

# COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT BY THE COMMISSION TO THE COUNCIL  
ON THE OBJECTIVES TO BE PURSUED IN THE LONG  
TERM AND THE MEASURES TO BE TAKEN TO PROMOTE  
PARTIAL OR TOTAL INTEGRATION OF RAILWAY  
UNDERTAKINGS AT COMMUNITY LEVEL  
(Article 11 (2) of Council Decision  
75/327/EEC of 20 May 1975)

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ANNEXE

## INTRODUCTION

### TERMS OF REFERENCE

1. Article 11 (2) of the Council Decision of 20 May 1975 (hereinafter referred to as the Decision) on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States<sup>1</sup> stipulates: "Before 1 January 1979, the Commission will submit to the Council a report on the objectives to be pursued in the long term and the measures to be taken to promote partial or total integration of railway undertakings at Community level."

2. In accordance with these terms of reference, the Commission has undertaken in this report to place the integration of railway undertakings in the context of the long-term general objectives of the common transport policy, more particularly railway policy, and to link integration with measures for cooperation between the undertakings.

### PREVIOUS TEXTS ON INTEGRATION

3. The idea of partial or total integration of the railway undertakings was already the subject of point I.B.8 of the Council Resolution of 7 December 1970 on cooperation<sup>2</sup>. The Group of Six Railways devoted considerable attention to it in its report to the Council on cooperation, which was presented in 1972<sup>3</sup> and on which the Council stated its position in its letter of 18 July 1973 to the Group of Six<sup>4</sup>.

The Commission would also recall the report which it presented to the Council in December 1977<sup>5</sup> on the progress made in the preparation of a programme of cooperation among railway undertakings.

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<sup>1</sup> OJ L 152, 12.6.1975

<sup>2</sup> OJ C 5, 19.1.1971

<sup>3</sup> Doc. R/2071/71 (TRANS 119)

<sup>4</sup> Doc. R/2568/73 (TRANS 96)

<sup>5</sup> Doc. COM (77) 694 final

PROCEDURE FOLLOWED AND AIM OF THE REPORT

4. In accordance with its terms of reference, the Commission has conducted studies and consulted railway and Government experts and the railway workers' trade unions; their main comments are summed up in the Annex.

In view of the complexity and scope of the subject, the Commission is aware that this report cannot claim to be more than relatively general and introductory in nature. However, the Commission thought it worth informing the Council, at this stage, of the possibilities of action open, so that the Council could start to discuss the guidelines which the Commission plans to follow in the future course of this work.

## INTEGRATION IN GENERAL

### I. ACCEPTED INTERPRETATION OF INTEGRATION

#### Scope of integration

5. Because of the context in which the problem of integration has been placed, and in order to clarify the scope of the measures to be taken, this concept must be distinguished from the various forms of cooperation.

A very broad interpretation of the concept of integration among railway undertakings would include every form of technical standardization, joint use of equipment and joint commercial and other operations conducted by several Community networks. This broad interpretation would, however, lead to confusion with the idea of cooperation and would suggest that, in view of all that had been achieved in this sector, there was little left to do : concentration on the most suitable sectors for new measures which supplement cooperation prompts the Commission to define the concept of integration more restrictively within the framework and for the purposes of this report.

#### Definition

6. Integration is therefore taken to mean the establishment by the railway undertakings, the Member States or the Community institutions of one or more joint bodies to carry out some or all the activities of the railway undertakings; these bodies :

- may be given assets and
- are endowed with autonomous powers of management and some decision-making power for the purpose of meeting a common interest of the undertakings concerned.

7. To link this definition with the terminology employed by the Council, it should be underlined that its elements apply both to partial and to total integration, defined as follows :

- Total integration : merger of all the national railway undertakings into one company at Community level
- Partial integration : establishment of an integrated body administering certain activities of the networks, either at Community level or in a more limited geographical area.

If partial integration operations involve only some of the Community's railway undertakings, or if undertakings from non-Community countries take part, there should be some guarantee that the Community's interests are being protected.

## II. ASSESSMENT OF INTEGRATION IN THE CONTEXT OF LONG-TERM OBJECTIVES

### Long-term objectives

8. The long-term objectives of railway policy can be inferred from the common transport policy and, more particularly, from the Council Decision of 20 May 1975.

