

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

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

COM(77) 295 final.

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

First biennial report on the application of the Decision 75/327/EEC of the Council of 20 May 1975 as well as Regulations (EEC) No 1191/69, (EEC) No 1192/69 of the Council of 26 June 1969 and (EEC) No 1107/70 of the Council of 4 June 1970

(Art. 14 of the Decision 75/327/EEC)

Article 14 of the Decision 75/327/EEC of the Council of 20 May 1975, on the improvement of the situation of railway undertakings and the harmonization of the rules governing the financial relations between these undertakings and the States, provides that the Commission shall submit to Council, every two years, a report on this decision. This report should also include the application of Council regulations on public service obligations (No 1191/69), the normalization of accounts (No 1192/69) and aids (No 1107/70).

The Commission attaches great importance to these reports since they will provide a clearer view of the real situation of the railway undertakings and will show certain trends common to all undertakings. It will be possible to discern the measures to be taken to achieve a progressive improvement of the railway undertakings and their financial equilibrium.

It will only be possible to attain these objectives by as complete as possible co-ordination of effort by the undertakings, the Member States and the Community bodies.

In this regard, the Commission underlines the importance of the establishment by the Member States in co-operation with the undertakings, of pluriannual business and financial programmes within the framework of the overall policies laid down by the State. In effect, these programmes, which to date no member state has communicated to the Commission, are considered as the basic instrument in the effective implementation of the Decision of the Council of 20 May 1975. Accepting the inevitable omissions in the first biennial report, which will be

remedied in future reports, the Commission considers that it nevertheless provides a sufficient base for discussions on actions to be pursued or engaged in.

The Commission would like the Council to examine this document and take up a position on the actions to be undertaken, as they follow from the present report and which, in the Commission's view, should be engaged in between now and the end of 1978.

BEFORE THE 31 DECEMBER 1977

1. Examination by the Council of the Commission's proposal of 5 July 1976 for a consultation procedure and the creation of a Committee on Transport Infrastructure.
2. Presentation by the Commission of proposals completing and modifying the provisions of Regulation (EEC) No 1191/69 taking into account, particularly, provisions of Art. 9 § 2 of the Decision of 20 May 1975.
3. Examination by the Council of Commission proposals on : -
 - (a) the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings
 - (b) the laying down of uniform costing principles.
4. Presentation of proposals for the adaptation of Regulation (EEC) No 1192/69 of the Council of 26 June 1969.

BEFORE THE 31 DECEMBER 1978

1. Examination by the Council of the action programme on co-operation between the railway undertakings that the Commission will submit before the end of 1977.
2. Presentation by the Commission of proposals to adapt Regulation (EEC) No 1107/70 of the Council of 4 June 1970, particularly in application of the provisions of Art. 15 § 2 of the abovementioned Decision.

CONTENTS

	<u>Page</u>
INTRODUCTION	3
CHAPTER I : ECONOMIC AND FINANCIAL SITUATION OF THE RAILWAYS IN THE COMMUNITY	6
A. Market evolution	6
B. Financial trends of the railway undertakings from 1973 to 1975	8
CHAPTER II : IMPLEMENTATION OF COUNCIL REGULATIONS (EEC) No 1191/69, No 1192/69 and No 1107/70	13
A. Council Regulation (EEC) No 1191/69 of 26 June 1969	13
B. Council Regulation (EEC) No 1192/69 of 26 June 1969	19
C. Council Regulation (EEC) No 1107/70 of 4 June 1970	20
CHAPTER III : IMPLEMENTATION OF THE DECISION OF 20 MAY 1975	26
A. Measures to be taken by the Member States	26
B. Action taken by the Commission	43
CHAPTER IV : CONCLUSIONS	50
A. Application of Regulations (EEC) No 1191/69, No 1192/69 and No 1107/70	50
B. Implementation of the Decision of 20 May 1975	53

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) states :

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

2. Article 16 (1) of the Decision of 20 May 1975 states :

" 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".

The Commission has been consulted on this subject by seven Member States.

Article 14 (2) of this Decision states :

" In order to enable the Commission to draw up the report referred to in
" paragraph 1, Member States shall, at the appropriate time, forward to it
" the necessary information and, in particular, the programmes referred
" to in Articles 4 and 13, together with any major changes made to them".

(1) OJ L 152, 12 June 1975, p. 3

The Commission does not yet have these business plans and financial programmes at its disposal, as the implementing measures, including the obligation to draw up such plans and programmes, were not required until 1 January 1977.

Furthermore, the Member States have, as in the past, informed the Commission of the estimated and actual amounts of compensation, aids and other financial assistance granted to railway undertakings under Regulations (EEC) Nos 1192/69 and 1107/70 and the Decision of 20 May 1975.

In the absence of the basic information necessary for the analysis it should have made, the Commission cannot in this report, "indicate the results achieved, with particular regard to any changes in the financial situation of the railway undertaking".

Nevertheless, the Commission feels that it must seize this opportunity to take stock of the implementation of the various provisions in question and give an account of the economic and financial situation of the railway undertakings which will later serve as a reference basis to assess changes.

3. Taking account of the available information, the report first gives a brief account of the railways' position on the goods and passenger transport markets as well as the financial trends of the undertakings over the last few years. In the production of this report the most recent available figures have been used.

The report then describes the situation and draws conclusions concerning the implementation of Council Regulations (EEC) :

- No 1191/69 of 26 June 1969 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway (1)

(1) OJ L 156, 28 June 1969

- No 1192/69 of 26 June 1969 on common rules for the normalization of the accounts of railway undertaking (1)
- No 1107/70 of 4 June 1970 on the granting of aids for transport by rail, road and inland waterway (2), as amended by Council Regulation (EEC) No 1473/75 of 20 May 1975 (3).

The report goes on to give details of the implementation of the Decision of 20 May 1975 as regards both the measures to be taken by the Member States and those proper to the Commission. This chapter includes a list of the legal framework within which the railway undertakings function and the measures taken or planned by the Member States to adapt, where necessary, existing provisions to the obligations arising from the Decision.

The last chapter is devoted to the measures that must be taken both at national level by the Member States and at Community level on the Commission's initiative.

(1) JO L 156, 28 June 1969

(2) JO L 130, 15 June 1970

(3) JO L 152, 12 June 1975

CHAPTER I : ECONOMIC AND FINANCIAL SITUATION OF THE RAILWAYS IN THE COMMUNITY

4. Before examining the implementation of the Community measures whose purpose is to produce a clearer view of the situation of the railways and improve their position, especially their financial position, the economic and financial developments leading to the railways' current situation should be briefly outlined. This stock-taking of the situation can also be used as a reference in future reports for assessing the progress made in this sector.

A. MARKET EVOLUTION

5. Rapid economic expansion in the Community between the years 1965-1972 is evidenced by the nearly two fold increase in the gross national product of the majority of present Member States.

In 1965, the nine States now comprising the European Economic Community had a gross domestic product at market prices of 418,5 thousand million units of account which by 1972 had reached 761,5 thousand million units of account, thereby reflecting an 86 % increase.

Transport (and communication) throughout this period maintained its not insignificant contribution of between 5% and 8% of the gross domestic product whilst employing approximately 6 % of the total labour force.(1)

6. The Report on the present situation of the goods transport markets in the Community (2), drawn up by the Commission in 1975 and to which reference may be made, showed that from 1963 to 1972 the index for total goods traffic expressed in tonnes/kilometres had reached 144 in 1972, from a base of 100 in 1962. This report shows that, despite the substantial increase in traffic, the relative share of the railways in goods transport fell, the index in 1972 reaching only 101 from a base of 100 in 1963.

(1) see table I - Annex III

(2) Doc. COM (75) 491 final

This trend is illustrated by the more detailed figures found in tables II and III of Annex III on the evolution of goods transport by the three land based modes and the growth in the number of heavy goods vehicles.

7. A similar trend can be observed in the passenger transport market where even if the total traffic carried by the railways has increased slightly in most of the Member States, it can be concluded that their relative share of the passenger transport market has declined. The growth of private passenger transport (see tables IV and V of Annex III) has accentuated this trend. The decade 1963-1974 alone has witnessed a threefold increase in the number of private cars.
8. This period of reference (1963-1974) has further been characterized by :-
 - (a) considerable investment in and extension to the existing motorway networks which is illustrated by table VI of Annex III. For the nine Member States comprising the European Economic Community the number of kilometres of motorways has increased nearly fivefold during this period.
 - (b) Considerable structural changes in the freight transport markets : the volume of goods traditionally carried by rail, such as coal, has fallen and surface transport requirements have decreased because of the general tendency for heavy industry to be located close to ports.
 - (c) The development of new transport techniques to meet the new transport requirements : e.g. pipelines. The growth, in some instances quite phenomenal e.g. France, Italy and the UK, of this mode of transport is demonstrated in table VII of Annex II.

B. FINANCIAL TRENDS OF THE RAILWAY UNDERTAKINGS
FROM 1973 TO 1975

9. The tables contained in Annexes I (a) and (b) and IV record the following :

- the compensation, aids and other financial assistance granted by the States to the railway undertakings
- statistics showing the scale of each undertaking's network, operations and staff; financial data, in particular receipts classified according to the main categories of operation; and running costs
- certain indications of some of the main trends in the financial results of the railway undertakings.

A few preliminary remarks :

(a) The figures contained in the annexes relate to the period 1973-75, i.e. after the Community was enlarged.

As this period was fairly short and was characterized by considerable short-term fluctuations, no long-term trends can be inferred : such trends can be inferred only from a longer reference period. For instance although the size of the network changed little from 1973 to 1975, there was an appreciable reduction in some countries during the sixties (in the United Kingdom, from 28 000 km in 1962 to 18 000 km in 1975). The same is true of staff : British Railways staff numbers fell from 475 000 in 1962 to 190 000 in 1974. The staff employed by the Italian railways (FS), however, increased in numbers from 168 000 in 1962 to 221 000 in 1975. But if these statistics are to be interpreted correctly, they should not be isolated from the general context of the undertaking to which they apply. Account must be taken, for instance, of the more or less frequent use of sub-contractors, the structure of traffic, working conditions, and so on. For these reasons and in order not to go beyond the scope of the report, the Commission has decided not to provide any longer-term statistics for this sector.

(b) The tables contained in Annexes I and IV give only an incomplete and not directly comparable picture of the undertakings' financial situation. There are no figures on the evolution of the railways assets. The national systems relating to the composition and assessment of assets, the methods for financing investments, etc, vary too much for the figures contained in the annual reports of the railway undertakings to be compared. The Commission will endeavour, with the aid of the Member States, to fill in these important items of information in a future biennial report. Considerable progress can also be hoped for in this sector after adoption of the proposal for a Regulation on the necessary measures to achieve comparability between the accounting systems and annual accounts of railway undertakings (1).

(c) Certain undertakings (CIE, NS and to a certain extent BRB) are engaged in other important activities besides their railway activity and therefore, since the presentation of their accounts does not always provide for a clear distinction between these activities, some of the figures are not readily available in the Annual Accounts and thereby have been deduced.

(d) The figures contained in Annexe I and IV are for the most part taken from the annual reports of the railway undertakings. However, the statistics on compensation, aids and other financial assistance by the States are those officially communicated to the Commission by the Governments. Any discrepancies between these figures and those contained in the undertakings' annual reports can be attributed to the fact that the annual reports are drawn up soon after the provisional closure of the financial year, while the figures forwarded by the Governments are the final figures, which are often drawn up several years later. This state of affairs is unsatisfactory and will be studied by the Commission and the Member States.

10. Subject to these comments, the tables in Annexes I and IV suggest a number of observations that apply to all the networks :

(1) Doc. COM(77)76 final, 17 March 1977

(a) The increase in expenditure generally reflects the rate of inflation in the Member States. The average index of increase for the nine networks of the Community over the period 1973-75 (1973 = 100) was 138 against an average index of increase in consumer prices in the nine countries over the same period of 142.

Individual figures are given in Table I of Annexe IV.

(b) The high level of staff costs in railway operations which constituted a minimum of 65 % of the operating costs (total expenditure less amortization and interest charges). Detailed figures on the incidence of staff costs for individual railways of the Nine are to be found in Table II of Annexe IV. Comparison of the figures therein must be approached with caution since the source documents (the Annual Reports of the Railways) do not always present the figures in a truly comparative way by not adequately distinguishing, in all cases, between salaries, social charges and pension payments. Further, it should be noted that the volume of staff costs is not only a function of the network structure but also the degree to which traditional railway activities have been delegated to subsidiary companies whose staff numbers and costs are not indicated in the Accounts of the Railway undertakings.

(c) Various factors (amongst others the market situation, the State measures affecting tariff levels and pricing policies etc) have prevented the railway undertakings from increasing their self generated revenue at a rate comparable to their increase in costs thereby augmenting the difference between receipts and expenditure. During the three year period 1973-75 the average increase of self generated revenue for the nine networks was of the magnitude of 4 % whilst their average increase in total expenditure was of the order of 38 %. The situation for each individual network is illustrated in Table III of Annex IV.

