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**TRANSPORT AS A BOTTLENECK
TO ECONOMIC GROWTH
IN IRELAND**

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PREFACE

The enlargement of the EC to include Spain and Portugal greatly extended the Community coastline, which encompasses the poorest of its Member States. Until now the significance of the Mediterranean coastline has been emphasised. But it should be remembered that Portugal is bordered by the Atlantic and that Ireland, which is in a similar economic situation as the poorer Mediterranean countries, is also bordered by the Atlantic. In view of enlargement the term "Mediterranean Member States", which creates an unfortunate North/South division, could be more appropriately replaced by the term "Atlantic and Mediterranean Member States" or by the term "Atlantic and Mediterranean Periphery (AMP)".

Just as the abbreviation ACP is used to describe the Communities' links with African, Carribean and Pacific countries under the Lomé Convention, the initials AMP (Atlantic and Mediterranean Periphery) could be used to describe problem coastal areas, possibly including certain parts of Italy, France and Great Britain (the Highlands and Islands, for example, or the whole of Scotland), and the whole of Ireland, as well as Portugal, Spain and Greece.

When discussing aid for transport systems in the AMP it should be noted that, while all other AMP countries are at a disadvantage because of their peripheral situation in relation to the centres of industrial activity in Europe, Ireland is disadvantaged even more by its insular situation. Thus transport problems constitute a hindrance to economic development in Ireland even more than in other AMP countries.

The Directorate General for Research considers it useful to submit a paper on transport in Ireland. Mr Raymond O'Rourke was asked to prepare such a paper and has done so in cooperation with Dr. Norbert Lochner, Head of the Division for Economic Affairs in this Directorate General.

Any opinions and recommendations contained in this paper are those of the authors. They are not necessarily those of this D.G. or of the European Parliament or any of its organs or Members.

Michael PALMER
Director General

I. INTRODUCTION

Trade and Transport are two sides of the same subject : economic exchange between countries and regions. It is only natural therefore that the European Community was given the task, by the Paris and Rome Treaties, to introduce a common transport policy which would facilitate the development of trade between Member States into an Internal Market and would create a Common Market for transport services.

The fact that it proved so difficult to agree upon such a common transport policy shows how narrowly transport is connected with general economic policy, national development and the national interest of the Member States. Transport is not only the backbone of international trade but also of the internal economic growth of every country. No growth is possible without increased productivity; no increase in productivity is possible without a more sophisticated division of labour which is itself ultimately determined by an efficient transport system. Therefore - while transport facilities in themselves cannot be expected to induce economic development - it is evident that no development can be expected without adequate transport facilities and that transport can be a serious bottleneck, hampering economic development.

Both a Community policy for economic growth and a regional development policy must therefore include development of transport facilities.

In the European Community many countries and regions find themselves at a disadvantage since they are peripheral in relation to the industrial growth centres and population agglomerations of north western Europe. For this reason the Community, in striving for more cohesion, has developed for example a Mediterranean Programme which includes improvement of transport facilities and transport infrastructure inside the Mediterranean countries, as well as transport connections to the northern countries of the Community.

A country which is especially hampered in its growth prospects by transport disadvantages is certainly Ireland.

Ireland is peripheral in a double sense : not only is it far from the industrial growth centres and population agglomerations of Europe but, because of its insular situation, transport to and from these centres is more expensive than is the case for similar distances in the continental regions of the EC.

Even within Ireland the transport situation is disadvantaged in comparison to other countries : Ireland is the most sparsely populated country in the Community with 50 inhabitants per square kilometre. Even Greece and Spain show much higher figures (75 and 76 respectively) while all other EC countries have 100 inhabitants or more per km², with up to 346 in the Netherlands. The average of the twelve member states is calculated to be 142 inhabitants per square kilometre.

What might be an advantage in terms of environment is certainly a disadvantage in relation to transport facilities : to provide adequate transport is a much higher cost burden per head in countries which are sparsely populated.

Ireland shares this burden with other countries in Europe which are sparsely populated, like Turkey (55 inhabitants per square kilometre), Norway (13), Sweden (20). All these countries have to support higher costs for infrastructure such as roads than others do per head of population.

Most of them, like Ireland, have the additional disadvantage that their population is heavily concentrated in the national capitals, port cities and port regions, so that the rest of the country is still worse off than the national average figures for population density show.

Small wonder, then, that finances for transport infrastructure are insufficient and low traffic density combined with a low level of public services, tends to make transport utilities unprofitable.

Without doubt any strategy to promote economic development in Ireland (as in other AMP countries and regions) must to a great extent be based on aid for the development of appropriate transport facilities and infrastructures inside these regions, as well as their connections to the centres of development and wealth in the EC.

This paper looks at the transport problems of Ireland in order to ascertain ways in which to improve the situation and thereby put Ireland on a similar footing with its EC partners in relation to transport facilities.

II. GENERAL SURVEY OF TRANSPORT IN IRELAND

1. ROADS

Ireland relies on its road infrastructure system for passenger and freight traffic to a far greater extent than most other European countries. The heavy dependence on the road system is due to a number of factors - the low density of population (see above) throughout the country, with Dublin accounting for more than 1/4 of the population ; and the problems inherent in maintaining a viable rail network in such an area. Internal air travel is not really substantial, and movement by internal waterways is virtually non-existent because of geographical and historical factors. The importance of the road system can be gauged from the figures for internal movement in Ireland - 96% of all inland passenger traffic and 90% of all inland freight traffic is conveyed by Road¹. Therefore, a good road system is necessary for the development of industry, commerce, tourism and the general social well-being of the population throughout Ireland. Because of this, Ireland has a road network which is extensive by international standards when related to population (See appendix I).

For many years expenditure on roads was very low, indeed there was serious underinvestment. With the publication of the "Road Development Plan for the 1980's" (1979) investment on roads increased, although even by 1984 that investment had fallen short of

¹ Notes see pages 47 and 48.

the targets set out in the plan. Irish expenditure on roads is the lowest in Europe - for every £1 per 100km spent in Ireland, Greece spends £4, the U.K. £6 and other European countries even more. Since 1960 vehicle numbers have increased by 450% while expenditure on roads per vehicle decreased by 70%. Taking this into account the present government in its National Plan ("Building on Reality 1985-1987") committed itself to the improvement of the road network, particularly the national routes, through a programme of increased road expenditure.

A well-developed road infrastructure will assist the Irish economy in many ways :

- (1) In Ireland transport accounts for approximately 12% of the total cost of producing and distributing manufactured goods. An improved road network can contribute to lower transport costs thereby helping to reduce overall costs and thus making firms more competitive.
- (2) Ireland's dependence on external trade is extremely high by world standards as the figures below show.

Value of Trade expressed as a % of G.N.P.

Singapore	380 %
Ireland, Belgium, Malaysia	110-120 %
Taiwan, South Korea, Netherlands	70-100 %
Denmark, West Germany, United Kingdom	40-60 %
France, U.S., Japan, Indonesia, Philippines	15-40 %

Source : See note 2)

One of the major obstacles to external trade of Ireland is the road system, e.g. the approaches to the major ports, especially Dublin, are seriously congested. Ireland, being a small open economy, depends to a large extent on increased external trading to achieve further economic growth.

- (3) Because of the value of tourism to Ireland's balance of payments it is imperative that the road system be improved so as to cater for the increased demands which car-ferries, private car ownership and other factors have imposed on the system. A better road system would make it easier for visitors to reach major provincial centres with the minimum of delay while continuing to offer them the "attraction" of driving on Irish country-roads.

- (4) Tourism is but one aspect of an overall regional policy which aims to facilitate the balanced distribution of economic activity throughout the country while favouring "designated" areas. The quality of transport infrastructure is widely held to have an important influence on decisions relating to the location of industrial development. Thus, a better road system will enhance the attractiveness for manufacturers of locating their business in the "designated" areas of Ireland, where they will have the opportunity of obtaining larger capital grants. The Industrial Development Authority (I.D.A.) has pointed to the need for improvements in the present road network as an impetus to industrial development on many occasions.

