	235	240	285
Interest (3)		366	404	512	517	526
Total expenditure (1 + 2 + 3)		1 656	2 159	2 428	2 857	3 316
State intervention		396	659	856	1 087	1 221
Balance of the exercise		- 693	- 774	- 813	- 876	- 986
Information : investments		224	245	318	460	597

INFORMATION CONCERNING THE SOCIETE NATIONALE DES CHEMINS DE FER LUXEMBOURGEOIS
(CFL)

(Source : Annual reports of the CFL)

		1973	1974	1975	1976	1977
Rail network	km	271	271	275	274	274
Road network	km	395	395	395	395	395
Ferry-boats	km					
Personnel		4 476	4 391	4 313	4 304	4 250
<u>Traffic carried</u>						
Number of passengers	total mio	13.4	13.8	14.0	14.2	14.2
	rail mio	10.7	10.9	11.1	11.3	11.3
Number passengers/km	total mio	270	289	293	299	297
	rail mio	217	231	234	240	240
Tonnes goods carried	total mio	22.5	23.1	16.8	15.7	14.4
	rail mio					
Tonnes/km carried	total mio	786	866	660	626	567
	rail mio	784	864	658	624	565
<u>Income in mio Flux</u>						
Traffic receipts (1)		1 627	1 846	1 537	1 530	1 466
Passengers receipts		177	186	191	202	197
Goods receipts		1 450	1 660	1 346	1 328	1 269
Other income (2)		65	62	53	87	113
Total income (1 + 2)		1 692	1 908	1 590	1 617	1 579
<u>Expenditure in mio Flux</u>						
Operating expenses (1)		2 671	3 270	3 855	4 142	4 539
of which personnel costs :		2 344	2 889	3 367	3 101	4 078
Depreciation (2)		200	253	293	328	360
Interest (3)		150	142	144	175	190
Transfer to reserves (4)		76	92	106	118	128
Total expenditure (1 + 2 + 3 + 4)		3 097	3 756	4 391	4 763	5 217
State Intervention		1 367	1 761	2 630	3 087	3 559
Balance of the exercise		- 38	- 87	- 171	- 59	- 79
Information : investments		92	174	216	163	336

INFORMATION CONCERNING THE NAAMLOZE VENNOOTSCHAP NEDERLANDSE SPOORWEGEN (NS)

(Source : communication from the Dutch government)

		1973	1974	1975	1976	1977
Rail network	km	2 832	2 832	2 825	2 825	2 850
Personnel	total	26 853	26 482	26 933	26 657	26 318
<u>Traffic carried</u>						
Number of passengers	mio	181	183	176	172	171
Number passengers/km	mio	8 173	8 589	8 501	8 218	8 013
Tonnes goods carried	mio	23.6	22.6	17.7	17.8	17.7
Tonnes/km carried	mio	3 463	3 370	2 721	2 696	2 805
<u>Income in mio FL</u>						
Traffic receipts (1)		822	881	883	936	968
Passengers receipts		537	589	615	655	677
Goods receipts		285	292	268	281	291
Other income (2)		43	50	51	55	63
Total income (1 + 2)		865	931	934	991	1 031
<u>Expenditure in mio FL</u>						
Operating expenses (1)		1 036	1 237	1 431	1 538	1 637
of which personnel costs :		765	857	971	1 058	1 120
Depreciation (2)		193	220	241	249	269
Interest (3)		91	102	123	36	31
Total expenditure (1 + 2 + 3)		1 370	1 559	1 796	1 823	1 937
State intervention		350	442	583	835	905
Balance of the exercise		- 155	- 186	- 279	0	0
Information - investments		224	227	302	342	487

INFORMATION CONCERNING THE BRITISH RAILWAYS BOARD (BRB)

(Source : Annual reports of the BRB)