(d) This situation has led to a considerable increase in financial assistance given by the Member States. Indeed, in some cases the assistance given exceeds the revenue generated by the railway undertakings. In the cases of Luxemburg, Italy and Belgium self generated revenue forms only 38 %, 39 % and 36 % respectively of total income whilst in no case is it higher than 80 % in Ireland.

Detailed figures for the individual networks can be found in Tables IV and V of Annexe IV.

Any evaluation of these figures should be considered in the light of the following observations :

- (i) The structure, organization and activities pursued by the undertakings vary greatly from, for instance, purely railway operations in Luxemburg to the multimodal activities and organization of the CIE in Ireland.
- (ii) The figures given cover State assistance measures of different types :
 - compensation granted for public service obligations (Regulation (EEC) No 1191/69), or in connection with the normalization of accounts (Regulation (EEC) No 1192/69), or under the Regulation on the granting of aids (Regulation (EEC) No 1107/70)
 - aids which have not the character of compensation including assistance to cover deficits.

They may also include investment grants. Unlike their competitors, the railways must usually finance their own infrastructure investment; but the undertakings' self-financing capacity has been extremely restricted, mainly owing to the general economic situation. Furthermore, it seems that the States have covered only a relatively small proportion of rationalization and modernization investment designed to reorganize the undertakings. As things stand at present, however, the scale of investment grants cannot be gauged exactly as they vary from one Member State to another according to the undertaking's legal status, ownership of the infrastructure and so on. This aspect of the problem will be closely studied so that complete and comparable figures can be given in the next report.

Finally, some of the figures contained in the table may be lower than the actual figures.

Reference should be made to Annex B for details of the various types of assistance.

- (e) To keep their network and equipment operational and, in some cases even to safeguard their liquidity position, the railway undertakings have increasingly resorted to the capital markets for finance : thus interest and capital repayment are having growing repercussions on their financial burden. The position for the individual networks is shown in Table VI of Annexe IV.

CHAPTER II - IMPLEMENTATION OF COUNCIL REGULATIONS (EEC) No 1191/69,
No 1192/69 AND No 1107/70

GENERAL

11. The tables in Annex 1 (a) show the amounts of compensation, aids and financial assistance granted to the railways in the years 1973 to 1975 and the estimates for 1976, in accordance with the Regulations dealt with in this chapter.

On 18 June 1974 the Commission transmitted to the Council a report (1) on the implementation of Regulations (EEC) No 1191/69 on public service obligations and No 1192/69 on the normalization of accounts; this report was discussed by the COREPER Working Party on Transport Questions.

Since this report was presented in 1974 the Commission has held bilateral meetings with Government experts from the Member States and, in October 1975, a multilateral meeting at which were examined the special problems raised by the implementation of these Regulations. These questions are discussed in the following pages.

A. COUNCIL REGULATION (EEC) No 1191/69 OF 26 JUNE 1969

12. The broad situation is as follows :

Five Member States - Denmark, Ireland, Luxembourg (2), the Netherlands (3) and the United Kingdom - treat all their rail passenger operations as subject to an obligation to operate qualifying for compensation. A similar situation obtains in Belgium where tariff obligations are imposed on all passenger traffic.

(1) Doc. R/2684/74 (TRANS 170) of 18 October 1974

+ Corrigendum 1 of 12 November 1974 - Doc. R/523/75 (TRANS 23) of
24 February 1975

(2) International traffic is not included for Luxembourg

(3) International traffic by TEE and "D-Treinen" is not included for the
Netherlands

Germany and France grant compensation for a considerable proportion of their passenger traffic, in particular short-distance traffic, and for the social tariffs imposed for some categories of passenger.

As regards goods traffic, Denmark treats all services operated by the DSB as subject to a public service obligation.

Germany, France and Italy grant compensation for some support tariffs. These three Member States and Belgium grant compensation for maintaining certain lines with little traffic without distinguishing between passenger and goods traffic.

It may be concluded that passenger traffic is more and more heavily subsidized in all the Member States. Such assistance is less commonly granted for goods traffic, except in Denmark. Despite the increasing share of the railway undertakings' revenue made up of compensation for public service obligations, the railways are still recording ever growing deficits.

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The implementation of Regulation (EEC) No 1191/69 has brought certain problems to light, which could be solved when an overall revision of this Regulation is made.

13. Criteria for the maintenance of an obligation (Article 3)

Where the Member States have endeavoured to justify the maintenance of public service obligations on the basis of the criterion of "the provision of adequate transport services" and the solution "least costly to the community", some of them have argued that these criteria do not take sufficient account of various determining factors such as the environment and energy consumption. This consideration formed the basis for Article 15(2) of the Decision of 20 May 1975 concerning the possible adaptation of the Regulation in question.

In practice, most Member States consider that they can take these factors into account when making their decisions by adopting a liberal interpretation of "the provision of adequate transport services"; this is possible when "the public interest" referred to in Article 3 (2) is taken into consideration.

The Commission will attempt to precise the criteria to allow a better evaluation, even if approximate, of the macro- and microeconomic elements which are a basic factor in the whole process of improving the situation of the undertakings. (1)

14. Procedure

The Regulation states that the undertakings shall apply for the termination of public service obligations entailing economic disadvantages for them; these disadvantages must be assessed on a medium-term basis, as stipulated by the judgment of the Court of Justice of the European Communities in case 36/73. (2)

(1) see also "22nd annual Report and Resolution of the Council of Ministers-year 1975" of the CEMT, page 120 and fol.

(2) OJ C 36, 1 June 1973

Most of the government experts are of the opinion that the undertaking need not be required to apply for termination every year as long as the State has decided, openly or implicitly, to maintain an obligation.

It is quite understandable that the responsible authorities should wish to avoid a purely formal and cumbersome administrative procedure which compels the railway undertakings to make a fully argued annual application for the termination of obligations which will be maintained in any case and for which compensation will be granted. But the abolition of this procedure harbours the danger that the existing obligations may be renewed automatically and that the undertaking and the responsible authority might settle for a permanently established situation whereas the adaptation or even the gradual abolition of these obligations should be the constant preoccupation of these two partners.

For this reason, the Commission considers that this continuous study, which is of great importance for rationalization policy, should be covered by the concertation procedure provided for by the Decision of 20 May 1975 for drawing up the business plans and financial programmes of the railway undertakings.

15. Methods of calculating compensation (Articles 10 and 11)

All the Member States granting compensation for all or a considerable proportion of their passenger traffic now calculate the amount of this compensation in accordance with the total costs method referred to in the second subparagraph of Article 10(1).

However, there are still certain differences of approach as regards the application of Article 10(2), under which the amount of compensation may be reduced in certain circumstances.

According to the Commission, this provision should be applied only when the method used is that based on avoidable costs as set out in the first subparagraph of Article 10(1). The majority of government experts share this viewpoint.

16. Determination of the factors which might warrant an adjustment of the amount of compensation (Article 13)

Article 13(1) states that, when fixing in advance the amount of compensation, the competent authority must "at the same time.....determine the factors which might warrant an adjustment of that amount".

In fact, with one exception, Member States declare that insurmountable difficulties exist for the application of this provision. In these circumstances, the Commission will in due course consider whether this provision should be amended.

17. Non-rail operations run by the railways (Article 19)

Under Article 19 of Regulation (EEC) No 1191/69, the Regulation applies to rail transport operations conducted by the railway undertakings; it does not apply to road transport operations/^{carried out} by these undertakings, as confirmed by a statement recorded in the Council minutes. However, railway undertakings are making growing use of road transport operations, either directly or through subsidiary companies or operators, in particular for passenger services to replace or supplement rail services.

It is also stated in the abovementioned Council minutes that non-application of the Regulation to road transport operations conducted by the railways does not preclude the Member States from granting these undertakings compensation pending Community rules.

An initial Community provision - Article 3(2) of Regulation (EEC) No 1107/70 - has confirmed the possibility of granting compensation for public service obligations not covered by Regulation (EEC) No 1191/69 "until the entry into force of relevant Community rules".

Article 9 (2) of the Decision of 20 May 1975 states that the Commission shall, by the end of 1977, submit proposals on tariff obligations not covered by Regulation (EEC) No 1191/69.

Despite the foregoing, several Member States apply Regulation (EEC) No 1191/69 to such road transport operations conducted by the railways. They maintain that these situations are covered by the same public service obligation as the rail network and that the rationalization measures would be jeopardized if they were excluded from the scope of the Regulation.

In its proposal of 18 October 1972 for a Regulation to supplement Regulation (EEC) No 1191/69 (1), the Commission suggested that these road transport operations should be included within the scope of Regulation (EEC) No 1191/69. The Council has not yet taken a decision on this proposal.

The situation will eventually be cleared up by the adoption of measures which the Commission must propose under Article 9 of the Decision of 20 May 1975. The Government experts considered that this proposal should take into account the tariff obligations imposed on the road transport services run by the railway undertakings.

The question of the scope of Regulation (EEC) No 1191/69, referred to in Article 19(3) thereof, should therefore be reconsidered if the Regulation is amended.

(1) COM (72) 1516 final

B. COUNCIL REGULATION (EEC) No 1192/69 OF 26 JUNE 1969

18. Regulation (EEC) No 1192/69 has been implemented correctly on the whole.

Compensation payments under this Regulation have increased considerably, though at a slower rate than those under Regulation (EEC) No 1191/69 (see Annex I) except in Italy^{where} there has been an increase of 800 % from 1974 to 1975; this was the result of including compensation for the normalization of financial burdens arising from the lack of normalization in the past (Class XV). Apart from this isolated instance, the most important compensation payments in the majority of Member States were granted for expenditure on retirement and other pensions (Class III) and for crossing facilities (Class IV).

The Regulation provides for a large number of optional normalization classes and a wide latitude of choice of method for calculating the compensation for certain classes of obligatory compensation; this means that there is more scope for discretionary action than under Regulation (EEC) No 1191/69, which can only obstruct the improvement of the situation of railway undertakings and jeopardize the achievement of financial equilibrium.

The Council, aware of this problem, had stipulated in Article 4 of Regulation (EEC) No 1192/69 that a "final settlement" in respect of the optional classes of compensation would be decided upon when measures were adopted to implement the provisions concerning the financial relations between the railway undertaking and the State. At the same time, pursuant to point 4 of Annex III of this Regulation, the Council was also to have decided what action should be taken in this respect.

However, when the Decision of 20 May 1975 was adopted, the Council took no action on the proposal of 28 July 1971 (1) which the Commission submitted to it for the amendment of Regulation (EEC) No 1192/69.

In compliance with Article 3(2) of Regulation (EEC) No 1192/69, the Commission also transmitted to the Council on 20 December 1972 a proposal (2) supplementing this Regulation, in particular as regards its scope, but this too is still pending before the Council.

Since the entry into force of the Regulation, new Community measures, particularly as regards public contracts and even the Decision of 20 May 1975, may give rise to duplication (e.g. between normalization in Class XV and Article 5 of the Decision) thereby causing legal imprecision.

Efforts to clarify and improve the financial relations between the undertakings and the States require that a solution be found for all these problems. The Commission will therefore put the necessary proposals to the Council in due course.

C. COUNCIL REGULATION (EEC) No 1107/70 OF 4 JUNE 1970

19. As revealed in Annex I, a variety of aids are granted by the Member States to their railway undertakings under Regulation (EEC) No 1107/70. Comparison is possible, therefore, only by types of aid provided for in the Regulation.

(1) COM (71) 817 final

(2) Doc. COM(72) 1517 final, 7 December 1972

20. Aids for the compensation of infrastructure costs (Article 3(1)(b))

These aids granted to railway undertakings which have to bear expenditures on the infrastructure they use while competing undertakings do not have such costs, must be determined in the light of these costs which competitors do not bear.

Aids of this type are granted by Belgium, France, Ireland and the United Kingdom.

The Commission departments have requested and obtained from the Governments in question information on how these aids are calculated. But in the absence of exact data and comparable principles of calculation for the infrastructure costs borne by road transport and inland navigation, it is difficult to assess and even harder to compare the amounts of aid granted. In some cases, there appears to be a very wide latitude in the determination of the amounts, which often are more the result of budgetary possibilities than systematic calculation.

This question must be examined in greater detail, as the current state of affairs is not acceptable as a final settlement. But even if no progress is made in the short term as regards charging for the use of transport infrastructures, a more binding transitional solution might be needed in the interests of improving the situation of railway undertakings.

21. Aids for public service obligations not covered by Regulation (EEC) No 1191/69 (Article 3(2))

Under this head, most Member States pay compensation to undertakings for the costs resulting from a refusal to authorize higher rates (Germany and France) or from obligations imposed on road or ferry services run by the railways (Germany, Belgium, Ireland and the Netherlands).

As already stated, this problem could be settled by adopting the provisions contained in Article 9(2) of the Decision of 20 May 1975.

22. Attention should be drawn in this connection to aid granted by Belgium for the application by the Société Nationale des chemins de fer belges (SNCB) of through international tariffs for ECSC products on the basis of the same Article 3(2). In its Decision of 4 May 1976 (76/649/EEC)(1) the Commission refused to consider application of these tariffs as a public service obligation and asked the Belgian Government to discontinue to give this aid on the basis of the aforesaid article 3(2).