- (5) Cross-border co-operation could be encouraged through the improvement of the road network in border areas, thereby assisting commercial and tourist traffic. A study commissioned jointly by the Irish and UK governments recommended the improvements of the Newry-Dundalk road. The Economic and Social Committee of the EC completed a study on the "Irish Border Areas" which also pointed to how better road communications between the two parts of Ireland would improve cross-border co-operation. (See O.J. n° C 303 of 25.11.85).

In the formulation of the 1979 and 1985 road plans consideration was given to the establishment of a motorway system in Ireland as a means of alleviating many of the problems associated with the inadequate road system. A number of studies carried out in Ireland, including the Buchanan Report on Regional Development (1969) and the Road Need Study (1974), recommended that motorways be constructed. The Needs

Study advocated the construction of 26 miles of motorway by 1985 and 109 miles by 1995. At present Ireland is the only member of the EC that does not have a motorway network, although the Local Government (Roads + Motorways) Act 1974 enables such a network to be built. The Road Plan 1979 states clearly that it "does not specifically provide for the development of a motorway network as such in the next ten years but it is envisaged that sections of road will be constructed to motorway standards.³) The subsequent review of the plan in 1985 agrees with this line of thought and rejects any attempt at taking a decision to build a motorway system in Ireland in the near future ; the main reason being the vast expenditure it would entail.

Turning to the latest Road Plan ("Policy and Planning Framework for Roads") 1985, its main aims may be summarised as follows :

- (1) the establishment of an adequate inter-urban system for the major towns, ports;
- (2) the elimination of "bottlenecks" through the use of by-passes, bridges;
- (3) the reduction of urban congestion through the use of ring roads, relief roads;
- (4) the maintenance of the whole road system at its present level of service.

The means of implementing this plan is dealt with in two ways. On the one hand there will be a programme of what are called "normal" improvement works, which will attempt to place the National Primary Routes and large sections of National Secondary Roads on a uniform standard level (i.e. 7.3 metre carriageway with a 3 metre paved section on either side). On the other hand there will be a programme of major improvement works in the major urban areas (especially Dublin) in order to bring these heavily used sections of the road system up to acceptable standards. This will include the construction of limited lengths of dual-carriageways especially on the approaches to cities.

The Minister for the Environment in Ireland is responsible for formulating and implementing all aspects of policy, legislation and finance with regard to roads. Legal responsibility for roads is vested in the county councils and other bodies of the local government system, but it follows from the nature of local government in Ireland that these authorities operate in line with the Minister's wishes. Likewise, expenditure on the improvement and maintenance of roads is, in law, the responsibility of local authorities. In practice, however, the state provides a major proportion of this expenditure, at present roughly one half, by means of direct road grants and the balance is met by the local authorities themselves (although the state is now also contributing significantly in this area as well since the abolition of rates on domestic property some years ago). Because of this the Minister for the Environment is able to have a major influence on the national road system without having statutory responsibility. This is borne out by the fact that local authorities contributed less than 4% to total exchequer expenditure on roads in 1984. Also, it seems unlikely that local authorities will increase their financial contribution in the near future, especially with regard to national primary and secondary routes. Therefore the situation now is that the maintenance of country roads is becoming more and more the major preoccupation of local authorities. This can be discerned from the fact that in 1983 approximately 70% of the state provision for roads was spent on national routes and 24% on regional routes.

As previously mentioned, the present government in its plan "Building on Reality 1985-1987" substantially increased investment on road improvement works. The figures below indicate the amount of investment involved.

Planned Road Improvement Works 1985-1987

Year	£ million
1984	101.65
1985	125
1986	140
1987	155

Source : See note 4)

The total figure for the three year period will exceed the projections of the 1979 Road Plan by approximately 10%. Also the level of investment in the years 1985-1987 as a percentage of GNP will be more than at any time in the last 25 years (i.e. .085%).

The government in its Road Plan states that it "will continue to ensure that the maximum possible financial assistance for road development is obtained from EC sources, including the European Regional Development Fund, the European Investment Bank, the Western Package and the Transport Fund".5)

(1) Regional Development Fund (ERDF)

Grants are available for projects creating employment in the industrial and services sector but also for improvements in infrastructure which help regional development.

As the table in Appendix IIa shows, from very modest sums in 1976 the funds from the ERDF rose to account for £30 M of the state's road improvement programme. That is a significant contribution by any standard.

(2) European Investment Bank

The EIB provides loans from its own resources and also from those of the New Community Instrument (NCI). Interest on these loans can be subsidised from ERDF resources. In the area of transport EIB loans in the majority of cases are provided for projects concerned with infrastructural improvement. The loans normally cannot account for more than 50% of project costs. Those loans that are part of the NCI are more flexible.

(3) Western Package

This is part of the agricultural aid programme of the EC. Part of the aid to Ireland is provided for the improvement of country-roads in rural areas. The sum for roads has not exceeded £0.8 M per annum. It is an important contribution though it has little effect on the national road system.

(4) Transport Infrastructure Fund

This fund is based on an EC Commission proposal to the Council (9/8/83) advocating a multi-annual transport programme for the years 1983-1987. To qualify for grants, projects must either eliminate "bottlenecks" or contribute to the improvement of traffic/trade between the Member States. The development of the Belfast/Dublin/Rosslare E.01 Euroroute is one of the projects being financed by the programme. For any one project there is a stipulation that funding from all Community sources should not exceed 70%.

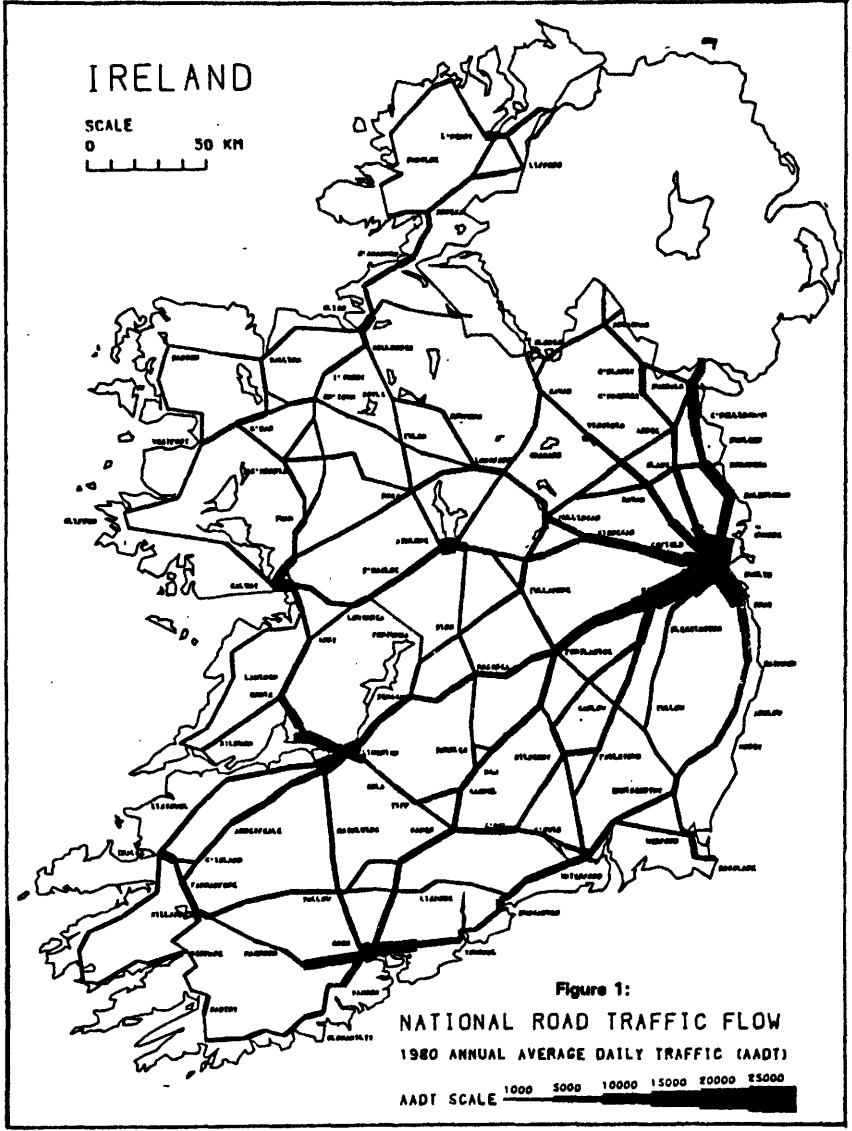
Public funding of road improvements could be supplemented by means of private funding. The only substantial contribution from private sources in recent years has been the East Link Toll Bridge in Dublin (£0.83 M). Another project at present under construction, Western Parkway Bridge, is also being financed from private funds. A recent study by An Foras Forbartha (The National Institute for Physical Planning and Construction Research) examined the financial viability of some type of "toll" arrangement in a sample of twelve typical major road schemes. Some projects could be operated as private toll schemes but all of the projects showed a net financial gain if some form of joint toll scheme was operated between public and private interests. The government in their 1985 road plan have set down some guidelines under which they are prepared to favour private road investment : - a) the road would be in the ownership of the local authority, b) the road should be designed to the Department of the Environment's standards and c) that private interests could collect the tolls only for a limited number of years. All the statutory provisions relating to the collection of tolls are contained in the Local Government (Toll Roads) Act 1979. The government in the 1985 Plan continue to maintain their prominence with regard to road investment when they state that private funds "will not be a