#### Community transport system

9. As the Commission stated in its Communication to the Council of 23 October 1973<sup>1</sup>, the common transport policy aims at the progressive introduction of coherent Community transport arrangements capable of meeting the requirements of economic union and of society at the least cost to the Community. These arrangements should lead to the establishment of a Community transport system which covers all modes and in which the railways should play their full part.

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<sup>1</sup> Bulletin Supplement 16/73.

Structural rationalization

10. The aim of improving the financial situation of the railways is expressly mentioned in the Decision which, at the same time, constitutes the main legal instrument for achieving this end.

Comments on the objectives

11. The common market now being formed, which will be comparable with an internal market, will need passenger and freight transport services to meet current and future requirements. The transport services must serve the general integration of the Community, i.e. provide international and inter-regional links comparable with the Member States' internal links.

At this stage, it is hard to determine the railways' role in this system. In general, it will be linked to the specific advantages offered by rail transport : lower energy consumption, less use of space, good safety record, environmental protection and regional development. The railways are also particularly suited to modern automated techniques. This mode of transport is certainly required to play several roles, depending on the sector of activity and the position it is given in the national economy. In any case, the railways "in most European countries are irreplaceable from both the economic and the socio-political point of view".<sup>1</sup>

12. In this connection, the public authorities will have to define more precisely the various functions of public interest and the commercial function<sup>2</sup>. As regards passenger transport, the railways should play the role of a public service, especially in the large conurbations; in the other sectors of passenger transport and in freight transport, they should have a basically commercial role. For the purposes of this report, it is certainly the international activities which are primarily affected by the concept of integration. It is also in long-distance traffic that rail technology could present most advantages.

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<sup>1</sup> Second recital of the Decision.

<sup>2</sup> Resolution of the ECMT of 12 December 1978 (Doc. CM (78) 30 du 12.12.1978)



13. The first aim of rationalization, one of the essential elements for harmonizing the conditions of competition, is to achieve "financial balance". The Commission will present proposals on this subject in late 1979. It is aware that the achievement of this balance should not be reduced to a mere book-keeping operation but requires considerable restructuring of current operations which the railway undertakings and the Member States must implement through the multiannual business plans and financial programmes referred to in Articles 3 and 4 of the Decision.

14. Investment policy is of particular importance to these programmes, as it should enable the railway companies to continue and complete their changeover to modern forms of operation at Community level. The public authorities will have to grant the railways the financial means needed to carry out these plans and programmes (infrastructures, equipment, rolling stock) and must find a solution to the social problems. In some cases, this structural reform also means that the public authorities, particularly the regional and local authorities, will have to accept changes in and even the closedown of the services which make most losses and their replacement by services which are less costly to the Community.

15. These reforms should give the railway companies sufficient independence (Article 2 of the Decision) to exploit their specific advantages in the high-speed carriage of passengers between the major economic centres and the carriage of freight, especially in full-train loads or sets of wagons (including combined transport).

#### Interplay between the objectives and the idea of integration

16. Integration may admirably serve these two objectives :

- joint planning and construction of the rail infrastructures will help establish main traffic axes in the Community's future transport system;
- the integration of certain international operations which are or may become profitable may help to achieve the objective of rationalizing the railway undertakings.

### III. POSSIBLE AVENUES OF APPROACH TO INTEGRATION AND APPROACHES CHOSEN

#### Possible avenues of approach

17. Article 11 (2) of the Decision instructs the Commission to draw up a report on the establishment of the measures to be taken to promote partial or total integration. However, it is not certain how extensive the Council wished to make these terms of reference.

18. One assumption is that the Council, taking into account the proposed development of the common market into an economic and financial union and the more distant possibility of a political union, considered that national company structures should be replaced by Community structures. The merger of specific national companies into an European company would therefore be the result of a political strategy.

The other possibility is that integration would be assessed primarily on the basis of the immediate economic advantages it would bring the national undertakings. Integration would then be contemplated only if existing cooperation between railway undertakings could go no further unless bodies with assets and autonomous powers of management were set up to ensure more favourable financial results for the participating companies. In this system, limitation to forms of partial integration would not call in question the continued existence of the national companies.

Approaches chosen

19. The railway, government and trade unions experts have expressed serious reservations about the first avenue of approach which, they claim, could impose integration for political reasons which may be contrary to the economic objectives of the undertakings. They pointed to the objectives of the Decision, which are to reduce intervention by the public authorities in the management of the railways. However, the experts agree that the implications of the second possibility should be studied. It should also be recalled that, at the Council meeting of 12 June 1978<sup>1</sup>, the Danish government suggested that thought be given to the establishment of one company for the international carriage of goods.