23. Aids to research and development

Only one railway undertaking - British Rail - received aid for this purpose in 1974 and 1975; it was granted for the development of advanced passenger trains. The British Government has been asked to provide additional information concerning the implementation of these programmes via its representatives concerned with aids on the Advisory Committee.

24. Other aids referred to in Article 4

The wording of this Article was amended by Council Regulation (EEC) No 1473/75 of 20 May 1975 to incorporate the changes arising from the adoption of the Decision of 20 May 1975.

Hitherto practically all the financial assistance granted by the States to the railway undertakings were authorized on the basis of this Article 4, with the exceptions of that covered by Regulations (EEC) No 1191/69 and 1192/69 and by Article 3 of Regulation (EEC) No 1107/70. The new text, however, makes a clear distinction between the financial assistance referred to in Article 5 of the Decision of 20 May 1975 and the deficit subsidies referred to in Article 13 of that Decision.

(1) OJ L 229, 20 August 1976

The figures supplied up to now by the Member States do not yet, however, allow any assessment to be made of the effects of this new provision.

But a basic distinction may already be made between two categories corresponding to the assistance referred to in Article 5(1) and to the deficit subsidy referred to in Article 13 of the Decision of 20 May 1975: the contributions made by Member States to investments by the undertakings (Dutch railways (NS), Italian railways (FS), Danish railways (DSB) and German railways (DB)), and the payments made to cover all or some of the deficits (NS, BR, SNCB, FS, DB and the Irish railways (CIE), French railways (SNCF) and Luxembourg (CFL)).

The amounts granted are very large and in some cases even exceed the amount of compensation granted under Regulations (EEC) No 1191/69 and No 1192/69. Obviously the future trend of payments granted under Article 4 of Regulation (EEC) No 1107/70, as amended by Regulation (EEC) No 1473/75, and especially those made in accordance with Article 13 of the Decision of 20 May 1975 to cover deficits will be indicative of the results of measures taken by the undertakings, the Member States and the Community bodies on the basis of this Decision.

25. A problem arises in connection with the contribution to finance investment in new infrastructures. Most Member States, even those where the railway undertaking has legal personality, still own the rail infrastructure; the undertakings have only the right of use - with or without a charge - coupled with the obligation to preserve and maintain these installations.

Even if it contested by certain Member States, it is nevertheless necessary that the Commission be informed of these contributions not only to be in a position to assess them but to have an overall view of financial transfers between the States and the railway undertakings. But the question also arises of whether, in the shorter or longer term and in the light of experience of implementing the Decision of 20 May 1975, it will not be necessary to define the position to be taken not only as regards infrastructure investment but also as regards the whole of Article 5(1) of the Decision.

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26. It may be of interest to note that, apart from the abovementioned aids, the Commission has authorized the United Kingdom to grant aid to undertakings wishing to construct installations (mainly private sidings) to help promote the transfer of road traffic to the railways in order to decongest road traffic and improve environment conditions.

The aid in question has not been granted to BR; it was considered it did not meet the criteria of Article 92 § 1 of the EEC Treaty. But, because of the significance of this experiment for the transport sector, the Commission has asked to be informed of the results of this measure, particularly as regards the number of recipient undertakings and the resulting shift of traffic.

27. It should also be noted that the implementation of Regulation (EEC) No 1107/70 is regularly examined by the Advisory Committee on Aids (to the railways and other modes of transport) set up under Article 6 of this Regulation. Furthermore, pursuant to Article 15(2) of the Decision of 20 May 1975, the Commission has consulted the Advisory Committee on Transport (Article 83 Committee) on possible changes to be made to Regulation (EEC) No 1107/70. The Commission will receive the Committee's opinion in the next few months. In the light of this, the Commission will define its position on the usefulness and the contents of a proposal for a possible amendment of the Regulation in question which would cover all the problems referred to herein.

CHAPTER III : IMPLEMENTATION OF THE DECISION OF 20 MAY 1975

A. MEASURES TO BE TAKEN BY THE MEMBER STATES

28. The general structure and legal systems of the railway undertakings vary considerably from one Member State to another (1). There are historical reasons for this, but it also results from the position given to the railways in the transport systems of the various Member States. The Decision of 20 May 1975 aimed in particular at harmonising relations between the railways and the States. While allowing scope to the special characteristics of the various national systems, it contains a number of common basic principles with which the States and the undertakings must comply.

However, most of the Member States have not considered that implementation of the Decision of 20 May 1975 requires any change in their existing national laws, regulations and administrative provisions.

To establish whether this attitude is justified, the Commission requested and obtained information about national provisions meeting the requirements of the Decision of 20 May 1975. The following information was collected :

Germany considers that this Decision, addressed to the Member States, applies directly to the DB as a result of this undertaking's legal status. The German Government has confirmed this view and the methods of implementing the Decision in an order to the DB.

Denmark shares this viewpoint as regards the DSB.

(1) See Annex II for the technical details

The Belgian Government sent the SNCB a letter defining the obligations arising for this undertaking from the provisions of the Decision.

In Italy, an inter-ministerial committee is currently drafting an enabling law to allow the Government to reorganize the FS in accordance with the principles of the Decision.

In Luxemburg an inter-ministerial committee has prepared a draft revision of the statutes and specifications for the CFL in order to implement the Decision, as well as for other reasons. This draft has been sent to the CFL board of directors for its opinion; it will then be sent to the Ministry for Foreign Affairs in order to receive the approval of the High Contracting Parties to the Belgian-French-Luxembourg railways. The provisions for implementing the Decision can only be adopted following approval. The Luxembourg delegation requested that a statement should be entered into the minutes of the Council meeting of 20 May 1975 stating that Luxembourg would comply with the time limit provided for in Article 16 to the extent that the laws, regulations or administrative provisions to be taken did not depend on the results of the negotiations which it must conduct with Belgium and France in accordance with Article 1(2) of the Decision.

In the Netherlands, a working party consisting of representatives of the Government and the NS has been set up to prepare the measures to be taken for implementing this Decision.

The Commission used this information as a basis for the opinions which it sent to the Governments of the following Member States :

1. Belgium 30 June 1976 [C(76) 1043 final]
2. Germany 12 July 1976 [C(76) 1115 final]
3. France 23 November 1976 [C(76) 1855 final]
4. United Kingdom 2 February 1977 [C(77) 94 final] (1)
5. Ireland 3 March 1977 [C(77) 220 final]
6. Italy 3 May 1977 [C(77) 514 final]
7. Denmark 7 June 1977 [C(77) 670 final]

Except in the case of Ireland and Denmark, these opinions after due consideration of the existing legal position of their railways cited provisions of the Decision which the Commission considered had not been implemented satisfactorily.

Without entering into the detail of these documents, it is however interesting to specify how the Commission interprets the main provisions of the Decision of 20 May 1975 and the way that the Member States have so far implemented them.

Sufficient independence to achieve financial equilibrium - separation of assets, budgets and accounts (Article 2)

29. The main objective of the Decision of 20 May 1975 is the long-term achievement of financial balance by the railway undertakings. To this end, the undertaking should have sufficient independence as regards management, administration and internal control over administrative,

(1) The Northern Ireland Railways Company Ltd (NIR), whose operations are furthermore basically of a regional nature, poses a special problem. The British Government is studying this situation.

economic and accounting matters. The Decision does not define this independence in greater detail but the separation of the assets of the budget and the accounts of the undertaking from those of the State is a minimum requirement.

All the railways in question meet this requirement, either because they possess legal personality like the SNCB, the SNCF, the CIE, the CFL, the NS and BR or as a result of a law, as in the case of the DB which must be administered in the form of a special fund of the central government lacking any legal personality", or the FS, organized as an independent undertaking ("azienda autonoma"), or simply as a result of a de facto situation as in the case of the DSB.

However, the importance attached to the achievement of financial equilibrium by the Decision of 20 May 1975 appears to justify the inclusion of this objective in one form or another within the rules the Governments lay down for their railways.

In Belgium, this is expressly laid down in the Government's communication to the SNCB of 30 November 1976.

In Denmark, this objective results not only from the direct applicability of the Decision to the DSB but also from a ministerial circular of 1 April 1970 which states that the director-general of the DSB must run the undertaking in conditions meeting the requirements of a commercially sound and economically well-administered undertaking.

The same is true of Germany where the obligation to achieve financial balance results not only from the direct applicability of the Decision but also from Article 28 of the Federal Railways law which provides for management according to commercial principles with the aim of covering expenditure, including reserves, from revenue.

In France, the 1937 Convention, amended in 1971, states that the revenue in the SNCF's operating budget must always cover expenditure.

In Ireland, the question of financial balance has been dealt with in the 1974 Transport Act which states that operating expenditure must not exceed revenue, including the compensation granted by Parliament.

In Luxembourg, the statutes of the CFL prescribe the aim of financial balance.

As regards the United Kingdom, the Railways Board's financial obligations are laid down in the law of 1962. Under the 1968 Law, the Board must ensure that the revenue of the undertaking and its subsidiaries should covers their expenditure taking one year with another.

In the Netherlands, the NS constitutes a limited liability company thereby having independence of management and the objective of financial equilibrium. However, the Dutch Government is examining whether other measures are necessary for ensuring full compliance of national regulations with the Council Decision.

In Italy, on the other hand, there is no provision mentioning either the aim of financial balance or the principles of economic management. This question must be dealt with in the proposed law reform.

Business plans, possibly multiannual, and financial programmes

(Articles 3, 4, 5 and 13)

30. The provisions on the drawing up of business plans and financial programmes may be considered to be among the most important contained in the Decision of 20 May 1975 on the improvement of the situation of the railways. These plans and programmes must be notified to the Commission so that it can draw up its biennial report.

In this connection, the Commission considers that, even if Article 3 of the Decision does not expressly state that the plans to be drawn up shall be multiannual, these plans could hardly fulfill their purpose if they were not.

The Decision states that these plans must["] be drawn up with the aim of achieving financial balance of the undertaking as well as the other technical, commercial and financial management objectives. The plan shall also lay down the method of implementation" (article 4(1)); they must include the investment and financing programmes (article 3) and settle the procedures under which repayments, consolidations and conversion of previous loans are to be effected, and the proportions in which new investments may be financed from internal sources, by borrowing or by direct State grants (Article 5(1)).

The business plan must be an independent document; budget entries, even accompanied by comments in the explanatory memorandum, cannot meet these requirements.

Finally, there is the question of the difference between the business plan described above and the financial programme provided for by Article 13 of the Decision. These two items are necessarily complementary. The Commission considers that the business plan must cover the undertaking's future measures to achieve financial balance in all sectors and set out how this plan is to be financed, e.g. modernization of certain lines, introduction of new rolling stock, closure of lines or installations or suspension of operations, changes in structure, etc. The financial programme on the other hand leads on from the business plan and has to set out how the undertaking is to achieve financial balance, possibly by means of a deficit subsidy.

31. The various Member States have implemented these provisions as follows.

In its memo of 30 November 1976 the Belgian Minister of Transport asked the SNCB to draw up a separate multiannual business plan outside the budget to include, apart from data concerning the financial year, forecasts for one or more years following. The Minister considers that the business plan and the financial programme constitute a whole and form one single document. He thus asked the SNCB to submit proposals to him when preparing the next budgetary forecasts and drawing up the business plan and financial programme.

In Denmark, the DSB has drawn up a "plan 1990" for the improvement of its situation between 1976 and 1990. It consists of an investment plan and financing plan and serves as a basis for the drawing up of five-year plans indicating the measures contemplated, their order of

priority and the methods of finance. The Danish Government considers these five-year plans, the first of which covers the period 1977/78-1981/82, as business plans; the resulting figures for the financial programmes appear in a special section of the finance law. They will take the form of finance bills. These laws already contain data for the last completed financial year and data for the financial year underway and for the three following years.

A draft order by the German Federal Ministry of Transport addressed to the DB and notified to the Commission on 31 March 1976 states that the DB shall every year submit its investment projects and business plan for a period of four or five years along with the multiannual budgetary forecasts. The DB will establish the economic trend for the period considered on the basis of this plan and propose the measures needed to achieve financial balance.

In France, the third subparagraph of Article 18 of the amendment of 27 January 1971 to the Convention of 31 August 1937 provides that multiannual contracts may be entered into between the Minister of Transport and the SNCF. These contracts may be considered as the plans referred to in the Decision. The French Government considers that the 1969 contract programme, extended by amendment for 1974-1975, complies with the provisions relating to the financial programme but the "contract programme" has not yet been renewed. The SNCF is currently drawing up a plan of operation. This plan will be submitted to the responsible authorities within an unspecified time limit and may form the basis for a business plan. But these contracts are only optional in the amendment while the Decision makes them compulsory. This has been drawn to the French Government's attention.