substitution for investment by the state and local authorities, but will instead be used to accelerate priority improvement projects covered by the indicative road development programme."6)

Private funding aside it is generally true that Government investment on road infrastructure, though substantially increased compared to previous years, is still well below the level necessary to create an efficient infrastructure for the whole country. The present policy towards road improvement tends to be of a "patch-work" nature concentrating on specific bottlenecks throughout the country. While it is very useful to invest in this kind of project it can cause as many problems as it had hoped to solve. The characteristics of the road are in many cases improved for only a short interval while new problems are created at the end of the improved section of road adding to driving difficulties. Ironically in many cases new "bottlenecks" are created in a number of situations when the object was to alleviate an older "bottleneck" problem. The government's commitment to increased road investment is to be commended but as argued in a later section it is only likely to solve some bottlenecks in the system rather than create an entirely reliable, efficient road infrastructure for the country that would be an impetus for economic growth.

2. ROAD FREIGHT

The road haulage industry in Ireland is governed by a licensing system which controls and regulates the transport of goods. The licensing system was established by means of the Road Transport Act 1933 but the system will be radically transformed when the Road Transport Bill 1985 becomes law. Prior to the 1933 Act it was possible for anyone to set up a road haulage firm. By the early 1930's with the rapid development of motor transport it was apparent that the railways could lose their dominant position in relation to the carriage of goods. Therefore the 1933 Act was an attempt to protect the railways by restricting possible competition from the road haulage industry. The Act confined the carriage of goods to



Source: B.P. Feeney (An Foras Forbartha)

those companies with a licence ("Merchandise Licence"). The licence stated the number and size of vehicles to be used, the type of goods to be carried and the area where one could operate. Various reports up until the 1970's supported the "railway protection" policy and many amendments were attached to the 1933 Act in order to offer further protection to the railways. The Act created the situation whereby it was tremendously difficult to enter the haulage business; almost all the existing road freight companies had already been operating when the Act was passed.

By the late 1960's it was recognized that the 1933 Act had failed in its objective in that the railways had steadily lost their percentage share of the freight market over the years. Even worse, illegal haulage was considerable and the carriage of freight on "own account" (i.e. a business having their own fleet of vans) had become the predominant means of freight transport to the detriment of rail and road carriers.

In 1964 and 1978 Road Freight Surveys market shares were estimated as follows :

Market Shares in Road Freight
1964 and 1978
in per cent of total ton-mileage

Year	Rail (CIE)	Licensed Road Haulage	Own Account Road Haulage
1964	6	11	83
1978	3	16	81

Source : Sean D. Barret op. cit p. 139

The 1971 and 1978 Road Transport Acts attempted to amend some of the restrictive provisions of the 1933 Act but to little effect. In order to solve the problems of the industry the Minister responsible in 1978 established the Transport Consultative Commission (T.C.C.) to report on "the manner and timing of a move from the present quantitative licensing system to a system of complete liberalisation, subject only to quality controls".7)

When the T.C.C. were reviewing the industry there were three types of road haulage licence. In order to obtain one of these, a haulier needed a "ROAD FREIGHT CERTIFICATE" which was given to those who could prove a) good repute, b) financial standing, and c) professional competence, although the number of licences given were very few as mentioned. Many of the new licences were granted under the above-mentioned provisions, contained in an EC Council Directive 74/561 on "Admission to the Occupation of Road Haulage Operator" which became effective on January 1st 1978. In its recommendations the T.C.C. in the issuing of licenses after liberalisation accepted the broad outlines of the EC provisions, but they continued to advocate a greater emphasis on safety in determining "good repute" and that more evidence of financial ability should be sought in relation to "financial standing". They also recommended that standards for proving professional competence should be increased.

In the 1970's there was a steady increase in the activities of licensed hauliers, not only in terms of goods carried but more importantly with regard to distances travelled. This is outlined in the following table :

PERCENTAGE INCREASE IN LICENSED HAULAGE ACTIVITY, 1970-1978

Item	Total Activity	Activity per Operator	Vehicle Performance
Miles Run	160 %	150 %	40 %
Tonnes Carried	80 %	70 %	----
Tonne / Miles	380 %	320 %	40 %

Source : See note 8)

The reasons for the increased activity were economic growth, the small attempts at liberalisation (1971 + 1978 Road Transport Acts) and the development of international haulage services. Against the background of growth, several studies of the industry in the 1970's pointed to the fact that the services provided were generally thought to be underdeveloped and not in line with users' requirements. This

of course is the "normal" result of any closed market policy. A 1975 National Prices Commission Report found a "Lack of professionalism" and a poor utilisation of vehicles in the industry. The T.C.C. advocated liberalisation as a means of creating the opportunity for the haulage industry to improve its services, which will in turn help the economy as a whole.

A major problem as regards liberalisation and the 1985 Bill is the possibility it offers "own account" operators to carry goods for a third party. The Road Haulage industry is generally opposed to this as they feel that it will introduce unfair competition, create instability in the freight market, and damage the price structure of the industry. On the other hand the T.C.C. concluded that the opportunities open to own account operators in this situation were limited and little damage, if any, would be done to the haulage industry. The National Economic and Social Council (NESC) in its report endorsed the policy stating that "it should be borne in mind that the fundamental objective of policy is to make the transportation of goods as cheap as possible. If own account operators are in the best position to do this, then they should not be restrained from doing so".⁹⁾ Thus, the T.C.C. recommended the abolition of the ban on leasing, renting or hiring of vehicles to third parties by own account operators, the ban is to be lifted in order that own account operators be allowed to carry goods for third parties. This provision is contained in the 1985 liberalisation bill which is still awaiting final enactment.

The T.C.C. reviewed the legislation dealing with road freight transport and found the level of observance of this legislation was very low. Also they found that attitudes within the industry displayed a lack of concern for observing the rule of law. The situation was not helped by the fact that these laws received little attention from the Garda Síochána (Police). There was also a lack of technical facilities necessary to check vehicles for road worthiness. Lastly, the government themselves cause problems as no one government department has overall responsibility in this matter. There is a general lack of coordination between the various enforcement agencies which is not good for the image of the industry as a whole. The T.C.C. recommended the establishment of a Government

Inter-Departmental Committee on Enforcement whose function would be the coordination of the activities of the various agencies. They also suggested that a number of roadside check teams should be set-up with the necessary equipment in order to raise the level of enforcement "on the road". Lastly, they felt that the level of penalties should be increased with the possibility of introducing on-the-spot fines. The present Minister for Communications thinks that these recommendations are too weak and is at present drawing up tougher measures which will be introduced at a later stage.

The general feeling is that the liberalisation of road freight transport will not bring a new wave of entrants into the industry whether from existing "own account" operators or new haulage firms. Therefore the T.C.C. recommended a short time-span for the introduction of full liberalisation. There would be two phases to this process :

- (1) A rearrangement of existing hauliers' licences so that everyone would have a similar "standard" licence.
- (2) Making haulage licences available to all suitably qualified operators.