20. When selecting the measures to be taken, the Commission considered the political option of a European company. However, it considers that this is neither necessary nor possible, given, among other things, the Community's state of progress towards economic and monetary union.

The Commission is, however, convinced that the possibilities of partial integration should be examined. The current situation of the railways is such that they must explore all opportunities of consolidating or improving their position on the markets. They should be in a position to compete with the other modes of transport in international traffic as a single carrier vis-à-vis the customer. This can be achieved only through partial integration and, in some cases, increased co-operation, which offer the following advantages :

- improvement in the quality of services as a result of joint management;
- a more flexible commercial policy, which should lead to an increase in the volume of traffic;
- reduction in some costs as a result of joint operation.

Some of these advantages can be seen in achievements to date, discussed in the following section.

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<sup>1</sup>Doc. R/1394/78 (TRANS 93).

INTEGRATION IN PRACTICE

I. SITUATION AS REGARDS COOPERATION

21. This report does not discuss in detail all that has been done in the way of cooperation. The most recent measures are set out in the Group of Nine's work programme of September 1977, which has been broadly approved by the Council. The Nine also recently sent the Commission a programme of additional medium-term measures (1979-1982), parts of which appear in the conclusions to this report.

22. The national companies have embarked on two types of activity which differ from traditional cooperation and of which the second is already close to partial integration : the pooling of certain means of production or traffic operations and the creation of subsidiary companies with their own assets and powers of management.

Operating pools

23. As regards the shared utilization of rolling stock at European level - with the exception of the British and Irish networks - there are the pool of goods wagons (EUROP) (its headquarters in Berne run more than 300,000 wagons) and the pool of sleeping-cars. Compensatory arrangements balance out the advantages for the participating networks. These operating pools have proved their efficacy and operate to the satisfaction of the companies taking part.

Subsidiaries

24. In the commercial and operating sector, the railways have set up the subsidiaries Interfrigo<sup>1</sup> and Intercontainer<sup>2</sup>, with their headquarters at Basle and Brussels, covering 22 networks, including all the national

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<sup>1</sup> Carriage of goods, in particular perishable goods at controlled temperature.

<sup>2</sup> Container transport.

railway undertakings of the European Community with the exception of the railways of Ireland (CIE) and Northern Ireland (NIR).

To fulfil their role as a joint commercial agency of the railways, these two companies have wide powers to improve their material resources, take commercial measures and refine their operating methods. However, they do not appear to have sufficient decision-making powers to qualify as examples of partial integration within the meaning of this report. The traffic carried by these subsidiaries has grown substantially in recent years. However, their financial return should be considered in connection with that of the participating companies, allowing for the services which they provide and the recompense they expect.

23. As regards supplies, the Eurofima subsidiary with its headquarters in Basle is a financial body serving all the ECMT networks except the British and Irish networks. Its main purpose is to obtain funds on the capital market to finance railway companies' investments in rolling stock. As this subsidiary is also required to place joint orders with suppliers in certain cases, it backs up work by the International Union of Railways (IUR) to standardize norms and equipment of rail undertakings, thus contributing to a standardization which is economically advantageous to the undertakings and helps to open up tendering for public contracts at Community level.

This jointly-owned company serving several networks could fulfil its role, the ministers meeting within the ECMT<sup>1</sup> stressed, provided that :

- all the member networks regularly use the company as a financing and procuring body as much as possible;
- all the governments grant the company the support provided for in the preamble to the International Convention and in the text thereof.

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<sup>1</sup>CM (78) 30 du 12.12.78

## II. THE SEARCH FOR FORMS OF PARTIAL INTEGRATION

26. The possibilities of partial integration can be explored more thoroughly when the objectives and motivations of several undertakings converge in a way which is more than just the sum of several individual interests and which may even have room for an absence of interest by one of the undertakings.

27. The ramifications of such situations must be studied by means of an overall approach to the assessment of the common interest. As regards traffic, all the expenditure and revenue of all the companies concerned would be considered. As regards infrastructure, installations and supplies, an overall cost/benefit analysis would be needed.

Such a study must also take into account the need for agreement between the companies on how to organize and compensate for the sacrifices which will sometimes have to be made. It must find out where economies of scale could be made and how the best return on traffic can be obtained.

28. The institutional forms to be given to the practical action taken in response to such situations can be determined only on a case-by-case basis in line with the special aspects of each situation. In some cases, forms of partial integration could be adopted, while in others, increased cooperation might be more appropriate.