In Ireland, a committee consisting of representatives from the Ministry for Transport and Power, the Ministry for Finance and the CIE was set up under Article 16 of the 1950 Transport Act. It was instructed to draw up a business plan and financial programme. The opinion sent to the Irish Government on 4 March 1977 draws attention to the usefulness of multiannual programmes.

In the United Kingdom, Article 24 of the 1962 Transport Act, supplemented by Article 4(2) and (3) of the 1974 Railways Act, states that the Railways Board shall draw up its policy and its business plans and those of its subsidiaries. This provision may be considered as complying with the conditions laid down by the Decision. The documents submitted do not, however, make any mention of multiannual programmes.

In the Netherlands, there are no specific provisions for the establishment of multiannual programmes.

The same is true in Italy. Law No 377 of 14 August 1974 concerning a programme of assistance for the modernization and enlargement of the capacity of the FS provides for graduated investment and the financing thereof and may be considered as part of the plans and programmes referred to by the Decision but it does not cover the other aspects provided for. The Italian Government has been asked to take the necessary measures.

In the case of Luxembourg, where there are also no provisions of this type, the draft revision of the CFL's statutes includes proposals which would settle this question in complete accordance with the requirements of the Decision.

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The Commission has so far received only one programme drawn up by the Danish railways and Danish Government. As the examination of this document has not being terminated, the Commission is unable to express an opinion on whether it complies satisfactorily with the provisions of the Decision of 20 May 1975.

Consultation procedure

32. Article 4 of the Decision obliges Member States to establish a consultation procedure. Mere confirmation of the existence of informal consultation between the railways and the responsible authorities does not satisfy this obligation. The State must lay down this procedure, the first stage of which is indicated in Article 3 of the Decision which states that the plan must be submitted by the railway undertaking.

33. The situation in the various countries is as follows.

The aforementioned memo from the Belgian Government to the SNCB states that the SNCB shall submit the business plan to the Transport Administration as part of the annual preparation of budgets; the plan will then be the subject of consultation between the SNCB on the one hand and, on the other, the responsible authority and other interested parties.

In Denmark, the consultation procedure forms part of the budgetary preparation. It takes account of the DSB's special institutional position and states that the DSB's director-general shall submit the projects to the Ministry for Public Works, the responsible body, which will, after discussion, send them to the Ministry for Finance. If the latter raises any objection, the problems are discussed jointly

by the Ministries for Finance and for Public Works and the director-general of the DSB who may thus express his viewpoint. The Government settles any disagreements that cannot be solved. The finance bill is sent to the Parliament by the Minister for Public Works.

Article 30 of the German Federal Railways Law states that the DB's management board shall submit the multiannual budget to the Minister for Transport for examination by the Government and for discussion with the DB. However, these provisions do not guarantee the DB a formal right to take part in discussions on the programme; the German Government is drawing up additional provisions on this subject.

The agreement of contract programmes between the French Government and the SNCF undoubtedly implies a collaboration confirmed by the exchange of letters between the Ministry for Transport and the SNCF. However, but this procedure is not formally laid down by these documents.

In Ireland, the establishment under Article 16 of the 1950 Transport Act of a committee consisting of the responsible Government departments and the CIE and responsible for laying down the extent and context of the business plans and financial programmes meets the requirements of the Decision in the Commission's view.

In Italy and the Netherlands, there are no provisions providing for the establishment of a consultation procedure.

There are no provisions on this subject in Luxembourg either but the proposed revision of the CFL's statutes states that the business plans submitted by the Company shall be adopted by the Grand-Duchy's Minister for Transport within a procedure laid down by him and based on collaboration between him and the Company. However, although this provision may form a legal basis, it does not lay down the procedure.

In the United Kingdom too, Article 4(2) of the 1974 Railways Act may serve as a basis for consultation procedure but does not lay down the procedure to be followed.

Rules concerning amortization, depreciation, reserves, distribution of profits and covering of deficits (Article 7)

34. The situation regarding the implementation of this provisions is as follows.

In Belgium, Article 42 of the SNCB statutes regulates the provisions for the renewal fund and the amortization reserve. Article 43 of the statutes and Article 7 of the law of 16 March 1954 cover the establishment of a reserve fund and the rules relating to the method for calculating amortization and reserves. Article 44 of the statutes deals with the distribution of profits. There is no provision dealing with the covering of deficits.

In Denmark, the administrative provisions of 16 February 1934 lay down the lifetime of installations and rolling stock and amortization is conducted on this basis. There is no reserve fund because of State ownership. Any profits go towards the State while deficits are covered by the Treasury.

The provisions submitted by Germany cover the sectors referred to in Article 7 of the Decision. They also lay down the rules concerning the procedure and funds for amortization, reserves and distribution of any profits. As for the covering of deficits, it sets out only a rule of procedure, which does not meet the obligations of the Decision.

In France, Article 20(d) of the amendment of 27 January 1971 to the 1937 convention states that the SNCF's accounts shall be kept in accordance with commercial and industrial practice and in conditions laid down by the Government order of 18 December 1958. All these provisions satisfy the conditions of Article 7(1) of the Decision. Articles 24 and 25 of the amendment deal with the distribution of profits and the covering of deficits.

In Ireland, the procedure complying with Article 7 of the Decision is based principally on Article 34 of the 1950 Transport Act and the 1963 Companies Act?

In Italy, Law No 62 of 1 March 1964 which applies to the FS budget does not deal with the calculation of amortization while Law No 308 of 11 April 1953, which should, according to the Italian Government, settle the question of the distribution of profits, concerns only one special case as does the law of 23 December 1976 which deals with the covering of deficits.

In Luxembourg, Article 28(2) of the CFL's statutes states that expenditure and revenue must balance. Article 32 regulates amortization and payments to the renewal and reserve funds and Article 34 covers the distribution of profits; there are no provisions for the covering of deficits.

In the Netherlands, the NS is a limited company subject to the rules of the commercial code and its accounts are adapted to this code. Since 1938 amortization has been calculated on the basis of the renewal value and the economic lifetime. There is also a reserve fund. Article 15 of the statutes states that the General Assembly shall decide on the distribution of profits. However, there are no provisions relating to the covering of deficits.

Finally, in the United Kingdom, Article 18(2) of the 1962 Transport Act lays down the rules of amortization and the rules for forming reserves; Article 42(8) of the 1968 Transport Act regulates the distribution of profits; there are no rules on the covering of deficits.

To sum up, though most Member States are able to submit provisions complying with the requirements of the Decision on other subjects, only France and Ireland currently comply as regards the covering of deficits, given that the reference to Article 13 of the Decision which allows deficit subsidies does not appear adequate as a means for dealing with this question.

Breakdown of revenue and expenditure according to the various operations conducted by the railway undertaking (Article 8(3))

35. These requirements are provisionally a minimum standard to which the breakdown of revenue and expenditure in the accounting system, budget and annual accounts, must comply. Most of the Member States comply in this matter. The Belgian Government's memo of 30 November 1976 to the SNCB prescribes this breakdown.

As regards Denmark, the Decision is directly applicable to the DSB; however, the undertaking is unable to account separately for revenue from the transport by ferry of rolling stock and railway passengers as this forms an integral part of rail transport. Revenue from the ferrying of commercial vehicles and private cars and their passengers are accounted for separately.

In Germany, the DB produces a financial report and a statistical summary showing the results for all transport sectors and other activities.

In France, this provision is covered by Articles 18(b) and 20(d) of the Amendment of 27 January 1971 to the Convention of 31 August 1937.

In Ireland, Article 34 of the Transport Act, 1950, provides that the Board "keep all proper and usual accounts of all monies received or expended by it.....and in particular shall keep all such special accounts as the Minister shall direct".

In Italy, the FS will be able to present its annual accounts in conformity with the Decision from 1976 onwards.

In Luxembourg and the Netherlands, the provisions concerned are in the process of being implemented.

Finally, in the United Kingdom, although Article 24 of the Transport Act, 1962, does not prescribe the distinctions for which provision is made in the Decision, it does provide for the Government to lay down the provisions and conditions for the annual financial reports. It is therefore up to the UK Government to comply with the Decision.

Publication of a table of State interventions in an Annex to the annual accounts (Article 8(5))

36. Article 10(1) of Council Regulation (EEC) No 1192/69 of 26 June 1969 already provided that "the amount of the compensation paid in respect of each class of normalization shall be shown in a table annexed to the annual accounts of the railway undertaking. The table shall show

separately amounts of compensation received on an estimated basis, and amounts received or paid in settlement of the outstanding balance as provided in Article 9.

The table shall also show, in respect of each public service obligation, the amounts of compensation granted under Regulation (EEC) No 1191/69".

Article 8(5) of the Decision of 20 May 1975 not only confirmed this obligation but added that the table "must show, in addition, all other sums granted to the railway undertaking during the year by way of financial assistance or compensation".

The Commission has been endeavouring to ensure compliance with this provision since 1969. To date, Belgium, Germany, Ireland and Italy have complied to some extent with Regulation (EEC) No 1192/69.

France has undertaken to make the necessary arrangements as from the next financial year, and Denmark has stated that DSB's 1975/76 report to be published shortly, would include the table. As regards the Netherlands, NS's 1976 report will also include the general table of direct financial assistance.

The other Member States have been asked to comply with the provisions in question.

Procedures for appointing the members of the governing bodies of the railway undertaking (Article 12)

37. All the Member States have provisions on this matter, and they appear to meet the requirements of the Decision.

In Belgium, Article 19 of SNCB's Statutes lays down the procedures for appointing the Board which consists of twenty one members representing various administrative, economic and social sectors. Article 26 of the

Statutes lays down the conditions for appointing the Director-General.

In Denmark, Law No 109 of 1 April 1969 (Stk. 2) provides that DSB's Board shall consist of fifteen members, the Chairman being appointed by the Minister for Public Works; eight members are from Parliament, three from the trade unions and three are representatives of industry, commerce and agriculture.

In Germany, Articles 8 and 10 of the Federal Railways Law specify the number of and the procedure for appointing the members of DB's Managing Board (one Chairman and three members) and supervisory Board (twenty members) and provide that the latter must be selected from administrative or social groups.

In France, the procedure for appointing the members of the Board and the Directors-General and Deputy Directors as well as the Secretary-General is laid down in Articles 7, 8, 9, 13 and 15 of the Convention of 31 August 1937. The eighteen Board members are from either the administration, the former networks or the trade unions.

In Ireland, the appointment of the members of CIE's governing body is laid down in Articles 6 and 7 of the Transport Act, 1950. The Chairman and the three to seven Board members are appointed by the Government.

In Italy, Order in Council No 598 of 7 May 1948 and its successive amendments provide that FS's Board shall be chaired by the Minister of Transport. The Board consists of the State Secretaries for Transport and the Director-General of FS and twenty members from and appointed by the various administrative, economic and social sectors.

In Luxembourg, Article 13 of CFL's Statutes regulates the membership and appointment of the Board. The Board is made up of twenty-one members of which eleven are Luxembourg nationals, the others being appointed by the Belgian and French Government (five members each). The Director of CFL, also a Luxembourg national, is appointed in accordance with Article 29 of the Statutes.

In the Netherlands, the procedure for appointing the governing bodies is laid down in Articles 6, 8, 9 and 10 of NS's Statutes. Administration is the responsibility of four Directors, including one Chairman-Director, appointed by the Shareholders General Meeting. The Supervisory Board, also appointed by the Shareholders General Meeting and consists of sixteen members, appoints its Chairman, Deputy Chairman and a Secretary-General each year. It should be pointed out that the State is NS's only shareholder.

In the United Kingdom, Section 1 of the Transport Act, 1962, amended by Section 38 of the Transport Act, 1968, provides that the Minister shall appoint the Chairman of the British Railways Board and nine to fifteen members chosen for their experience and ability in the fields of transport, industry, commerce, finance, administration, applied science or trade unionism.

B. ACTION TAKEN BY THE COMMISSION

38. A number of the provisions of the Decision of 20 May 1975 provide for the Commission to take action in various areas. It is worth taking stock of these matters and of what has already been achieved.

39. Examination of the implementing provisions be taken by the Member States

As mentioned in the previous chapter, most of the Member States have in accordance with Article 16(1) consulted the Commission on the measures which they intend to introduce in order to implement the Decision. The Commission has addressed formal opinions to these Member States, more often than not making some observations. The Commission will continue its efforts to ensure that all the Member States comply fully with the Decision, particularly as to :-

- the drawing up and the content of the business plans and financing programmes (Articles 3, 4, 5 and 13)
- compliance with the minimum accounting provisions (Article 8(3))
- the publication of the summary of State financial intervention in an Annex to the annual accounts (Article 8(5)).

The fact that it will still be some time before the national provisions are brought into line with the essential principles of the Decision ought not to deter the Member States from introducing all the appropriate measures now.

40. Accounting and costing

On the basis of Article 8(2), the Council shall adopt the necessary measures to achieve comparability between the accounting systems and annual accounts of railway undertakings and lay down uniform costing principles.

The Commission sent to the Council on 17 March 1977 a proposal for a Regulation (1) on the necessary measures to achieve comparability between the accounting systems and annual accounts of railway undertakings, and

(1) COM (77) 76 final

will shortly be presenting a proposal for a Council Regulation on the uniformisation of costing principles.