The T.C.C. felt that two years would be ample time in which to carry out this process of liberalisation. The present government when introducing the 1985 Act accepted this proposal. Indeed because of the delay in producing the legislation after the T.C.C. report the Freight Industry have been given even more time to prepare for full liberalisation.

On 15th May 1985, the Minister for Communications introduced the Road Transport Bill 1985 in the Senate (Upper House). The Bill will place all existing holders of road haulage licences on an equal footing by means of a new standardised licence. Two years after the new licensing system is in operation, any person or firm operating principally in Ireland would be able to obtain a licence subject to meeting EC requirements. The Bill provides for an increase in penalties for serious offences - the new fine being £5,000 compared to the previous £500. It is difficult at this stage to predict the

outcome but, with transport now accounting for approximately 12% of manufacturing costs, a liberal road freight market will be more efficient and cost effective, thereby supporting industry in competing at home and abroad. Overall therefore, it should make a significant contribution to the economy as a whole and help to overcome the current deficiencies in the transport sector.

3. BUSES

Corás Iompair Eireann (CIE), is the main authority for the provision of public transport within Ireland, having been established in January 1945 after the amalgamation of the Great Southern Railways Company and the Dublin United Transport Company. CIE have interpreted their function as being "to provide comprehensive transport services for passengers particularly for commuters in urban areas."¹⁰

(1) Urban Transport

With regard to urban transport there is probably no major city in the world that does not have problems in deciding how best to organise its transport system. The Irish experience is similar and, while a number of provincial towns have problems, none of them approach the problems that exist with the Dublin transport system. At present the responsibilities for the system are divided between Dublin Corporation, which is responsible for the maintenance of the road system, and CIE, which is responsible for operating public transport, i.e. buses and the suburban railway system. Both organisations rely to a large extent on government funds to carry out their various functions.

In 1980, in establishing the T.C.C., the government asked it first to review Dublin's transport system. Many road improvement works specifically geared to alleviating traffic congestion problems in Dublin are included in the government's 1985 Road Plan. It is essential that Dublin has a road network that diverts "through-traffic" from the city centre while providing easy access to port and industrial facilities. The government believe that their plan will go some way to creating that situation in Dublin.

Turning to the question of bus services, Dublin City Services (DCS) prior to 1970 was a profit-making division of CIE but since then it has consistently lost money. The deficit in 1984 was £17.7 M compared to £26.5 M in 1982 so there are small signs of improvement. As with the railways the state assistance for the deficit is paid in accordance with EC regulations governing state aid to transport undertakings. (See appendix I Ib).

Bus passengers have been declining in recent years and there is little doubt that the public have lost confidence in DCS. Most important is the decline in the number of peak hour passengers travelling by bus. It is of course, at peak hours where traffic congestion is at its worst, that the need for an efficient bus service to relieve traffic congestion is greatest. Most cities have experienced increased traffic congestion after an increase in car ownership. The same is true of Dublin but where it differs is in the scale of the problems and the apparent unwillingness or inability to solve them. The major criticisms of DCS are that they are "slow and irregular" as well as being "unreliable and of poor quality". The first criticism is mainly due to traffic congestion and bad roads which are out of CIE's control. The latter criticism is CIE's preserve and it relates to the frequency of industrial disputes or maintenance problems which halt the whole bus service too frequently. The T.C.C. recommended that bus priority and associated traffic management measures be introduced in the Dublin area. Also they advocated a new policy on parking in Dublin in order to reduce the number of "all day parkers" in the city centre. Similar measures were recommended in the McKinsey Report on CIE. Some of these measures have been introduced by Dublin Corporation with some success, yet the public image of DCS has not improved. A major new advertising campaign is envisaged for DCS in 1986 with the Dublin bus service being renamed "Metrobus".

The Mc Kinsey Report felt that there were possibilities for CIE management to make operational improvements. A major improvement would be the introduction of one-man buses. Since

1967 there have been on-going negotiations between management and unions regarding their introduction and agreement was reached only recently. Another factor contributing to DCS inefficiency was the ageing bus fleet they operated, though there is improvement in this area after the introduction of a new bus fleet a few years ago. Also CIE are at present introducing more single decker buses into the fleet to be used as "one-man buses". There has been some improvement with regard to industrial relations in the company but it is still a hindrance, e.g. in 1984 over 2,700 meetings took place between management and trade unions or third parties like the Labour Court.

One of the major recommendations of the T.C.C. report was the establishment of a Dublin Transportation Authority (DTA).

The Authority would have overall responsibility for the implementation of transport policy in Dublin as a whole. Only when Dublin's transport problems are looked at in "toto", i.e. roads, traffic management, public transport, will there be any chance of solving them. The Authority will initially produce a 5-year plan covering all aspects of transport in Dublin which will be updated annually. The government will provide the Authority with a budget which it will be responsible for spending as well as monitoring. The government are committed to establishing such an Authority but it is at present still in the process of preparing the legislation. DCS have many operating problems and the DTA is the great hope for better bus services.

(2) Rural Bus Services

Another part of CIE's operations is the Provincial Road Passenger services (PRPS) which provides bus services for the rest of the country. They operate services in the major provincial cities, long-distance "Expressway" services between major towns and services to remote rural areas. In 1984 the PRPS had a deficit of £3.75 M which is an improvement on previous years. For some time the PRPS was able to offset losses on rural services by the profits it made on the

"Expressway" routes but now both services are run at a loss. This situation is not unusual. Rural bus services are seldom profitable because of the length of routes and the small, intermittent demand. The problem has been exacerbated in Ireland recently because of the growth in car ownership and increased agricultural incomes. The problem facing CIE regarding rural bus services is the best way in which to achieve a proper balance between containing a deficit and meeting social needs.

Mc Kinsey, NESC and others have advised the government to encourage the greater use of private operators as a way of improving the rural services. The main argument against private operators is that they would "cream off" the best of CIE's routes thereby leaving CIE with nothing but loss-making services. This risk could be avoided if competitive bidding for individual route licences was permitted and if the licence was revoked every five years permitting further bidding for the licence. Another idea, successful in the Netherlands would be regional licences. In CIE's 1984 Report the Chairman mentions the case of private operators providing cheap weekend rates between Dublin and various provincial towns. His view is "that however efficiently and cheaply some may seem to be able to operate on some routes, it is not possible for any operator to provide scheduled services on the geographical scale required of CIE."¹¹) There is some truth in his statement yet consumers think otherwise and will take the cheaper service even if comfort and safety standards are lower. This is an issue that the government have failed to face up to, thus in the future it will be imperative that they have a coherent policy rather than their present policy of passing the "buck" to CIE which vehemently defends its dominant role in the operation of rural bus services. A better more efficient rural bus service could be provided by a combination between CIE and private operators, with CIE still being the major operator.

(3) Coach Tours

Coach/bus transportation in Ireland is provided by both CIE and private operators. As mentioned previously CIE have a virtual monopoly on any bus or express bus service within the country. Therefore it is only in the provision of coaches/buses for tourists or domestic private hire that the private sector has the larger share of the market. In 1984 there were over 4,000 public service licences held by private operators for use with vehicles from minibus size upwards. The private coach business employs 6,000 people full-time with a further 4,000 part-time employees. Because of various government Acts since 1933 the situation is that all operating private coaches are restricted to private hire only. The size of the private coach market has risen dramatically in the last 10 years despite competition from a heavily subsidised state company (CIE).

Entry to the private coach business is open to anyone who obtains a Road Passenger Certificate from the Dept. of Communications. Certificates are issued to applicants who fulfil the following three conditions : a) be professionally competent b) be of good repute and c) be of good financial standing.

The growth of the private coach business was helped by the Dept. of Education Free Transport scheme which deals with the transportation of children to school especially in rural areas. At present approximately 40% of Irish school children travel to and from school on privately owned coaches. But the real areas of competition with CIE are : a) the transportation of passengers to and from Dublin especially at weekends by means of a "travel club" arrangement, whereby the passenger joins a "club" in order to travel in a privately operated bus b) Tours of Ireland - the private sector competes with CIE and overseas based operators for a share of this market. Those private operators registered with Bord Fáilte (Irish Tourist Board) have a total of 180 coaches compared to CIE's 31.