29. The analysis of these situations was mentioned under the term "community of interests" in the Group of Six's report of 1973, and the abovementioned medium-term action programme of the Group of Nine provides for studies along the same lines.

The sectors in which such situations exist and the measures to be taken as a result should therefore be identified now.

### III. PRACTICAL POSSIBILITIES

30. The nine railways in the Community are currently studying three sectors :

- carriage of grain;
- carriage of goods in TEEM trains (management and marketing);
- activities ancillary to the commercial activities for international consignments (taxation, processing of accounts, central payments office).

The Commission approves these activities and considers that such situations of common interest could be found in other sectors. Of the major sectors of activity, it is mainly in commercial and operating policy, infrastructure planning and research and development that they could be discovered. Some of these situations are listed below.

#### Commercial and operating policy

31. Inter-city passenger transport. The findings of the COST 33 project (study of the future of passenger transport in Europe, conducted by the OECD in collaboration with the ECMT and the EEC) have underlined the need for a major effort to ensure that the railways' share of the inter-city carriage of passengers does not drop and pointed to the improvement in the quality of services as a major objective.

32. In this sector, the Trans Europ Express (TEE) group, on which are represented the railway networks of the Community countries and Switzerland, aims to provide fast services between West European cities under a common emblem and in modern, comfortable trains.

32. The TEE group foreshadows inter-city traffic in the year 2000.

Passengers will then be carried at speeds of 140-200 km/h on heavily used links (around 5 000 km of routes in Western Europe), partly on new infrastructure allowing speeds of 300 km/h. The number of stations served by fast or express trains will be considerably cut back and the stations kept open will become centres for road connections with coach services or private cars.

33. Combined road-rail transport. Combined road-rail transport, a multi-modal and largely international technique, will not be fully effective until it is incorporated in the whole transport process. The development of this mode of transport requires perfect coordination of the techniques concerned, and of its technical and commercial operation, which must be based on a concerted plan making considerable use of full-train loads and computerized data-processing.

34. Carriage of new motor vehicles. A similar problem arises for the international carriage of new motor vehicles by means of special double-decker wagons.

In these questions the special wagons usually return unladen. Their turn-round and the service obtained from them could be improved if they were pooled for use in other operations.

#### Infrastructure planning

35. The establishment of a Community rail transport system depends primarily on the planning and construction of a coherent rail infrastructure. The railways have a common interest at all the stages of the process for remodelling the major international traffic axes : traffic



forecasting, information on transport conditions, the identification of bottlenecks and the pooling of the cost analyses and financing opportunities.

#### Research and development

36. Continued modernization of stock and equipment is one of the main requirements for improving the financial situation of railway undertakings and setting up a Community system with a view to improving the conditions of competition. A panel on research representing the nine networks and the industries of the Community has been set up under the Commission's aegis to work on this question. The pooling of resources would permit economies of scale and the rationalization of expenditure. The railways could therefore only benefit as regards both knowhow and research and development potential. A first step in this direction has been taken with the establishment, on a broader geographical level, of the UIC Office for Research and Experiments (ORE).

#### General problems

37. Listing situations in which a common interest of railway undertakings may be identified is one thing : crystallizing them in one or more common bodies is another matter, where obstacles may be met.

38. At present, it is not certain that the railways are always entirely free to decide on their position concerning the establishing of common interest : their legal status (laid down by rules at different levels, sometimes in a national constitution itself) could prevent them from doing so, especially when the common interest established does not necessarily correspond to the individual interest of an undertaking asked to participate.

39. Another obstacle is that since the common commercial interest is found in those activities which tend to be commercially more sound, it may be feared that the national undertakings will be gradually limited to uneconomic or even loss-making activities (provided that there is compensation for public service obligations), and this could reduce motivation to achieve a balance at national level.

40. Again, if the aim is to be a coherent railway system at Community level, it is important to prevent the division of railway activities among too many bodies with different functions and areas of responsibility which may overlap. A study done by a private institute at the Commission's request came to the conclusion that it might be necessary to establish a "European railway agency" to ensure a certain degree of coordination. This Agency would also carry out studies and administer those activities accepted as pertaining to a common interest.