41. Procedures for granting compensation for tariff obligations not covered by Regulation (EEC) No 1191/69

Article 9(2) of the Decision requires the Commission to present to the Council, before 1 January 1978, proposals on the harmonization of the procedures for granting compensation for tariff obligations not covered by Regulation (EEC) No 1191/69. The Commission's services have already consulted the railway and government experts on the provisions to be made. A proposal will be laid before the Council by the date fixed.

42. Co-operation between railway undertakings

Article 11(1) of the Decision provides that the Member States shall, in conjunction with the Commission, investigate measures likely to promote co-operation between the railways.

At its meeting of 16 December 1976, when adopting a letter to the Group of the Nine Railways of the UIC, the Council noted that the Commission intended to take the necessary steps (pursuant to Article 11(1) of the Decision of 20 May 1975) to cooperate with the Member States and the railway undertakings on a study of supplementary measures to further co-operation between the latter.... The Commission intends to prepare a work programme to this end as soon as possible. Before 1 January 1978,

the Commission will submit a progress report to the Council on the preparation of this programme.

Preparatory work has been started, in close collaboration with the Group of the Nine Railways of the UIC, to draw up a short and medium-term programme of cooperation, mainly on :

- infrastructure
- the crossing of frontiers
- commercial policy
- operational methods
- purchasing policy and technical standardization.

This programme might include concrete measures envisaged at Community level.

43. A few details can be given on what the Commission has already done regarding the crossing of frontiers. When the Council adopted the Decision of 20 May 1975, the Commission stated that

" it considers that improved cooperation between railway undertakings
" is essential for the future of this mode of transport. As it has
" already stated on several occasions, it will take all the necessary
" initiatives to promote this improvement. This cooperation is still
" hampered by obstacles most of which are in areas other than transport
" but which are, as a general rule, now being dealt with through mea-
" sures in the various sectors concerned. The Commission will ensure
" that these measures and especially those which are intended to remove
" obstacles relating to the crossing of frontiers are zealously pursued.
" The Commission will make the necessary proposals where appropriate."

The Commission has made a survey of public health and plant health inspections for international carriage by rail, with the help of most

of the railway undertakings in the Community as well as the Austrian and Swiss railways. The conclusions are : -

- With the exception of an inspection of live animals at the place of departure in France, no frontier inspections are carried out by the exporting countries for carriage inside the Community.
- The reasons for the longest delays due to inspections on importation are as follows :
 - the splitting-up of the train,
 - the differences in working hours either side of the frontier,
 - no synchronization of the working hours of the various offices at the frontier (Customs, veterinary offices, etc.),
 - no inspections at weekends.
- Certain inspections are restricted to a few frontier posts, thereby producing traffic deviations.
- The development of combined transport is sometimes thwarted by complications with plant health inspections, e.g. "kangaroo" transport of fruit and vegetables between Rotterdam and Munich.

The railways have made suggestions for improving matters pending reciprocal recognition of public health and plant health certificates made out in the exporting Member States :

- inspections inside the country instead of at the frontier,
- fewer restrictions to the crossing of certain goods through certain frontier posts,
- better administrative organization to ensure synchronization of inspections.

The Commission agrees with these suggestions, but would point out that the principles of abolishing compulsory frontier inspections has already been established. However, a distinction must be made here between plant health inspections and veterinary and public health inspections.

- Plant health inspections

On 21 December 1976, the Council adopted Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms which are harmful to plants or plant products. The Member States have two years or four years, as the case may be, to bring into force implementing legislation. Under the Directive, well-defined conditions are laid down for compulsory inspections on importation.

- Veterinary and public health inspections

Standard certificates for all the Member States have been in use since the adoption of Council Directives 64/432/EEC and 64/433/EEC on intra-Community trade in bovine animals and swine and the fresh meat of bovine animals, swine, sheep and goats and solipeds. The introduction of a standard certificate obviously simplified intra-Community trade, particularly as regards the crossing of frontiers, which is why the Court of Justice of the European Communities has made several pronouncements against veterinary and plant health examinations at the frontier. In a judgment of 15 December 1976 (Case 35/76 Simmenthal SPA, Monza v Italian Minister for Finance), the Court again confirmed this attitude very clearly, ruling that "veterinary and public health inspections at the frontier, whether carried out systematically or not, on the occasion of the importation of animals or meat intended for human consumption constitute measures having an effect equivalent to quantitative restrictions within the meaning of Article 30 of the Treaty of Rome, which are prohibited by that provision, subject to the exceptions laid down by Community law and in particular by Article 36 of the Treaty (which concerns, among other things, the protection of the health of human beings and animals)". The Court continues by saying that "systematic veterinary and public health inspections at the frontier of the products (animals and meats) mentioned in Directives 64/432 and 64/433 are no longer necessary or, consequently, justified under Article 36."

The Court does admit, however, that "although, in principle, a mere examination of the documents (health certificates) which are required to accompany the products should disclose whether the conditions with regard to health have been fulfilled, occasional veterinary or public health inspections are not ruled out, provided that they are not increased to such an extent as to constitute a disguised restriction on trade between Member States."

44. Report on the prospects for the integration of railway undertakings

Article 11(2) requires the Commission to present to the Council, before 1 January 1979, a report on the objectives to be pursued in the long term and the measures to be taken to promote the integration of railway undertakings at Community level.

At present, such integration would appear to be a long-term product of cooperation. The Commission's services^{are} assembling the data required for this report which they will draw up in conjunction with all the interested parties.

45. Financial balance and adaptation of Regulations (EEC) No 1191/69 and (EEC) No 1107/70

Article 15(1) requires the Commission to present to the Council, before 1 January 1980, proposals to fix the time limit and conditions for achieving the financial balance of the railway undertakings. This makes it possible to await the first results of the operation of the Decision before studying this matter.

46. Article 15(2) requires the Commission to present proposals to the Council by the same date concerning the adaptation of Regulations (EEC) No 1191/69 and (EEC) No 1107/70 in order to take account, within the framework of the links which exist between transport and other economic and social sectors, of the public service obligations imposed on the railways.

To prepare these proposals, the Commission has put a number of questions to the Advisory Committee on Transport which will probably give its formal opinion in the second half of 1977. There would then be nothing to stop these proposals being prepared.

CHAPTER IV - CONCLUSIONS

47. In this report the Commission has intended :

- to report on the application of Regulation (EEC) No 1191/69 concerning public service obligations, Regulation (EEC) No 1192/69 on the normalization of accounts and Regulation (EEC) No 1107/70 on aids for transport;
- to indicate what have been the first practical effects of the implementation of the Council Decision of 20 May 1975.

As the Decision of 20 May 1975 has not been in force for very long, this report will not yet be able to "clearly indicate the results achieved with particular regard to any changes in the financial situation of the railway undertaking" since the implementation of the Decision. The next two-yearly report should provide a more complete survey on the subject.

Nevertheless, the Commission hopes that, when this report is discussed, the Council will let the Commission know what changes it would wish to see in the presentation and content of future reports.

A. APPLICATION OF REGULATIONS Nos 1191/69, 1192/69 AND 1107/70

48. The aim of the above Regulations is to indicate clearly the costs incurred by an undertaking which do not arise from its own management, the idea being to gradually define the undertakings actual deficit more and more precisely; the long-term aim is to eliminate this deficit and therefore the subsidies at present granted to cover all or part of the deficit.

As can be seen from the figures and comments in this report, it is clear that progress has been made and that this has made the financial situation of the

railways more transparent. The Commission feels, however, that there is still a relatively large sector in which the authorities are free to decide arbitrarily what proportion of the costs resulting from their intervention they are willing to bear. If this situation continues there is a risk that it will prevent greater transparency. The situation is partly the result of lack of precision in the text of the regulations, and partly the result of the optional nature of the provisions concerned.

49. The effect of the application of the three Regulations is that the sums paid in compensation, aid and other financial intervention by the Member States to their railway undertakings is gradually increasing. This is certainly due in part to the inflationary trend in costs, but also partly to the deterioration of the position of the railway undertakings in the transport market. However, it would seem that the tendency has also been affected by two other factors :
- (a) With very few exceptions, none of the Member States has eliminated any of the various obligations imposed on the railway undertakings; they have limited their action to bearing part or all of the costs. Under the terms, and in accordance with the spirit, of Regulation (EEC) No 1191/69 the States should neither impose nor maintain a public service obligation until the social and economic advantages and disadvantages of all the possible solutions have been assessed, and until the solution involving the least cost to the general public has been selected.

The Commission does not underestimate the complexity of the process of quantifying data, particularly external data, which have to be included in this type of assessment. Some factors can only be assessed qualitatively. But it still leaves open the question whether, particularly in the case of very important decisions, an approximation of the macro and micro-economic factors alone would not have made possible either the reduction of the obligations, or have provided a more rational basis for the decision to maintain the obligations.

As concern Regulation (EEC) No 1192/69, the process of normalization "does not relieve Member States of their own responsibility for eliminating, as far as possible existing causes of distortion", as is stated in the preamble to the Regulation. It should be noted that the Member States have not challenged the situations which are themselves the reason for the categories of normalization.

The Commission will make every effort to encourage a more positive approach to the main problems when it submits proposals for amending the two Regulations to the Council on the basis of Articles 9(2) and 15(2) of the Decision of 20 May 1975.

- (b) It is also an open question whether the undertakings themselves have used every opportunity for cutting their costs and increasing their receipts. Even, if in certain cases the possibilities are limited, particularly as regards the activities subject to public service obligations, the Community provisions, notably Article 12 of Regulation (EEC) No 1191/69 and Article 2(2) of the Decision of 20 May 1975, leave no doubt as to the undertaking's obligation to ensure economic management in the public service sector as well as in other sectors.

50. Allowing for the above comments, the action taken by the Member States in the areas covered by the three Regulations has nevertheless established certain preconditions essential for the improvement of the situation required by the Decision of 20 May 1975, particularly for achieving the main objective of this Decision, namely financial equilibrium. Apart from an improvement as regards the transparency of the financial situation of the railway undertakings, the three Regulations have created a first Community basis for analysing the railways' problems and their solutions at the level of the undertakings as well as at Government and Community levels.

B. IMPLEMENTATION OF THE DECISION OF 20 MAY 1975

51. This first Community basis has been considerably enlarged by the Decision of 20 May 1975 which covers practically all operational and structural aspects of the activities of the railway undertakings. Taking the diverse economic, legal and political situations in the Member States as a starting point, the Decision is based on the concept of concerted action by the undertakings and the governments to devise suitable measures to improve the situation of the undertakings. It also enables the Community bodies to play an important role in harmonizing and promoting action undertaken by the Member States and the railways. The Commission plans to play a very active part in this connection.
52. In the first place the Commission considers that the Community is the appropriate vehicle through which a joint analysis of the basic problems of the railways and their solutions may be undertaken, particularly for problems extending beyond the strictly national sphere. Certain aspects of the situation in which the railways are caught up are very similar in each of the Member States - the constantly rising costs, particularly for labour, the deterioration of the position of the railways in the market, the constantly increasing burden on the national budgets which the operating expenses of the railways represent and the resulting disadvantages when it comes to the undertaking or the owner financing investment.

These common problems and any remedies could therefore be examined at Community level so that the Member States and the Community institutions could, more accurately and with maximum coherence, define the role of the railways in the Community transport system.

53. Pursuant to the Council Decision of 20 May 1975 the improvement of the situation of the undertakings should be achieved by two main actions :

- drawing up business and financial plans; and
- promoting cooperation between the railway undertakings, or even a form of integration, at European level.

Both actions require very close cooperation between the undertakings, the governments and the Community institutions.

54. As regards drawing up business and financial programmes, two stages must be clearly distinguished : -

- (a) the Member States are first required to adopt general policy directives taking account of the national plans for transport, particularly transport infrastructure.

The Commission feels that the Member States cannot adopt this type of directive without respecting the Community's general guidelines on social, industrial, regional, energy, economic and financial policy and, of course, the guidelines for the common transport policy. Where transport infrastructure is concerned, the adoption by the Council of the Commission's proposal of 5 July 1976 introducing a consultation procedure and creating a transport infrastructure committee¹ will considerably ease the process of coordinating the actions of the Member States as regards investing and/or disinvesting in railway infrastructure.

- (b) Once the directives have been adopted, the undertakings are required to submit their multiannual programmes which will be agreed by the States within a laid down procedure of consultation. This procedure is an appropriate method for jointly resolving those problems in which conflicts between the interests of the State and of the undertakings is inherent.

¹ OJ No X 207 of 2 September 1976, page 7.

The Commission considers that the business programme should include the following :

- fixing management objectives - financial and other State intervention will be fixed depending on whether the State seeks to slow down, stop or reverse present trends;
- fixing the network and services offered in accordance with these objectives;
- determining what activities should be subject to public service obligations, as well as the content of those obligations. Defining the undertaking's commercial policy;
- setting up investment, rationalization and modernization programmes taking into account the opportunities for financing provided under Article 5 of the Decision of 20 May 1975;
- adjusting the number of staff, taking into account the social aspects of the problem.