With regard to the second point a characteristic of the sector in recent years has been the decline in the share of the tourism traffic being serviced by Irish companies. British operators are taking a larger share of the market each year as their prices are very competitive and also the quality of the buses used is better than the typical Irish operator. In the recent Tourism White Paper the government stated that they "will consider any action which might promote an increasing Irish participation in all niches of the coach tourism market" (p.41). The government therefore are not committing themselves to any specific action and are neglecting a transport sector which could be so beneficial to Ireland's tourism trade. The Irish coach industry operates in an environment of high excise duties, VAT and tax on fuel. Therefore unless the tax structure changes there is little prospect of Irish operators competing on an equal footing with foreign competition. It is a pity that the government should show such neglect when various parts of the country (e.g. Connemara, Ring of Kerry) are ideal for "spectacular scenery" type coach-tours despite the fact that the roads themselves are narrow and winding.

4. PRIVATE MOTORCARS

Private car ownership in Ireland is amongst the lowest in the EC. The figure for cars per 1,000 inhabitants in eight EC countries varied in 1982 between 391 (Germany) and 266 (Denmark) ; it was 205 in Ireland ; only Greece showed a very much lower figure : 102. (Spain's figures are a little higher than Ireland's, Portugal's a little bit higher than Greece's). But Irish figures have been rising very fast during the last few years and nearly doubled between 1970 and 1981. Though the upward trend was broken in 1982 it recovered in 1983 and it is not impossible that there could be over a million private cars in Ireland in the nineties. (Recent forecasts from An Foras Forbatha estimate that the number of cars will double from now to the year 2000.)

The real number of cars will depend on welfare trends and costs. Saturation is not in view. Ireland is still in the middle of the automobile wave and the saturation point is certainly more than 1 million cars.

In other words, although Ireland's figures are amongst the lowest at the moment, it offers higher development potential for the car industry, than other countries.

Rail and bus passenger services will come under still more pressure in the future but the main conclusion to be drawn is that the extension of the transport infrastructure will have to be well-planned in order to avoid a serious bottleneck in development prospects.

5. RAILWAYS

Irish railways have been losing money for many years. In 1970 a deficit of £4 M was seen as unacceptable, yet by 1984 it had reached the figure of £90 M. Railway management made substantial efforts throughout the 1970's to reduce the deficit by increasing volume of traffic and efficiency but to no avail. Ireland combines one of the highest mileage of railways per million inhabitants in the EC with one of the lowest densities of network per square-kilometre and therefore low usage of the infrastructure : the fate of countries with low population density.

These factors combined are a major obstacle to any management plans attempting to improve the situation of the railways. After two major reports on the railways in the 1970's the government is continuing to pay for losses in line with various EC regulations. (Appendix IIb). Under EC law it is not possible to pay for public transport deficits over and above those stipulated in the regulations. However as different Member States interpret the law differently there has never been any problem with providing extra funds to cover CIE's losses. It is staggering therefore to note that, as the government states in its National Plan, "the Exchequer at present spends more to cover CIE's deficit than it does on road building".12)

There are many factors which militate against the railways being operated at a "break-even" level.

- (1) The size and distribution of Ireland's population is a hindrance to the development of high passenger volumes. The absence of common borders with other densely populated areas removes the potential for high-speed rail links between major urban centres as is the case in Europe. Although road travel is slow, because of the absence of motorways, a 55 mph speed limit (about 88 kmh) and the low standard of the road network, rail travel is no faster. Therefore since road and rail journey times are broadly similar, most of the recent increase in passenger travel has gone to the road system.

In Ireland a frequent argument is that the railways are needed to provide transport facilities for those without a car. The Mc Kinsey report undertook a survey of rail passengers in 1980 in which 60% stated that they travelled by train for "leisure" purposes. Since less than half of those travelling by rail do so out of necessity a cheaper and more efficient transport service could be provided by buses.

- (2) In May 1979, the government decided on the electrification of the existing suburban railway in Dublin, from Bray to Howth. In July 1984 the Dublin Area Rapid Transit (DART) was inaugurated with the assistance of an EIB loan of £36 M. In its first year of operation the DART system averaged 40,000 passengers per day. In order to cover operating costs the service will require 80,000 passengers per day and CIE anticipates that this figure will be reached by 1988, especially after a feeder bus service is introduced. The present Minister of Communications has said that the cost of DART was "one of those decisions which is now very hard to justify" 13). Receipts in 1984 came to a mere £2.7 M while the service made a loss of £8 M, thus it has quite a way to go before it will "break-even".

CIE's 1984 Report clearly states that the railways including DART "continue to be the major drain on the company's resources" 14).

- (3) Ireland has few of the products, e.g. coal and steel, which are best suited to rail transport. Those products it does have are not available in large quantities and also need to be transported over relatively short distances. The railway freight market is comparatively small and generally uncompetitive in relation to road haulage.

The major problem for Irish railways is the difficulty of justifying such heavy investment in a loss-making business. To put the problem in perspective as the CIE 1984 Report states : "there is no railway in Europe operating at a profit as measured in normal accounting terms" 15). The question vis-à-vis CIE, however, concerns the social benefits which are being paid for by successive governments - this being the major justification European railways give for running at a loss.

Some economists believe that a rail service is a stimulus to economic growth, especially in under-developed areas like the West of Ireland. That may be partially true, but industrialists whom the IDA tries to attract to those areas place a higher priority on good road access, especially to Dublin and the ports, than on a subsidised rail network.

- (4) A most important factor is the role the railways play as an employer - the railways employ approximately 7,500, and there are others whose employment depends on supplying goods and services to the railways. This is an important consideration for any government which might decide to close large sections of the railways, although the alternative bus and road freight services could absorb many of those formerly employed by the railways.

Mc Kinsey alluded to the fact that government involvement with the railways was very limited : "Government prescribes the railways in only the most general terms ; in the absence of specific policy directives or financial guidelines, railway management has largely been left to 'get on with the job'"16).

Therefore, Mc Kinsey put forward some measures by which this situation could be improved but they have yet to receive a government response. Looking at the long-term prospects for the government and the railways Mc Kinsey produced four possibilities :

- a) increasing railway volume through investment
- b) maintaining the railways at 1980 levels while introducing some minor changes
- c) reduce the railways to a network between Belfast, Dublin, Cork and Limerick
- d) close the railways over a number of years

The present government has opted for the second choice since, in its plan for government, it clearly states that the railways will be maintained, but "a package of retrenchment measures will be implemented on the passenger rail side and there will be no new substantial investment in railways" 17).

A major change in CIE's accounts this year sees payments covering infrastructure and "social service obligations" treated as revenue in line with EC regulations. Even though there is a new format the problem remains that the cost of the Irish railway system is increasing faster than revenues. There is no analysis of what "social benefits" are provided by the railways. Ten years ago the national Prices Commission proposed that individual transport services which are loss-making should be independently evaluated to see if the subsidisation is justified. The government has decided that paying vast sums of money to maintain the railways is justified. Whether everyone else agrees with this policy is another question.

(5) Since CIE in operating a public bus and railway service loses large sums of public funds (£112 M in 1984) it is not surprising that it has become a perennial target for accusations of inefficiency and waste. Whether CIE is less efficient than other companies is questionable. The fact is that the size of its losses have assumed major importance. Management and staff are blamed despite their many efforts to improve the situation. It was the view of Mc Kinsey that even with these changes "CIE as it is now constituted is no longer appropriate to the needs of transport in Ireland in the 1980's" 18). Therefore they recommended that CIE be disbanded and reconstituted as three separate public transport companies with their own management boards. Thus there would be :

- a national railway company
- a Dublin bus company
- a national bus company

In this new CIE structure DART would be part of the Rail Service Company, but the new Dublin Transport Authority would be able to maintain an "overseeing" function.