		1973	1974	1975	1976	1977
Rail network	km	18 227	18 167	18 117	18 006	17 973
Road network	km					
Ferry-boats	km					
Personnel		190 874	194 891	189 931	182 695	178 239
<u>Traffic carried</u>						
Number of passengers	total mio					
	rail mio	728	733	730	701	702
Number passengers/km	total mio					
	rail mio	29 772	30 898	30 255	28 485	29 289
Tonnes goods carried	total mio					
	rail mio	197	177	175	176	170
Tonnes/km carried	total mio					
	rail mio	22 961	21 632	20 985	20 448	20 171
<u>Income in mio £</u>						
Traffic receipts (1)		636.2	689.9	823.9	985.6	1 212.1
Passengers receipts		347.3	388.3	468.7	552.6	706.5
Goods receipts		288.9	301.6	355.2	433.0	505.6
Other income (2)		64.3	78.2	140.8	149.7	119.9
Total income (1 + 2)		700.5	768.1	964.7	1 135.3	1 332.0
<u>Expenditure in mio £</u>						
Operating expenses (1)		736.1	956.7	1 301.2	1 422.4	1 597.0
	of which personnel costs :	500.6	635.7	840.6	921.8	990.9
Depreciation (2)		54.6	53.4	27.1	31.0	36.8
Interest (3)		57.3	71.9	32.5	43.4	44.4
Total expenditure (1 + 2 + 3)		848.0	1 082.0	1 360.8	1 496.8	1 678.2
State intervention		95.9	156.1	401.6	366.8	373.2
Balance of the exercise		- 51.6	- 157.8	+ 5.5	+ 5.3	+ 27.0
Information : investments		101.5	129.9	110.6	143.0	140.7

MARKET TRENDS (1)GOODS TRANSPORTED BY ROAD, RAIL AND INLAND WATERWAYS (in mrd t/km)

Country	Year	R o a d		Inland (2) Waterway	Railways (2)
		Domestic	International		
Belgium	1965	6.4	2.1	6.1	6.8
	1970	9.2	4.0		
	1973	10.0	6.0		
	1974	10.3	6.7		
	1975	9.8	6.7		
	1976	9.3	6.5		
	1977	9.3			
Denmark	1965	not available	not available	-	1.4
	1970	"	"	-	1.8
	1973		9.2	-	2.2
	1974		9.0	-	2.0
	1975		9.4	-	1.8
	1976		9.8	-	1.9
	1977		not available	-	not available
Germany	1965	59.1	3.4	43.6	not available
	1970	70.5	7.5	48.8	73.6
	1973	81.1	13.8	48.5	69.3
	1974	78.5	16.5	51.0	71.3
	1975	75.9	17.2	47.6	57.3
	1976	82.4	21.1	45.8	61.4
	1977	84.3	22.6	49.3	57.9
	1978	87.4	24.3	51.5	59.5
France	1965	not available		12.5	64.4
	1970	66.9		14.2	70.1
	1973	83.7		13.8	73.3
	1974	87.3		13.7	76.4
	1975	72.1		11.9	63.5
	1976	76.1		12.2	67.9
	1977	77.4		11.3	65.6
Ireland	1965	not available	not available	-	not available
	1970	"	"	-	0.5
	1973	"	"	-	0.6
	1974	"	"	-	0.5
	1975	"	"	-	0.6
	1976	"	"	-	0.6
	1977	"	"	-	not available
Italy	1965	45.8	not available	not avail.	15.4
	1970	58.7	"	"	18.1
	1973	61.9	"	"	17.6
	1974	62.4	"	"	18.1
	1975	62.8	"	"	14.9
	1976	not available	"	"	16.4
	1977	"	"	"	not available

Country	Year	R o a d		Inland Waterway (2)	Railways (2)
		Domestic	International		
Luxembourg	1965	0.2	not available	-	10.6
	1970	0.1	"	0.3	0.8
	1973	0.2	"	0.3	0.8
	1974	0.2	"	0.3	0.9
	1975	0.2	"	0.3	0.7
	1976	0.2	"	0.3	0.6
	1977	not available	"	0.3	0.6
Netherlands	1965	8.9	not available	24.1	3.5
	1970	12.4	"	30.8	3.5
	1973	15.2	"	32.0	3.5
	1974	15.6	"	33.2	3.4
	1975	15.4	"	29.6	2.7
	1976	16.7	"	31.0	2.7
1977	17.1	"	32.1	2.8	
United Kingdom	1965	68.8	not available	0.2	25.2
	1970	85.0	"	0.1	26.8
	1973	90.4	"	0.1	25.6
	1974	89.9	"	0.1	23.5
	1975	95.3	"	0.1	23.4
	1976	95.6	"	0.1	23.0
	1977	98.0	"	0.1	22.7