41. However, before considering the proposal of such a measure to the Council, the Commission feels more should be known about the economic, legal and political facts, and the argument for setting up such a body must be substantiated by the precise requirements of the European Community. In addition, the geographical area in which the railways might find common interests need not coincide with the territory of the European Community. The continental railways have close and traditional links with the railways of non-member countries, in particular Swiss Railways and Austrian Railways (ÖBB) which are outside the Community, while the British and Irish railways, for obvious geographical reasons, have far less traffic with the continental networks. Pragmatic solutions combining the geographical reality of rail transport with the political requirements of the Community will have to be found.

CONCLUSION

42. In this report, the Commission examines integration from the angle of two objectives which are to be pursued in the long term - the establishment of a Community transport system in which the railways should play their full part, and the structural improvement of the situation of the railways. The Commission feels that integration may be a suitable method for achieving these two objectives, and is therefore seeking forms of partial integration in specific sectors likely to make a particular contribution. On the other hand, the option of total integration - as a goal rather than an instrument - is not being adopted in the present circumstances.

43. At a more practical level, the Commission is relying on the possibilities of developing what has already been achieved through cooperation. It feels that forms of partial integration should be sought on the basis of the idea of common interest by means of an overall consideration of the activities in question and a system for equalizing advantages and disadvantages between several networks. This effort should reveal opportunities for economies of scale and traffic growth.

44. The Commission notes that the railways are studying how this formula may be applied in one or another specific sector. However, it considers that this sort of limited measure will not allow the railways to adapt sufficiently to be in a position to play their full part on a competitive market undergoing profound change at European level, and proposes the following action programme.

### Action programme

45. The Commission will ensure that the Council Decision is implemented, in particular that multiannual business plans and financial programmes are prepared which will bring about the reorganization planned. It will put forward proposals about the time limits and conditions for achieving financial balance and about the redefinition of public service obligations. It will expand Council Regulation (EEC) No 2830/77 of 12 December 1977 on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings<sup>1</sup>.

46. In the same context, Council Regulation (EEC) No 2183/78 of 19 September 1978 laying down uniform costing principles for railway undertakings<sup>2</sup> states that the undertakings involved in the same international transport operation by full train loads shall inform each other of the costs pertaining thereto. With its expected repercussions, this Regulation thus represents an important step which should allow more progressive innovations in forms of partial integration. Better knowledge of the costs and revenue would also make it easier to solve the problem of reciprocal compensation among the participating companies when their individual interest is minimal or non-existent.

### Cooperation measures

47. The following measures planned under the short and medium-term action programmes come within the scope of this report :

- introduction of additional types of wagons in the Europ pool;
- revenue pools in conjunction with the proposed extension of through international tariffs;
- the abovementioned studies to establish common interests in three specific sectors of freight transport.

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<sup>1</sup> OJ No L 334, 24 December 1977

<sup>2</sup> OJ No L 258, 21 September 1978

48. Feasibility studies on partial integration measures in a number of sectors. The Commission proposes to back these studies, taking into account the findings of the market observation system, the 1985/2000 forecasting studies, and the foreseeable developments. These studies would concentrate on commercial and operating policy, infrastructure planning and research and development.

Commercial and operating policy

- Inter-city passenger transport

49. Under the Commission's auspices : a market survey and demarcation of the transport network comprising the current TEE, express and fast trains, and a study on the feasibility of organizing services at Community level. This study could perhaps include car sleepers and express services for cars.

50. Under the UIC's auspices : two projects to improve the supply of passenger services :

- (i) The introduction of a distinction between various categories of trains. The distinction will be based on the following aspects : speed, type of service (frequency of the trains, numbers of stops), the level of comfort provided by the equipment used and the special services to be offered (restaurant cars, sleeping berths). The study will be conducted at UIC level and the networks of the Nine intend to make use of its findings as soon as possible (1981).
- (ii) The proposals for improving international rail services soon to be put forward by the ad hoc working party on the international carriage of passengers by road will be studied in depth by the competent departments in 1979/1980.

● Combined road-rail transport

51. Under the Commission's auspices : first, consultation of the mixed national companies forming the International Union of Combined Road-Rail Transport (UIRR)\* and the UIC Railways Group which some time ago set up a joint road-rail committee. At the second stage, the Commission plans to use the information gained from these consultations for an extensive and detailed study of all the problems arising for combined road-rail transport, perhaps including the question of links with the Intercontainer company.

52. Under UIC auspices : promotion of combined road-rail transport through :

- (i) the implementation of the agreements already concluded within the joint road-rail committee, in particular those concerning tariffs;
- (ii) the active prosecution of the studies by this Committee, concentrating in particular on tariffs, investment strategy (wagons, track gauge, terminals) and the organization of freight forwarding;
- (iii) the maintenance of close and permanent links with Community bodies in order to improve existing laws and administrative provisions and introduce new regulations to promote the development of combined road-rail transport.