The original aim of transport legislation in Ireland was to strengthen public transport against the threat from increased private car ownership, and the railways were regarded as the backbone of the system. In reality and in spite of protection measures, CIE was never able to dominate the transport sector in the way it was intended originally to do. The transport system is therefore in many ways a double-edged sword for those who use it : through protective measures in favour of the railways, road transport is more expensive and inefficient, while at the same time, even though they have had such protection, the railways have been unable to assert the role of being the primary means of transport in the country, which was the original intention of the legislators. Therefore, with the Mc Kinsey Report in mind, the government in 1984 decided to transform CIE into a holding company with three operating subsidiaries dealing with the railways, Dublin City Buses, and provincial buses. Each subsidiary will be completely autonomous except in the areas of finance and

competition. With a clean balance-sheet each subsidiary is offered the opportunity to make clear, specific goals which will replace the present broad generalities of CIE policy. The new structure in CIE becomes operative from January 1st 1986 and it will be interesting to see whether this change will be a new beginning for CIE, a chance for it to tackle many of the problems of recent years.

6. CIVIL AVIATION

Aer Lingus, established in 1936 as a limited liability company operates the main civil aviation services from Ireland's principal airports at Dublin, Cork and Shannon, to destinations in the UK, Europe and the USA. Aer Lingus is also the main provider of internal services, operating a limited number of flights between Dublin and Cork/Shannon. A number of other smaller companies, e.g. Aer Arann, provide small scale internal air services.

Clearly one reason why internal civil aviation has not developed rapidly in Ireland is the relatively short distances between main centres. Dublin to Cork is only 160 miles and Dublin to Shannon is only 122 miles. However, the potential for developing small scale air services between Dublin and the principal centres in the West of Ireland is growing with rising levels of economic activity. Indeed the Mc Kinsey Report notes that the government in the 1980's would be confronted with a new transport issue : "the extent to which inland air transport may be viewed as a substitute for surface transport in the future".¹⁹ (Mc Kinsey P.C-5). Domestic air services, particularly over the short routes that would apply in Ireland, are likely to attract two categories of passengers.

These are, firstly, passengers who wish to travel to Dublin to obtain onward flights. The second category would be businessmen attending meetings, conferences, etc. in Dublin. There is no doubt that the provision of internal flights facilitating connections to other parts of UK/Europe could prove to be a major attraction in helping to encourage industrialists to locate factories in the West of Ireland. In September 1985 the government in a Tourism White Paper stated that the Minister of Communications "will authorise the development of

'feeder' air services from Dublin, Cork and Shannon airports to Ireland's regional airports" 20) in an effort to promote tourism. Many would be against the government directly subsidising internal air services but it is encouraging to see the positive attitude the present government has in relation to this form of transport especially when it could be so beneficial to regional development and tourism.

The other important issue in relation to air transport is the regulation of fares and freight rates. The government introduced a bill in 1984 which sought to limit the number of discounted fares/freight rates. It was unusual in the sense that it introduced tighter controls on competition at a time when a more liberal approach is being examined at the EC level. In the debate on the subject in the Dail, an independent member, Desmond O'Malley, pointed to the fact that early in 1984 Dan-Air proposed to introduce a return fare between Dublin and London of UK £80. Negotiations began between Aer Lingus and Dan-Air but after two months the idea was dropped because Aer Lingus threatened that if the proposed fare went ahead, Dan-Air would be refused ground-handling facilities at Irish airports. This is one of many incidents which point to the fact that Aer Lingus, the national carrier, is very reluctant to do business in any kind of competitive market. The Joint Committee on Small Businesses in a recent report on Tourism pointed out that many feel that Aer Lingus is hostile to any scheduled competition from Europe into Ireland and is felt to have a "special relationship" with the Department of Communications in order to maintain its present "cartel-like" position. Aer Lingus in testimony disputed this claim and pointed to the fact that it had a very competitive range of APEX fares. On the other hand, Desmond O'Malley, in the Dail, compared prices between London/Dublin and London/Amsterdam agreeing that the low Aer Lingus APEX fare to London was cheaper.

"But my goodness there are restrictions on the Dublin fare, while the only restriction on the Dutch ticket is that you have to buy the day before. The APEX fare only operates in winter, it only goes out on a Saturday and it only comes home on a Sunday". 21)

(Irish Times. Dail Report. 2nd May 1985)

US-style deregulation would never be successful in Europe because its air transport system is so different consisting largely of State-owned airlines. Aer Lingus, in reaction to proposals in the EC for a more competitive airline market, refers to the obligation imposed on the company to operate commercially and at the same time maintain an extensive network on a year round basis. On the other hand a more competitive air transport system would increase efficiency and would be to the benefit of trade, industry, tourism and business travel in Ireland. The difficulty in relation to more competitiveness in air transport in Europe lies in the attitude of many Member States who are reluctant to change the traditional preferential treatment they give to their national flag carrier. The Irish government has yet to clearly state its views on this subject but the restrictive nature of the 1984 Transport Bill does not portray an enlightened approach on its part to more competitiveness in the area of air transport.

In conclusion, it must be asked whether air transport contributes as much to the economic growth of the country as it could.

7. SEA TRANSPORT

Ireland is geographically worse off than most other peripheral regions since it is not only peripheral but also insular, which means that all dealings with other countries (except of course Northern Ireland) have to bear at least twice the amount of port-handling costs. While sea transport per mile is generally cheaper than by land it is port-handling costs which put insular countries at a disadvantage. Therefore port operations are very important for the economic growth of the country.

(1) Ports

In 1983 Irish ports handled 80% of international trade by volume and 70% by value. (The remaining 20% and 30% are accounted for by air transport and Northern Ireland road and rail transport.) They also have another important function in that for example in 1983 they handled more than 50% of the cross-channel tourist traffic to Ireland (the other 50% was air travel). Ireland is an open economy with a very high

dependence on international trade for economic growth and job creation. Exports now account for 60% of industrial output and this proportion is increasing. Likewise imports are increasing because many export industries, especially those in the new technology sectors, buy components and raw materials from suppliers abroad (e.g. about 60% of exports have an import content). These few figures stress that an effective port infrastructure is very important for Ireland in order to enable shipping to continue making its optimum contribution to the national economy.

In most countries ports are regarded as part of the national infrastructure even though in many cases they are operated as commercial enterprises.

In Ireland, investment in port facilities has in the past generally been unplanned and uncoordinated. Decisions are often taken with local political issues in mind and seldom have any commercial or economic basis. The Central Statistics Office analysis of trade by ports in 1983 shows that 5 major ports handled 63% of Ireland's trade by value. (Figures for 1984: see appendix III a.). The present government has been asked by many interested parties, e.g. the Confederation of Irish Industries, to draw up a co-ordinated policy for the development of Irish ports. The hope is that the plan would increase investment, especially on the major ports, include access transport, encourage the development of port-related industries, and, as a "package", have a better chance of obtaining financial assistance from the European Community. A new planned strategy for port investment as well as a competitive environment within the ports system could do much to solve many of the current weaknesses in port development.

(2) Shipping

The present situation of Irish commercial shipping is not good, with the government facing the prospect of paying almost £200 M in debts after it decided to disband Ireland's merchant fleet and its company "Irish Shipping" in November 1984. The

Oireachtas Joint Committee on State-Sponsored Bodies in a recent report projected the cost to the state of the disbandment of Irish shipping would be upwards of £57 M. The only remnant of the Irish Shipping fleet, the "Irish Spruce", is stranded in Marseilles at present and could cost the government £50 M after a litany of legal complications. The whole Irish shipping incident has become a "hot" political issue for the present government especially since the Irish shipping staff are still waiting for their redundancy/holiday pay. The Minister of Communications has been desperately trying to find a way of re-establishing a merchant marine with the aid of private venture capital but he has had little success so far.

Another loss-maker for the government in the area of shipping is the B and I line, which was purchased by the government in 1965. The Company (British and Irish Steam Packet Company) was originally founded in 1836. The company is one of the main carriers of passengers and freight on the Irish Sea, while also providing 3 car ferry services to Britain and a range of freight services, e.g. roll on/roll off, European containers, Ro/Ro trailer service. In 1983 the company made an overall loss of £10.3 M and with that in mind the government appointed a group of consultants in May 1985 to look into ways of improving the financial situation at B and I. In October 1985, in consultation with management, a plan was produced which would involve the loss of 525 jobs, the dropping of the Rosslare - Pembroke car ferry, and the ending of car ferry services from Dublin port. In order to get the "rationalisation" plans implemented the management will be seeking £43 M of government funds. By sharing the car ferry profits 50/50 with Sealink, B and I are proposing a solution not unlike what Aer Lingus does with British Airways on the Dublin - London air route. Both companies will be happy with the profits, but the consumer, on the other hand, will not be happy with the exorbitant prices he/she will have to pay, and the solution will not improve the view substantiated in Bord Fáilte surveys that Ireland is considered a high cost destination area.