(1) Source - Statistical Office of the European Communities

(2) Includes national and international transports

(3) Relates only to transport undertaken by Belgian haulers

MARKET EVOLUTION OF TRANSPORT BY RAIL, ROAD AND INLAND WATERWAYS IN GERMANY

(in mrd tons/km)

YEAR	TOTAL MARKET	R O A D			INLAND WATERWAYS	RAILWAYS
		TOTAL	DOMESTIC	INTERNATIONAL		
1970	200.4	78.0	70.5	7.5	48.8	73.6
1978	222.7	111.7	87.4	24.3	51.5	59.5
Index 1970 = 100	111	143	124	324	106	81

EVOLUTION OF THE MARKET SHARES OF THE THREE MODES IN GERMANY

YEAR	TOTAL MARKET	R O A D			INLAND WATERWAYS	RAILWAYS
		TOTAL	DOMESTIC	INTERNATIONAL		
1970	100	38.9	35.2	3.7	24.4	36.7
1978	100	50.2	39.3	10.9	23.1	26.7
Change in share		+ 11.3	+ 4.1	+ 7.2	- 1.3	- 10.0

FINANCIAL TRENDS

TABLE I : Total expenditures by railway undertakings
(in millions, national currency)

	BRB	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
Expenditures 1973	848	3 097	64.7	20 813	2 040	1 656	1 370	37 927	21 380
Expenditures 1977	1 678	5 219	122.8	25 739	3 116	3 316	1 937	60 348	32 197
Index 1977 (1973 = 100)	198	169	190	124	153	200	141	159	151
Index of consumer prices	198	142	192	123	153	197	140	148	153

TABLE II : Staff expenditures compared with operating expenditures
(in millions, national currency)

Year 1977	BRB	CFL (2)	CIE	DB (2)	DSB	FS (1)	NS	SNCB (2)	SNCF
Staff expenditures	991	4 078	75.4	17 409	1 919	1 548	1 120	43 879	19 226
Operating expenditures	1 597	4 539	109.7	20 576	2 678	2 505	1 637	48 646	27 810
Percentage share 1977	62	90	69	85	72	62	68	90	69
Share 1975	65	88	69	86	73	64	68	78	68

TABLE III : Self-generated revenues
(in millions, national currency)

	BRB	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
Revenue 1973	701	1 692	53.1	13 406	1 445	567	865	18 381	16 503
Revenue 1977	1 332	1 579	89.1	13 940	2 190	1 109	1 031	20 798	20 786
Index 1977	190	93	168	103	152	196	119	113	126
Index of total expenditures 1977 (1973 = 100)	198	168	190	124	153	200	141	159	151

(1) : In Lit. thousand millions

(2) : these figures include direct pension payment made by the undertakings, subject to normalization under Annex III of Regulation (EEC) Nr 1192/69

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TABLE IV : Compensations, aids and other financial assistance by the States (2)
(in millions, national currency)

	BRB	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
Payments 1973	393	1 367	10.7	8 922	595	1 098	560	20 340	7 177
Payments 1977	493	3 619	33.1	11 311	926	2 211	1 291	41 375	15 278
Index 1977 (1973 = 100)	125	259	309	127	155	201	231	203	213

TABLE V : Ratio between self-generated revenue and the undertakings
total receipts for 1977
(in millions, national currency)

Year 1977	BRB	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
State payments	493	3 619	33.1	11 311	926	2 211	1 291	41 375	15 278
Self-generated revenue	1 332	1 579	89.1	13 940	2 190	1 109	1 031	20 798	20 786
Total receipts	1 825	5 198	122.2	25 251	3 116	3 320	2 322	62 173	36 064
revenue . 100 / receipts (1977)	73	30	73	55	70	33	44	33	58
revenue . 100 / receipts (1975)	66	38	72	58	69	47	58	34	66

TABLE VI : Interest charges
(in millions, national currency)

	BRB (3)	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
Interest 1973	57.3	150	2.0	1 495	192	366	91	1 958	944
Interest 1977	44.4	190	3.3	2 407	284	526	31	3 382	1 684
Index 1977 (1973 = 100)	77	127	165	161	148	144	34	173	178

(1) : in Lit. thousand millions

(2) : figures supplied by the Member States (Annex Ia)

(3) : BR has undergone a capital reconstruction in accordance with the 1974 Railway Act.