The overall objective of all the measures envisaged should be the financial equilibrium of the undertaking.

55. The Commission's task on the other hand will consist in assessing the programmes communicated to it from the points of view of achieving financial balance and the future requirements of the Community transport system. The Commission will assert its point of view on any planned rationalization and restructuring measures envisaged although implementation of the latter will obviously depend on the economic and political demands of each Member State, whilst the Commission's main duty will be to ensure a certain degree of coordination, particularly as regards investment and disinvestment measures. As the national railway systems in Europe have been closely interdependent for over a century it would be difficult to conceive of any way of changing the structure of the network and

services offered by one national undertaking without affecting the undertakings of neighbouring Member States.

Where necessary, the Commission might be obliged to put suitable proposals before the Council if a political decision at Community level was required in order to safeguard Community interests in this field.

56. As regards encouraging cooperation between railway undertakings this should :

- as far as possible alleviate the disadvantages of the national nature of the railways and thus contribute towards achieving the objective of financial balance;
- promote the integration of the Community market.

Such cooperation is essentially a matter for the railways themselves but it should be assisted and encouraged by both national and Community authorities.

As planned, before the end of 1977, the Commission will submit to the Council a cooperation programme, established in collaboration with the railways and the governments, and some points of which will be attainable in the near future. The programme will mainly include commercial cooperation in operations and supplies, frontier obstacles and infrastructures investment, particularly in connection with the elimination of bottle-necks.

Any progress in this field would allow a cautious beginning on defining integration formulae for which the Council will have the opportunity to lay down the guidelines on the basis of the report submitted by the Commission at the end of 1978.

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 estimate.
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
Student season tickets	888.6	1 043.0	1 399.0	1 510.0
Season tickets, certain social categories	2 890.2	3 370.0	4 592.9	5 108.0
Ordinary season tickets	1 021.6	1 216.0	1 657.1	1 576.0
Individual reductions	512.7	681.0	1 232.8	1 448.0
Full fare tickets (refusal of tariff increase)	1 653.5	2 504.0	3 715.9	4 027.0
Belgium-Luxemburg tariffs	26.4	26.0	24.4	25.0
Flanders-(Zeland) tariffs	1.0	1.0	1.0	1.0
Continued operation of lines	--	47.0	329.2	884.0
	6 994.0	8 888.0	12 952.5	14 579.0
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
Class III - retirement & other pensions	6 761.0	7 853.0	9 008.6	9 676.0
Class IV - crossing facilities	171.0	182.0	241.4	293.0
Class VIII - war damage	16.0	16.0	15.8	16.0
Class X - recognition services to country	40.0	41.0	39.7	47.0
Class XI - additional family allowances	102.0	21.0	9.2	11.0
Class XII - a) medical treatment	786.0	892.4	1 247.2	1 247.0
b) occupational injuries (1)	49.0	64.0	94.1	72.0
Class XV - a) financial charges	160.0	177.0	287.4	201.0
b) shortfall in provisions for renewal (2)	477.0	549.0	672.2	749.0
	8 562.0	9 795.4	11 615.6	12 312.0
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
Infrastructure costs	2 735.0	3 344.0	5 398.0	5 909.0
Financial burden	1 288.0	1 371.0	1 574.0	1 726.0
Certain tax exemptions	- 15.0	- 15.0	- 15.0	- 14.0
Transporting passengers by buses laid on by ECSC tariffs (remainder) the railways	184.0	273.0	396.0	409.0
Grant for construction	489.0	512.0	456.0	550.0
Balancing subsidies	3.6	0.2	4.0	
	--	--	1 038.4	
	4 714.0	5 515.2	8 881.4	8 608.0
TOTAL	20 270.0	24 198.6	33 349.0	35 480.0
	=====	=====	=====	=====
(1) must be out under Class I				
(2) must be put under Class VII				

COMPENSATIONS, AIDS AND OTHER FINANCIAL INTERVENTIONS GRANTED BY THE STATE
TO THE DANSKE STATS BANER (DSB)

(Source : communication from the Danish government)

(in million national currency)

	1973/74	1974/75	1975/76
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS			
<u>Regulation (EEC) No 1191/69</u>			
- Copenhagen suburban traffic	86.0	113.0	134.0
- other passenger traffic	266.0	371.0	382.0
- carriage of goods and mail	93.0	123.0	133.0
	445.0	607.0	649.0
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS			
<u>Regulation (EEC) No 1192/69</u>			
- Class IX - staff surplus to requirements	15.0	15.0	.
- Class X - recognition of services to the country	0.6	4.6	.
- Class XI - allowances to staff	6.4	6.4	.
	22.0	26.0	30.0 *
C. AIDS TO TRANSPORT			
<u>Regulation (EEC) No 1107/70</u>			
- aids for infrastructure investment	120.0	127.0	145.0
- compensation for deficits	8.0	46.0	.
- subsidy to cover the deficit of private Danish railways	20.6	.	19.8 *
- aids for the modernization of private Danish railways	8.5	.	11.5 *
	157.1	173.0	176.3
TOTAL	624.1 =====	806.0 =====	855.3 =====

(*) estimate figures

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 estimate
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	2 358.0
- Continued operation of lines for which closure has been proposed	0.7	2.9	2.3	3.0
- Compensation for loss of receipts due to the Saar tariffs for the carriage of ECSC products	16.0	26.2	19.0	16.0
			100.0	94.0
	1 558.7	2 361.1	2 510.3	2 471.0
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	2 278.0
- Class IV - crossing facilities	335.0	380.0	233.0	248.0
- Class XII - medical treatment	2.5	3.0	425.0	455.0
			4.0	4.0
	2 294.5	2 600.0	2 715.0	2 985.0
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- Contribution to the investments constituting an increase in capital	525.0	624.4	560.0	*
- Contribution to investments for short-distance passenger transport	251.3	344.4	347.0	*
- Allowances for the maintenance of liquidity	3 150.1	1 911.4	1 881.0	
- Interest and amortization on loans to increase the own capital	194.4	475.5	512.0	
- Covering of deficit			4 001.0	
- State compensation to the DB for taxes on mineral oil used by railway engines	195.6	291.5	284.0	*
- Repayment of interest on loans contracted in the past for financing purposes (allowances as owners)	837.0	837.0	837.0	*
- Compensation for refusing request to increase general tariff levels for passenger transport		78.6		
	5 153.4	4 564.8	8 422.0	**
** estimate				
TOTAL	<u>9 006.6</u>	<u>9 525.9</u>	<u>13 647.3</u>	

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

(Source : communication from the French government)

(in million national currency)

	1973	1974	1975	1976 estimate
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- Compulsory tariff reductions or refusal to agree to increase				
(a) Paris suburbs	168.8	351.0	590.0	724.0
(b) reductions for passengers				
. members of the armed forces	349.2	412.0	568.0	600.0
. prisoners under escort	3.2	3.5	3.9	4.6
. spouse & children of retired persons	8.5	8.9	9.9	10.7
. local & Paris City traffic	330.9	368.0	416.0	515.0
. other tariff reductions	474.0	539.3	548.0	660.0
(c) transport of goods and newspapers	31.0	31.3	32.0	33.0
- continued operation of unprofitable lines in the public interest				
(a) continued operation of unprofitable local services	653.0	842.2	1 037.0	1 279.0
(b) continued operation of lines for national defence purposes	3.0	2.9	3.8	4.0
	2 021.6	2 559.1	3 208.6	3 830.3
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
- Class III - retirement & other pensions	2.890.0	3 251.7	3 820.0	4 250.0*
- Class IV - crossing facilities	340.0	341.5	359.0	379.5*
	3 230.0	3 593.2	4 179.0	4 629.5*
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- Aids for infrastructure investment	1 358.0	1 499.0	1 760.0	1 760.0*
- Compensation for deficits	483.0	100.0	100.0	80.6*
- Tariff compensation under Art. 9 of the Decision of 20.5.1975	296.0	805.0	1 040.0	1 405.0*
	2 137.0	2 404.0	2 900.0	3 245.6*
(*) actual figures				
TOTAL	7 388.6	8 556.3	10 287.6	11 705.4

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	1974	1975	1976 estimate
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- losses on rail passenger services	-	5.88 *	10.41	11.25
	-	5.88	10.41	11.25
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
- Class III - retirement and other pensions	-	0.45	0.71	1.70
- Class IV - crossing facilities	-	0.09	0.15	0.40
- Class XII - medical treatment	-	0.07	-	-
	-	0.61	0.86	2.10
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- 50 % infrastructure grant	-	0.97	1.58	1.72
- Grants in respect of CIE's road passenger services	-	3.58	5.98	7.35
- Balancing subsidy	-	2.92	7.59	9.42
	-	7.47	15.15	18.49
(*) from 1.4.1974 to 31.12.1974				
TOTAL	-	13.96 =====	26.42 =====	31.84 =====

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 national currency)

	1973	1974	1975	1976
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- Operation of lines with low density traffic volumes	72 920.8	.	.	.
- Operation of non-profitable facilities on main lines and secondary lines	375.8	.	.	.
- Operation of services between the Continent and Sardinia	1 652.7	191 009.3	230 311.6	249 453.9
- Tariff obligations (carriage of mail not included)	78 204.0	.	.	.
- Carriage of mail	13 800.0	.	.	.
- Road transport to replace rail transport	214.4	.	.	.
- Passenger tariffs for certain social categories	50 918.8	65 957.1	81 349.8	143 021.2
	218 085.5	256 966.4	311 661.4	392 475.1
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
Class II - expenditure of a social nature	6 018.0	5 523.0	5 904.0	4 416.0
Class III - retirement & other pensions	16 160.0	27 084.0	56 466.0	35 542.0
Class IV - crossing facilities	8 132.0	12 074.0	25 234.0	21 438.0
Class VIII - war damage	3 423.0	2 313.3	967.8	
Class X - recognition of services to the country			18 624.0	15 819.0
Class XV - burdens resulting from lack of normalization in the past			268 688.1	167 491.2
	33 733.0	46 994.3	375 883.9	344 706.2
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- Covering of the deficit :				
(a) amortization of loans	692 990.5	719 451.3	438 321.0*	.
(b) interest on these loans	685.2	704.8	64.0*	.
- Exemption from fuel tax (petrol and gasoil)	6 072.0	7 546.0	7 655.0*	.
- Compensation for costs following the new regulation on special family allowances (law 364 of 31.7.1975)			18 932.5	.
- Compensation for costs arising out of the reduction of working hours (law 77 of 2.3.1974)			21 600.0	.
- Compensation for deficits in the financial years 1963/64	851.0	897.5	946.8*	.
	700 598.7	728 599.6	487 519.3	
TOTAL	952 418.2	1032 560.3	1175 064.6*	737 131.3*

(*) estimate figures

60A

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 estimate
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- Continued operation of passenger transport	320.4	404.1	891.0	666.0
	320.4	404.1	891.0	666.0
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
Class II - expenditure of a social nature	28.4	17.0	16.4	23.7
Class III - retirement and other pensions	826.0	845.9	1210.0	1255.6
Class IV - crossing facilities	17.2	16.2	29.7	27.7
Class X - recognition of services to the country	0.2	0.2	0.1	0.2
Class XV - burdens resulting from lack of normalization in the past	10.4	4.8	4.8	4.8
	882.2	884.1	1261.0	1312.0
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- State aids to the cost of removing or modernizing level crossings	1.0	-	-	-
- State aid for pensions - AL network	1.3	1.4	1.4	-
- State aid for various measures on salaries & wages	24.1	19.5	14.2	-
- State aids to enable the CFL to fulfill obligations not included in Regulations (EEC) 1191/69 and 1192/69	147.3	459.7	1175.8	1161.6
	173.7	480.6	1191.0	1161.6
TOTAL	1 376.3 =====	1 768.8 =====	3 343.4 =====	3 139.6 =====

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
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- Compensation granted for the continuation of passenger transport operations	326.0	408.06	553.7	620.3
	326.0	408.06	553.7	620.3
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
- Class III - retirement and other pensions	127.2	135.3	168.5	179.2
- Class IV - crossing facilities	23.6	26.3	30.6	34.4
	150.8	161.6	199.1	213.6
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- State interest charges				269.0 *
- Amortization				105.0 *
- Financial assistance to cover operating losses on goods traffic				180.0**
- Goods traffic operating losses 1973-75 - Interest and Amortization				42.1
- Assistance to NV Trailstard to develop more economic transport techniques			0.128	0.07
			0.128	596.17
(*) years 1973 to 1976 (**) estimate figures years 1973-1976				
TOTAL	476.8 =====	569.66 =====	753.028 =====	1 430.07 =====