A special study will also be undertaken to define the conditions needed for the establishment of an international road-rail company.

- Carriage of new motor vehicles

53. The Commission plans to promote an overall study of this traffic.

Infrastructure planning

54. At its meeting of 23-24 November 1978, the Council asked the Commission to submit by 1 January 1980 a report on bottlenecks in transport infrastructure and on the various possible intervention procedures, and to draw up, in collaboration with the Committee on Infrastructures, criteria for assessing projects of Community interest.

55. The Commission has conducted a number of studies in accordance with this instruction :

- a study on "Linking the findings of the Cost 33 project with the freight forecasting study for 1985/2000 on a common technical and economic basis : some tests of the combined model by means of different strategies and scenarios". This study seeks to measure the infrastructure burden proposed for the carriage of passengers and goods.
- a study to "estimate the costs and rates functions in a network of combined transport operations (freightliner) by rail in the Community. The results will be so presented that they may be used directly for a broader study on the consequences of the development of such a system on road and rail infrastructure". The analysis of the structure of combined transport operations should reveal the costs of this method of transport and allow its competitive potential to be analysed.
- a study entitled "report to determine the utilization of existing capacity on the infrastructure networks. Assessment of measures to overcome the difficulties through the implementation of measures to reduce congestion. Identification of short-term bottlenecks."  
This study concerns the determination and utilization of infrastructure capacity.

- The final study will consist of "a study to determine the methods and means by which the Community interest of major infrastructure projects may be gauged". There will also be a practical application to analyse the various alternative projects for cross-Channel links.

Research and development

56. The Commission has undertaken the study of combined transport techniques in order to determine the potential of one single technique.

General problems

57. A study complementary to that carried out in 1978 (mentioned in point 40) will attempt to find solutions to the following problems :

- legal problems holding up the establishment of forms of integration (statutory rules obliging companies to achieve an optimum return at national level);
- economic problems which could arise from the transfer of profitable activities to international bodies;
- problems caused by the proliferation of bodies which are not necessarily coordinated;
- problems of the possible participation of non-Community networks;
- problems of the need to restrict some forms of integration only to certain of the Community undertakings.

The Commission also considers that this study should reveal the social impact of such measures of partial integration.



58. The four studies which the Commission is considering :

- inter-city passenger transport;
- combined road-rail transport;
- carriage of new motor vehicles;
- general problems

and which are not included in current projects (UIC, Committee on Infrastructure, Research Group) will require relatively large funds. The Commission is considering an initial allocation of Bfrs 15-20 million. For these studies, to be conducted by independent bodies, the Commission will also call upon the railway, government and trade union experts for social problems.

59. On conclusion of these studies, the Commission proposes to report again to the Council around 1985 in the light of the situation of the railways, perhaps with proposals on the following subjects :

- the removal of barriers to the establishment of forms of partial integration;
- the establishment of common bodies.

Main comments by the experts of the railways, the government and  
the trade unions

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The following comments are based on a working paper drawn up for these consultations and do not refer directly to the contents of the report in its present form.

The railway and government experts were very favourable to the long-term objectives of structural improvement and the establishment of a Community transport system, stressing the importance of removing distortions to competition. They considered that integration was not an end in itself but a possible means to achieve these objectives.

The railway experts, however, opposed the idea of total integration and called for the identification of forms of cooperation which could involve partial integration in areas which need not, they underlined, coincide with Community territory.

However, they considered studies to be an indispensable prerequisite : infrastructure (Community investment funds) and marketing could be the first subjects. The United Kingdom Government delegation backed this opinion as regards marketing and added tourism and the technological development of the railways.

On the whole, the government experts shared these opinions, but were very hesitant about the need for even partial integration and considered that the benefits which the railways would derive had not been demonstrated. Some of them even considered that standardization of the rules in force was enough to aim at at present.

The German delegation stressed the value of the idea of common interest in the study of forms of partial integration.

The trade unions emphasized the fact that, even if total integration could not take place overnight, the adoption of forms of partial integration could lead to the establishment of major profit-making integrated axes to the detriment of the national networks.

They consider that the situation of the railways could be improved in the context of an overall coordinated transport policy. They also stated that the working paper had ignored the social aspects of any integration.