After some very tough negotiations between the management and unions of B and I in January 1986, the Rationalisation Plan was accepted. In conjunction with this the Government decided to provide the company with an additional 40 million Irish Pound this year in order to implement this plan.

As is evident from the above, Ireland is heavily affected by the present world shipping crisis. In spite of this the policy of complete freedom of shipping will be continued.

A positive element is the development of Irish Continental Lines, a car ferry service from Cork and Rosslare to Le Havre and Cherbourg, which is in some ways a logical follow-up to the fact that EC membership led to a significant increase in trade with the continent.

III. ANALYSIS OF THE PROBLEM

Transport can be seen as an element of the services sector, being a link between producers and consumers, while at the same time it can be seen as an element of the industrial sector, since it creates the possibilities for increased demand. Both aspects of transport are important to any economic area but especially to peripheral areas like Ireland whose economic potential is generally lower than central regions in Europe. While a modern and efficient transport system, as already mentioned, does not in itself guarantee that peripheral regions will be economically developed, there is little argument about it being one of the factors which make it possible for such development to occur.

The importance of the transport sector can be seen from the fact that it represents 7% of GNP in the Community - i.e. 2% more than agriculture. It provides jobs for between 5.4% and 7.3% of the working population in the Community and accounts for vast amounts of public and private investment in all of the Member States. The average European spends about one-seventh of his or her family income directly on transport. Therefore, in looking at the problem of transport in Ireland, one is looking at an economic sector that impinges on the population as a whole. Likewise it is of great interest that a Common Transport Policy

will enable the daily lives of almost everyone in Europe to be improved and thereby fulfil the aspirations of those who established the Community in the first place.

According to the Second Periodic Report on "the Regions of Europe" by the Commission, peripheral areas like Ireland are characterized by a high share of agricultural employment. This explains to a large extent the low level of GDP per head to be found in most peripheral areas. The concept of "central" and "peripheral" status is therefore used in many Community publications to portray the different economic performance of countries like Ireland compared with richer member states. This concept could be used to describe the economic situation within Ireland, Dublin having one-third of the population and a sizeable industrial base compared to the rest of the country (periphery), which is predominantly agricultural and has a low industrial base. Despite this, from the previous general survey of the transport sector in Ireland it can be said that in the area of transport there can be little doubt that the whole of the country is at a disadvantage when compared to other Member States. Many peripheral regions have a tendency to be almost exclusively linked to their national centres and that is true of Ireland to some extent. But Dublin's transport problems are as acute as those of the rest of the country. Therefore, the deficiencies in the transport sector in Ireland militate against it developing economically on a par with its Community partners.

In its survey of transport problems in the peripheral regions, the Cardia Report of the E.P. (doc. 1-755/83) noted that the handicaps in transport services to and from these regions were longer journey times and higher costs. Allied to those were the problems of a lower frequency of service, and the necessity to make a number of breaks of journey or changes from one means of transport to another. The Commission has calculated that the average access time by road from Ireland to mainland Europe is a staggering 29.8 hours, which puts the country at a great disadvantage especially in the area of trade. Higher transport costs because of longer journeys not only affect the traveller, they also affect imports of raw materials for local industries and exports of manufactured goods. This is a very serious problem for Ireland with so much of its industry being export - orientated, especially the many new

factories established in the "designated" areas in the country as part of the government's Regional Policy. According to surveys the added cost of transport in Ireland for goods is in the region of 10-12 %.

A frequent complaint regarding transport in peripheral regions is the lack of a well-developed road-transport infrastructure. There is usually a dearth of direct routes; low road capacity and the road surface can often be in a very bad condition. Besides increasing delivery times a bad road infrastructure also causes damage to vehicles which depreciate in a shorter space of time. Many of these problems can be seen in relation to the road infrastructure in Ireland, although it is only in recent times that any "real" action has been taken to improve the situation. In general the central Community countries have built rather dense railway networks during the last century's industrial revolution and until about 1920, while the peripheral regions tend to be more exclusively dependent on a well-developed road network. In Ireland government policy was very much orientated towards helping the railways establish themselves as the major means of transport in the country, especially for freight. The policy was never a viable one and the railways could not make up for their previously poor development. While the railways in Ireland received substantial government backing, in other countries they were suffering from reductions in traffic volumes, networks and importance. To make matters worse, even today there has been no major shift in Government policy vis-à-vis the railways. Instead, the government through sheer force of circumstance has had to invest substantially in road infrastructure, although it is still less than it pays to cover CIE's deficit.

In the introduction to the Commission's Second Report on the Regions, the former Commissioner responsible for Regional Policy stated that :

"good infrastructure endowment is seen to be a necessary condition if a region is to achieve a high level of development and economic performance. There can be no let-up in the effort to increase the availability and efficiency of essential infrastructure in struggling regions". 22)

It is not surprising therefore to note that so far three quarters of ERDF expenditure has been devoted to finance road infrastructure projects or similar "public works" ventures. With the accession of Spain

and Portugal to the Community on January 1st 1986 regional disparities will be even greater, and the inadequate road infrastructure in Ireland needing EC support will be competing with a greater number of member States seeking similar funds. It will be a hard but unavoidable task for the EC to assist the newcomers without lessening the support for the old members.

The Confederation of Irish Industries in a recent report, "Irish Road Statistics 1985", pointed to the fact that the government invests only a small percentage of what it receives from motorists as taxes for the improvement of the road infrastructure. Motoring taxes, including VAT on petrol and road taxes, have risen dramatically from £236.2 M in 1976 to £783.1 M in 1983. Despite receiving these substantial sums the government has refused to invest more than a quarter of this in road improvement. This is bad economic policy when one notes that, as stated above, 96% of all passenger travel and 90% of all freight travel in Ireland is by road. As the report states : "there is a strong case for increased investment over and above the level set out in 'Building on reality'."²³) In Ireland, an opportunity was lost many years ago to build a motorway system serving all the provincial centres. Successive governments were reluctant to take a decision like that of the Eishenhower Administration in the US, which decided in 1958 to build an "Interstate System" to serve the whole country. Despite this, Ireland could make up for the time lost by investing heavily on roads in the next few years. It would be difficult for any government, especially with the state of the economy in Ireland at present, to justify the massive investment that would be necessary to put the road system in the country on a par with other Member States. Yet the decision should be looked at more in terms of long term planning rather than a decision which could have short term political repercussions. Initially it would provide some very necessary employment, but, more importantly, when the scheme would be completed the country would be even more competitive in external trading, which is so important to an open economy like Ireland. Long term economic planning has never been very fashionable in Ireland but if the country is serious about true European Union, in particular about a Community with a Common Transport Policy and if it wants to draw the maximum advantages from its membership of the EC, it is imperative that the basic infrastructure in the country be improved so that it will

be possible for Ireland to compete with those Member States with better infrastructure endowment. One could say that a better, more efficient road infrastructure is paramount for Ireland's future economic growth.

In the European context there can be little doubt that the promotion of better transport infrastructure will be a very important part of whatever Common Transport Policy is decided upon by the various Member States. As mentioned previously, the Council decided in 1983 on establishing a multi-annual transport infrastructure programme for the years 1983-1987. The Commission in their memorandum on inland transport state that action in this area "does no more than supplement national infrastructure planning by adding a Community dimension where appropriate." 24) The Parliament in a number of reports on this and related subjects is against the infrastructure policy of the CTP simply becoming a coordination of national programmes. Instead it would prefer a more daring approach which would consist of major Community-orientated infrastructure projects, e.g. a Channel link while at the same time assisting in the elimination of bottlenecks and gaps in and between existing national networks. Ireland has a very strong case for obtaining funds from an enlarged infrastructure budget as increased road investment in Ireland would boost inter-Community trade, help to bridge the gap between peripheral and central regions and thereby ultimately assist in the further economic development of Ireland. The important point though is that the government could strengthen its case in obtaining substantially greater funds if it shows a willingness to improve the road system on a substantial scale.