60

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
A. MAINTENANCE OF PUBLIC SERVICE OBLIGATIONS <u>Regulation (EEC) No 1191/69</u>				
- Central government grant for unremunerative rail passenger services		137.1		
- Local passenger transport authorities payments towards the costs of local rail passenger services		14.7		
- Compensatory payments for obligations imposed by the central government in railway passenger transport operations	-		295.4 *	298.9 *
(a) payments by the central government			19.7	25.1 *
(b) payments by the local authorities				
		151.8	315.1	324.0
B. NORMALIZATION OF THE ACCOUNTS OF THE RAILWAYS <u>Regulation (EEC) No 1192/69</u>				
- Class IV - installations of crossings	-	6.0	9.2	9.8 *
	-	6.0	9.2	9.8
C. AIDS TO TRANSPORT <u>Regulation (EEC) No 1107/70</u>				
- Grants towards research and development	-	1.8	1.8	2.3
- Capital grants towards passenger transport improvement schemes	-	23.7	11.2	8.8
- Cashflow shortfall grants	-	209.0		
- Transitional deficit grant			67.1 *	33.7 *
- Grants to local transports in England & Wales (beginning of the aid 1975-76)				
- Aid to National Freight Corporation				22.0
- Historic pension fund obligation			97.2	108.3**
		234.5	177.3	175.1
TOTAL	-	392.3 =====	501.6 =====	508.9 =====

(*) subject to audit
(**) estimate figures

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
Rail network	km	4 084	4 004	3 998
Road network	km			
Ferry-boats	km			
Personnel		58 718	59 411	60 414
<u>Traffic carried</u>				
Number of passengers	total mio rail mio	237	237	232
Number of passengers/km	total mio rail mio	8 093	8 279	8 258
Tonnes of goods carried	total mio rail mio	76	82.6	59.2
Tonnes/km carried	total mio rail mio	8 238	9 197	6 804
<u>Income in mio FB</u>				
Traffic receipts (1)		18 363	20 554	18 368
Passenger receipts		6 825	7 161	7 420
Goods receipts		10 440	11 957	9 797
Miscellaneous traffic receipts		1 098	1 436	1 151
Other income (2)		18	217	144
Total income (1 + 2)		18 381	20 771	18 512
<u>Expenditure in mio FB</u>				
Operating expenses (1)		30 271	35 535	42 806
of which personnel costs		23 974	27 822	33 179
Depreciation (2)		5 700	6 430	6 705
Interest (3)		1 958	2 131	2 568
Total expenditure (1 + 2 + 3)		37 929	44 096	52 079
State intervention		19 454	23 276	32 364
Balance of the exercise		- 94	- 49	-1 203
Information - investments		2 313	2 323	2 608

INFORMATION CONCERNING THE DANSKE STATSBANER (DSB)

(Source : Annual reports of the DSB)

		1973	1974	1975
Rail network	km	1 999	1 999	1 999
Road network	km	7 566	7 134	7 430
Ferry-boats	km	208	208	204
Personnel		21 765	21 543	21 574
<u>Traffic carried</u>				
Number of passengers	total mio	143	133	124
	rail mio	109	106	100
Number passengers/km	total mio	3 809	3 750	3 639
	rail mio	3 307	3 333	3 299
Tonnes of goods carried	total mio	9 168	8 297	7 590
	rail mio	8 714	7 883	7 056
Tonnes/km carried	total mio	2 211	1 979	1 794
	rail mio	2 206	1 974	1 788
<u>Income in mio DKr</u>				
Traffic receipts (1)		1 282	1 434	1 621
Passengers receipts		571	661	745
Goods receipts		452	477	517
Receipts of cars carried by ferry		220	248	298
Other income (2)		163	228	245
Total income (1 + 2)		1 445	1 662	1 866
<u>Expenditure in mio DKr</u>				
Operating expenses (1)		1 748	2 152	2 341
	of which personnel costs	1 286	1 540	1 715
Depreciation (2)		100	109	120
Interest (3)		192	207	229
Total expenditure (1 + 2 + 3)		2 040	2 468	2 690
State intervention		595	806	824
Balance of the exercise		0	0	0
Information - investments		457	661	718

INFORMATION CONCERNING THE DEUTSCHE BUNDESBahn (DB)

(Source : Annual reports of the DB)

		1973	1974	1975
Rail network	km	29 022	28 831	28 796
Road network	km			
Ferry-Boats	km	168	168	168
Personnel		429 891	429 578	409 433
<u>Traffic carried</u>				
Number of passengers	total mio	1 656	1 568	1 612
	rail mio	1 028	1 060	1 017
Number passengers/km	total mio	49 668	50 293	46 562
	rail mio	40 718	41 607	38 547
Tonnes of goods carried	total mio	368	378	313
	rail mio	340	351	287
Tonnes/km carried	total mio	71 636	73 568	59 383
	rail mio	68 307	70 309	56 300
<u>Expenditure in mio DM</u>				
Traffic receipts (1)		13 306	14 285	13 151
Passengers receipts		4 130	4 277	4 348
Goods receipts		7 851	8 570	7 295
Other income (2)		100	130	229
Total income (1 + 2)		13 406	14 415	13 380
<u>Expenditure in mio DM</u>				
Operating expenses (1)		17 084	19 252	19 435
of which personnel costs :		14 426	16 334	16 656
Depreciation (2)		1 742	1 840	2 108
Interest (3)		1 495	1 667	1 950
Pensions (4)		492	516	500
Total expenditure (1 + 2 + 3 + 4)		20 813	23 275	23 993
State intervention		4 896	6 084	6 251
Balance of the exercise		- 2 511	- 2 776	- 4 362
Information : investments		3 574	4 080	4 011

INFORMATION CONCERNING THE CORAS IOMPAIR EIREANN (CIE)

(Source : Annual reports of the CIE)

			1973	1974	1975
Rail network	km		3 078	3 078	3 078
Road network	km				
Ferry-boats	km				
Personnel			20 097	19 944	18 784
<u>Traffic carried</u>					
Number of passengers	total	mio	317.3	287.9	317.6
	rail	mio	12.7	11.4	13.9
	road	mio	304.6	276.1	303.7
Number passengers/km	total	mio	892.1	694.1	898.8
	rail	mio			
	road	mio			
Total goods carried	total	mio	7.9	5.4	6.4
	rail	mio	3.8	2.7	3.3
	road	mio	4.1	2.7	3.1
tonnes/km carried	total	mio	588.1	464.8	575.8
	rail	mio	559.0	444.7	552.4
	road	mio	29.1	20.1	23.4
<u>Income in mio £</u>					
Traffic receipts (1)			49.33	38.71	61.96
Passengers receipts			23.05	25.89	43.51
Goods receipts			15.90	12.49	15.12
Other income (2)			3.80	3.86	5.42
Total income (1 + 2)			53.13	42.57	67.38
<u>Expenditure in mio £</u>					
Operating expenses (1)			57.30	50.89	85.64
of which personnel costs :			39.40	33.19	57.53
Depreciation (2)			3.95	3.50	5.55
Interest (3)			2.82	2.28	3.57
Financial and administrative charges for road transport (4)			0.68	0.54	0.71
Total expenditure (1 + 2 + 3 + 4)			64.75	57.21	95.47
State intervention			10.75	13.95	26.50
Balance of the exercise			- 0.87	- 0.69	- 1.59
Information : investments			38.00	37.51	29.75

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

(Source : Annual reports of the FS)

		1973	1974	1975
Rail network	km	16 076	16 077	16 077
Road network	km	2 019	2 019	2 127
Ferry-boats	km	237	237	237
Personnel		213 831	216 593	221 311
<u>Traffic carried</u>				
Number of passengers	total mio rail mio	361	387	370
Number passengers/km	total mio rail mio	36.4	37.9	36.3
Tonnes goods carried	total mio rail mio	54.8	52.8	43.2
Tonnes/km carried	total mio rail mio	17.6	18.1	14.9
<u>Income in thousand mio Lit</u>				
Traffic receipts (1)		496	634	646
Passengers receipts		281	357	395
Goods receipts		211	272	246
Other income (2)		71	92	113
Total income (1 + 2)		567	726	759
<u>Expenditure in thousand mio Lit</u>				
Operating expenses (1)		1 229	1 650	1 681
of which personnel costs :		814	1 056	1 075
Depreciation (2)		61	105	235
Interest (3)		366	404	512
Total expenditure (1 + 2 + 3)		1 656	2 159	2 428
State intervention		396	659	856
Balance of the exercise		- 693	- 774	- 813
Information : investments		224	245	317

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

(Source : Annual reports of the CFL)

		1973	1974	1975
Rail network	km	271	271	275
Road network	km	1 781	1 781	1 781
Ferry-boats	km			
Personnel		4 476	4 371	4 313
<u>Traffic carried</u>				
Number of passengers	total mio	14.8	15.1	14.5
	rail mio	10.7	10.9	11.1
Number passengers/km	total mio	270	289	293
	rail mio	217	231	234
Tonnes goods carried	total mio	22.5	23.1	16.8
	rail mio			
Tonnes/km carried	total mio	786	866	660
	rail mio	784	864	658
<u>Income in mio Flux</u>				
Traffic receipts (1)		1 627	1 846	1 537
Passengers receipts		177	186	191
Goods receipts		1 450	1 660	1 346
Other income (2)		65	62	53
Total income (1 + 2)		1 692	1 908	1 590
<u>Expenditure in mio Flux</u>				
Operating expenses (1)		2 671	3 270	3 848
of which personnel costs :		2 344	2 889	3 367
Depreciation (2)		200	253	293
Interest (3)		150	142	144
Transfer to reserves (4)		76	92	106
Total expenditure (1 + 2 + 3 + 4)		3 097	3 756	4 391
State Intervention		1 367	1 761	2 630
Balance of the exercise		- 38	- 87	- 171
Information : investments		92	174	216

INFORMATION CONCERNING THE NAAMLOZE VENNOOTSCHAP NEDERLANDSE SPOORWEGEN (NS)

(Source : Annual reports of the NS)

		1973	1974	1975
Rail network	km	2 832	2 832	2 835
Road network	km	10 330	10 330	10 589
Ferry-boats	km			
Personnel	total	42 933	43 925	45 333
	rail	26 853	26 482	26 933
<u>Traffic carried</u>				
Number of passengers	total mio	181.1	183	176.3
	rail mio			
Number passengers/km	total mio	11 362	11 789	11 592
	rail mio	8 173	8 589	8 501
Tonnes goods carried	total mio			
	rail mio	23 621	22 638	17 736
Tonnes/km carried	total mio			
	rail mio	3 463	3 370	2 721
<u>Income in mio FL</u>				
Traffic receipts (1)		1 362	1 535	1 605
Passengers receipts		731	808	842
Goods receipts		559	643	672
Other income (2)		291	307	347
Total income (1 + 2)		1 653	1 842	1 952
<u>Expenditure in mio FL</u>				
Operating expenses (1)		1 877	2 214	2 575
of which personnel costs :		1 278	1 506	1 728
Depreciation (2)		232	266	293
Interest (3)		91	106	128
Total expenditure (1 + 2 + 3)		2 200	2 586	2 996
State intervention		410	585	762
Balance of the exercise		- 137	- 159	- 282
Information - investments		295	307	397

INFORMATION CONCERNING THE BRITISH RAILWAYS BOARD (BRB)

(Source : Annual reports of the BRB)

		1973	1974	1975
Rail network	km	18 227	18 167	18 117
Road network	km			
Ferry-boats	km			
Personnel		190 874	194 891	189 931
<u>Traffic acarried</u>				
Number of passengers	total mio	745	750	747
	rail mio	728	733	730
Number passengers/km	total mio	29 772	30 898	30 255
	rail mio			
Tonnes goods carried	total mio	200	180	177
	rail mio	197	177	175
Tonnes/km carried	total mio			
	rail mio	22 961	21 632	20 985
<u>Income in mio £</u>				
Traffic receipts (1)		633	685.6	849.1
Passengers receipts		312.5	348	454.6
Goods receipts		287.1	299.7	356.6
Other income (2)		70.6	86.6	113.8
Total income (1 + 2)		703.6	772.2	962.9
<u>Expenditure in mio £</u>				
Operating expenses (1)		737.5	959	1 297.2
of which personnel costs :		496.1	629.4	837.9
Depreciation (2)		54.6	53.4	27.1
Interest (3)		57.3	71.9	32.5
Total expenditure (1 + 2 + 3)		849.4	1 084.3	1 356.8
State intervention		94.2	154.3	399.4
Balance of the exercise		- 51.6	- 157.8	+ 5.5
Information : investments		101.5	129.0	110.6

ANNEX IILAWS GOVERNING THE NINE RAILWAY COMPANIES
OF THE EUROPEAN ECONOMIC COMMUNITYBelgium - SNCB

The SNCB was created by a law of 23 July 1926. It has legal personality and is invested with the temporary right to exploit the railways of the State of Belgium for a period of 75 years.

It is run as a commercial company but governed by a unique legal constitution, the State having the majority holding. The legal form is set out in the law and the statutes. The State remains the owner of the railway network.

Denmark - DSB

The State operated railways were either taken over from their original licence-holders (laws of 14 March 1867 and No 89 of 2 July 1880), or constituted under new laws (No 156 of 27 May 1908 and No 187 of 29 March 1918). Under Law No 109 of 1 April 1969 concerning the management of the State railways, the Danish State Railways (DSB) together with their dependent car, transshipment and ship links, are managed by a director-general who is directly responsible to the Ministry of Public Works.

Germany - DB

By the law of 2 March 1951 on the legal position of the property of the Federal German railways, the property of the Reichsbahn was transferred to the Bund as the private property of the Federal Railways with effect from 24 May 1949.

The legal constitution of the DB is governed by the law of 13 December 1951 on the Federal Railways. The DB is a specific unit of the patrimony of the Bund having no legal personality but endowed with economic and financial independence.

France - SNCF

The SNCF was created by the Decree of 31 August 1937 approving the agreement between the Minister for Transport and the five private railway companies. Under Article 5 of the Decree of 31 August 1937, extended to 31 December 1982, the SNCF is empowered to operate the licences of the five former private railway companies. It is subject to the commercial code and the current company law (sociétés anonymes), with the exception of the waivers provided under the Decree of 31 August 1937.

Ireland - CIE

Article 5 of Chapter II of the Transport Act of 1950 constituted a Board called "Coras Iompair Eireann" responsible for fulfilling those functions assigned to it by this act. The Board has legal personality for an unlimited period, has an official seal and power to sue or be sued in its said name and to purchase, take, hold and dispose of land and other property.

The Public Authorities Protection Act, 1893, shall not apply to any action, prosecution or proceeding against the Board or in respect of any act, neglect or default by a servant or agent of the Board in his capacity as a servant of the Board.

Italy - FS

Most of the Italian railway network, which originally belonged to private companies has been bought out by the State since 1905. It is at present operated by an autonomous administration. The legal basis of the FS is Law No 429-1907. This law conferred fairly extensive autonomy on the administration of the FS but this has since been restricted by amendments to the law.

Luxembourg - CFL

Before 1944 the Luxembourg railway network was operated by several independent companies.

By the law of 16 June 1947 the railway licences were cancelled in the public interest and the rolling stock was made over to the CFL.

The CFL was created under Luxembourg law, given legal personality and made subject to the law of 16 June 1947 to the commercial code, to the legal provisions governing Luxembourg companies, and the statutes and cahier des charges of the CFL.

51 % of the company's own capital of Flux 800 million is owned by the State of Luxembourg, whilst France and Belgium each own 24.5 %.

Netherlands - NS

The law of 26 May 1937 dissolved the two private railway companies, and their goods and rights in respect of operating the railways were transferred to the NS. The State owns all but two of the NS shares.

The decree of 16 December 1937, issued under the law of 26 May 1937, confers on the NS a general licence to operate its network.

The State is the only party represented at the annual general meeting of shareholders. The NS is a company (société anonyme) subject to the Dutch commercial code.

United Kingdom

(a) BRB

The BRB was set up by the Transport Act of 1972 when the nationalized transport undertakings were reorganized. The BRB is a permanent organization having legal personality. Its obligations and responsibilities are set out in the Transport Acts of 1962 and 1968 and in the Railway Act of 1974.

(b) NIR

Railway operations in Northern Ireland are managed by the NIR Company Limited which is a wholly owned subsidiary of NI Transport Holding Company - a company having legal personality and established by the Transport Act (NI) of 1967. The Holding Company is wholly owned by the government. The NIR is registered under the Companies Act. It is responsible for the management of the railways and operates as a commercial organization.

ANNEX IIIMARKET TRENDSTable 1 :(a) Gross domestic product at market prices (in thousand million u.c.)

	<u>B</u>	<u>DK</u>	<u>D</u>	<u>F</u>	<u>IR</u>	<u>I</u>	<u>L</u>	<u>NL</u>	<u>UK</u>
1965	16.6	10.1	114.3	97.9	2.7	58.4	0.7	18.7	99.1
1972	31.5	19.1	235.7	176.0	5.0	108.4	1.2	41.8	142.4

(b) of which transport and communications (as %)

1965	6.7	9.3	5.7	4.8	.	5.7	3.6	7.8	8.2
1972	7.6	8.7	5.6	5.0	.	5.8	4.5	7.5	8.4

(c) Employment as % of total employment

1965	6.5	7.0	5.5	5.5	.	5.2	7.0	6.7	6.5
1972	7.6	6.4	5.7	5.3	.	5.5	.	6.5	7.3

Table II : Evolution of surface transport of goods

COUNTRY	YEAR	MILLION TONNES/KM		
		Road (1)	Inland Waterways	Railways (2)
BELGIUM	1963	-	4 779	7 017
	1972	10 072	6 758	7 675
	1975	-	5 124	6 151
DENMARK	1963	8 200	-	1 619
	1972	14 200	-	2 001
	1975	-	-	1 939
FR GERMANY	1963	50 200	39 513	63 756
	1972	89 000	43 969	65 680
	1975	93 800	47 565	56 300
FRANCE	1963	37 087	11 358	66 172
	1972	72 800	14 156	69 988
	1975	90 000	11 905	65 589
IRELAND	1963	-	-	358
	1972	-	-	518
	1975	-	-	551
ITALY	1963	45 170	297	17 002
	1972	58 986	391	17 844
	1975	-	-	15 471
LUXEMBOURG	1963	-	-	650
	1972	-	-	781
	1975	-	362	660
NETHERLANDS	1963	7 652	20 201	4 176
	1972	13 900	29 333	3 071
	1975	15 400	29 597	2 721
UNITED KINGDOM	1963	57 000	242	25 178 (3)
	1972	84 000	91	21 025
	1975	86 800	74	20 986

(1) Sources : UN except for FR Germany, Italy, Belgium and Denmark

France : International Road Federation - world road statistics
(published 1963/76)

(2) Source : UN 1973(74), 1974(75), 1975(77)

except UK (1975) : UK Monthly Digest of Statistics

(3) Not comparable with the previous years

Table III: Number of vehicles used for the transport of goods by road
(in thousands) (1)

COUNTRY	1963	1970	1974
BELGIUM	216	270	230
DENMARK	.	147	210
RF GERMANY	881	1 144	1 244
FRANCE	1 676	1 810	2 075
IRELAND	45	.	53
ITALY	577	914	1 081
LUXEMBOURG	.	12	11
NETHERLANDS	.	277	303
UNITED KINGDOM	1 529	1 616	1 762

(1) International Road Federation (figures published 1967/73/76)

Table IV : Evolution of surface transport of passengers

COUNTRY	YEAR	MILLION PASSENGERS/KM		
		Road		Railways (1)
		Public	Private	
BELGIUM	1963	6.946	-	9.789
	1972	6.114	3.531 (2)	8.168
	1975	6.865	3.065 (2)	8.258
DENMARK	1963	5.693	27.400	3.421
	1972	5.100	44.800	3.723
	1975	.	.	.
FR GERMANY	1963	40.847	348.600	37.333
	1972	64.400	505.000	39.900
	1975	68.900	574.000	38.200
FRANCE	1963	19.400	116.000	44.100
	1972	.	315.000	43.200
	1975	23.400	.	50.800
IRELAND	1963	.	.	.
	1972	.	.	.
	1975	.	.	.
ITALY	1963	26.031	93.181	29.142
	1972	36.757	299.464	35.394
	1975	.	.	36.325
LUXEMBOURG	1963	.	.	.
	1972	.	.	.
	1975	.	.	.
NETHERLANDS	1963	.	.	7.911
	1972	5.100	95.00	8.039
	1975	5.100	102.000	8.500
UNITED KINGDOM	1963	66.800	177.800	36.000
	1972	55.000	343.000	34.500
	1975	55.000	350.000	36.100

(1) Figures slightly different from those supplied by the International Union of Railways (UIC)

(2) Coaches only

Table V : Number of private cars (thousands) (1)

COUNTRY	1963	1970	1974	Index 1963 = 100
BELGIUM	1 098	2 033	2 474	225
DENMARK	605	1 177	1 261	208
RF GERMANY	1 751	14 376	17 356	991
FRANCE	7 530	12 470	15 180	202
IRELAND	229	.	487	213
ITALY	3 913	10 200	14 295	365
LUXEMBOURG	.	92	109	-
NETHERLANDS	962	2 592	3 155	328
UNITED KINGDOM	7 839	11 540	13 639	174

Table VI : Motorway networks (in kilometres)

COUNTRY	1963	1970	1974	Index 1963 = 100
BELGIUM	213	488	1 018	478
DENMARK	84	184	345	411
RF GERMANY	3 077	4 460	6 200	201
FRANCE	349	1 553	2 830	811
IRELAND
ITALY	1 430	3 907	5 328	373
LUXEMBOURG	.	7	25	-
NETHERLANDS	.	500	1 420	-
UNITED KINGDOM	322	1073	1 879	584

(1) International Road Federation (published 1967/73/76)

Table VII : Transport by pipeline (1)

COUNTRY	Millions of tonnes/kilometres carried			indices of growth
	1963	1972	1975	1975/1963 = 100
BELGIUM	-	1 554	1 535	-
DENMARK	-	-	-	-
RF GERMANY	4 921	18 509	14 471	293
FRANCE	4 082	32 470	31 095	762
IRELAND	-	-	-	-
ITALY	731	10 766	10 893	1 490
LUXEMBOURG	-	-	-	-
NETHERLANDS	1 206	5 703	4 450	369
UNITED KINGDOM	891	3 032	5 322	597

(1) Report COM(75) 491 final

ANNEX IV

FINANCIAL TRENDSTable I : Total expenditure by railway undertakings

(in millions, national currency)

	BRB	CFL	CIE	DB	DSB	FS (1)	NS	SNCB	SNCF
1973	849.4	3 097	64.75	20 813	2 040	1 656	2 200	37 929	21 380
1975	1 356.8	4 391	95.47	23 993	2 690	2 428	2 996	52 079	27 607
index	160	142	147	115	132	147	136	137	129
index of consumer prices	166	132	163	120	136	154	131	138	138

average index of increase for the nine networks 1973-75 = 138

average index of increase in consumer prices in the nine countries
1973-75 = 142

(1) in Lit thousand million

Table II: Staff expenditure compared with operating expenditure

(in millions, national currency)

1975	BRB	CFL(2)	CIE	DB(2)	DSB	FS(1)	NS	SNCB(2)	SNCF
staff expend.	837.9	3 367.0	57.53	16 656.0	1 715.0	1 075.0	1 728.0	33 179.0	14 832.0
operating expendit.	1297.2	3 848.0	85.64	19 435.0	2 341.0	1 681.0	2 575.0	42 806.0	21 923.0
percentage share	65	88	67	86	73	64	67	78	68

average percentage share for the nine networks = 73

Table III : Revenue

(in millions, national currency)

	BRB	CFL	CIE	DB	DSB	FS(1)	NS	SNCB	SNCF
1973	703.6	1 692	53.08	13 406	1 445	567	1 653	18 381	16 503
1975	962.9	1 590	67.38	13 380	1 866	759	1 952	18 512	19 617
index	137	94	127	100	129	134	118	101	118
index of total expend.	160	142	147	115	132	147	136	137	129

average index of increase for the nine networks 1973-75 = 104

average index of increase in total expenditure by the nine networks 1973-75 = 138

(1) in Lit thousand million

(2) these figures include direct pension payments made by the networks, subject to normalization under Annex III of Regulation (EEC) No 1192/69

Table IV : Compensation, aids and other financial assistance by the States (1)

(in millions, national currency)

	BRB	CFL	CIE (2)	DB	DSB	FS(3)	NS	SNCB	SNCF
1973	392.3	1369.6	13.96	9006.6	624.1	952.0	556.8	20270.0	7045.6
1975	414.0	2630.2	16.96	13647.3	855.3	1175.0	836.6	33349.4	8989.2
Index 1973-75	105	192	121	152	137	123	150	165	128

average index for the nine networks 1973-75 = 142

Table V : Ratio between self-generated revenue and the undertakings' total receipts for 1975

(in millions, national currency)

	BRB	CFL	CIE(2)	DB	DSB	FS(3)	NS	SNCB	SNCF
A. State assistance	414.0	2630.2	16.96	13647.3	855.3	1175.0	836.6	33349.4	8989.2
B. Self-generated revenue	962.9	1590.0	67.38	13380.0	1866.0	759.0	1952.0	18512.0	19617.0
C. Total receipts	1376.9	4220.2	84.34	27027.3	2721.3	1934.0	2788.6	51861.4	18606.2
D. % B/C	70	38	80	50	69	39	70	36	69

(1) figures supplied by the Member States

(2) 1974-75

(3) in Lit thousand million

Table VI : Interest charges

(in millions, national currency)

	BRB (2)	CFL	CIE	DB	DSB	FS(1)	NS	SNCB	SNCF
1973	57.3	150.0	2.82	1 495.0	192.0	366.0	91.0	1 958.0	944.0
1975	32.5	144.0	3.57	1 950.0	229.0	512.0	128.0	2 568.0	1158.0
index 1973/75	57	96	127	130	119	140	141	131	123

average index for the nine networks 1973-1975 = 118

(1) in Lit thousand million

(2) BRB has undergone a capital reconstruction in accordance with the 1974 Railways Act