As was noted in the first section of this paper, liberal moves for example in the road freight sector have been slow to materialise and have not been very popular. Likewise, Aer Lingus has had a tendency to come to "arrangements" with other airlines rather than face even limited competition and in many ways it has been helped by having the tacit support of the government. As in Europe, Ireland's transport budget is weighed down by the financing of a huge railway deficit and the present government have decided that the social repercussions would be too great to contemplate any type of reduction in railway operations. The Commission in their memorandum on inland transport state that the EC should try "to contribute to the establishment of conditions conducive to reducing the financial burdens of the railways while in turn allowing

road and inland waterways to develop in accordance with their proper economic dynamics." 25). In reality, however, the responsibility lies with Member States and in Ireland's case, after numerous consultants' reports, there has been no improvement. The new structure of CIE may help, but ultimately the government cannot continue to plough vast sums of money into the railways with no hope of any return while under-investing in roads despite the fact that vehicle numbers are forecast to double by the year 2,000. No-one denies the difficulty of the task before CIE and the government but there seems little doubt that the extent of the public service obligations of CIE will have to be reduced in the future. In some areas services could be continued but operated by private interests. In the European context, a balance between liberalization and co-ordination, between the railways and road/inland waterway transport is necessary. Likewise in Ireland a balance must be struck between the commercial and public utility aspects of state sponsored transport services whether they be CIE, Aer Lingus or B and I. This leads to the conclusion that whether one is talking about roads, public transport, railways or civil aviation, the state has so far been unable to formulate a consistent, stable, coherent and forward-looking transport policy.

There are many problems in individual sectors but the non-existence of a national transport policy has meant that the transport industry lacks overall co-ordination and a sense of direction. For a member state to negotiate with its partners on a CTP without having any semblance of a national policy of its own seems a real disadvantage but that is the case with Ireland. To make matters worse, there are presently always two cabinet ministers involved in the negotiations. In view of the importance of transport in the Irish economy, there seems to be little doubt that a single Department for the whole transport area would facilitate the co-ordination of national policy in this area, which will assume even greater importance after the implementation of a CTP in the Community. The Court of Justice judgement of 22nd May 1985 brought by the European Parliament against the Council of Ministers has given new impetus to the whole question of a CTP in the EC. As for Ireland, research on the facts and the problem of transport in the Irish economy has been completed many times, so decision on action is what is now needed. It would be folly to advocate rash action but no action in the area of transport in Ireland in the next year or so is an even worse

prospect. As one of the nations in the EC for which an increase in external trade is vital for continued economic growth, the necessity for action in the transport sector is paramount.

IV. REMARKS CONCERNING THE "GREEN PAPER" OF NOVEMBER 1985

The Irish Government has recently produced a Green Paper on transport Policy 26), and it might be appropriate to look at the contribution it has given to the whole debate about the role of transport in the Irish economy. The Green Paper is looked upon as a discussion document, which the Minister for Communications hopes will stimulate debate, after which the government will produce a White Paper in the latter part of 1986 setting out its priorities with regard to transport. As an attempt to produce discussion on this important subject it is to be commended, although in many ways it tends to be a review of the most recent individual transport sector reports rather than being an attempt at providing likely solutions to the problems, for example on the railways. The most important omission is that there is no attempt made to link roads into a comprehensive national transport policy. It seems absurd to look at the problems of CIE's road or railway services without even mentioning how the road system interacts with these services. The paper states that the government's policy with regard to roads has been clearly set out in the Roads Plan (Jan.1985). Yet, that report fails to mention anything about those transport sectors, road freight, CIE etc. which depend on an efficient road system to provide cost-effective services. This omission in the Green Paper reflects the dichotomy of transport policy within the Irish governmental system - a dichotomy which is a hindrance to any true National Transport Policy. The Road Plan 1985 states that, in order to co-ordinate all aspects of inland transport, an Inter-Departmental Committee has been established to undertake that task. By doing that the government has avoided providing the public at large with any idea of its policy in this area ; thus, the policy is hidden behind the secrecy of civil service bureaucracy. It is hoped that, before completing the White Paper, the government will decide to insert a chapter on the inter-action of the road system and other transport sectors, and also to inform the public about the kind of work the Inter-Departmental Committee has been doing.

With regard to the difficult issue of the railways the most important statement has been that, by virtue of investment decisions, "the Government has in effect decided to retain the railways in the medium term" (p.15). The Minister states that the breathing space this provides allows time to consider whether to retain the railways in the longer term or whether to eventually close them down. Only a tenth of the population uses the railways frequently while customer revenue meets only 42% of costs. Allied to this, the railways account for two-thirds of the overall CIE deficit. There is little doubt that any government (including the present one) is reluctant to axe 6,800 jobs all at once, so this will be an important factor in any future decision on the viability of the railways. Even so, it is disappointing that the government is somewhat avoiding the issue and putting off the decision to another day.

On the subject of provincial bus services the paper states that : "it is hard to reject the view that the private sector must be given a role which takes account of the investment and commitment it has made to transport" (p.24). The Minister is against instant general liberalisation but he does advocate less restrictive access to the market for private operators e.g. the granting of licences for small buses to provide local rural services or "feeder" services to scheduled buses and trains. The disestablishment of CIE may make this limited liberalisation easier to achieve, since the Provincial Bus Service will be making policy guidelines for its service alone, rather than being merely one aspect of a broader policy, as was the case in the past. Likewise the newly-structured Dublin City service and the new Dublin Transport Authority are the "great hope" for urban transport. A better transport infrastructure and traffic management measures would also help CIE in Dublin but a major obstacle is the lack of firm public confidence in the reliability of the bus service.

Another of the really tough decisions facing the government in the transport field concerns the North Atlantic route for Aer Lingus which has been a continual loss-maker, but which is maintained at the specific request of the government. (The net loss for this service in 1984/85 totalled £6.6 M). In the Green Paper the Minister has put forward some ways of solving this problem, e.g. the possibility of a shared service with another airline or the abandonment of the route leaving it open to

market forces. Overall, Aer Lingus produced a profit of £11.6 M in 1984/85 which is an improvement on previous years, but the level of profitability is not enough to cover the necessary fleet replacement needs the company will face at the end of the 1980's. (This is estimated to cost between £450 and £700 M). In the Air Transport Bill 1984 it is stated : "It is not proposed to repeat in detail the background to the need for or the purposes of the Bill" (p.77). Much has been made of the lack of competitiveness on the Dublin-London route compared to the Belfast-London route where one has a choice of price levels. The 1984 Bill merely "copper-fastens" the situation in relation to the Dublin-London route, which seems all the more difficult to understand when one notes that in the recent Tourism White Paper it was stated that between 1975-1983 there was a drop of 50% in the number of visitors travelling by air to Ireland from the UK. The hope should be that before the publication of the White Paper there will be a re-think by the government in order that its actions in future coincide with its favourable statements regarding a more competitive aviation market in the EC.

Lastly, with regard to regional airports, the Paper states that between 1981-84 the Exchequer gave grants of £11.4 M to establish airports in various places around the country. In future, however, the government has decided to be stricter in its criteria for giving grants, since until now there has not been sufficient attention given to the financial viability of an airport, the demand for services to the airport etc. Thus in future it will be stipulated that there must be a 25% "local" contribution before the government begins to provide funds.

There is also a section in the paper dealing with ports which points to examples of grant assistance, e.g. Ringaskiddy Co. Cork (£30M), which are very difficult to justify since there has been little increased traffic. The only way the government hopes to avoid this situation in future is to insist, as with regional airports, on a "local" contribution of 25%, ignoring any attempt at long-term planning which could avoid vast sums of money being spent in an uneconomic fashion. Most would like the ports to continue to be commercial undertakings but for the sake of economic growth it is disappointing that the government could not have an all-encompassing ports policy rather than tackling side-issues, e.g. the composition of harbour authorities. The ports

which are dependent on trade generated by industry and commerce deserve some guidance from the government in order that they can adapt to new needs and technological change over which they have virtually no control.

In the same way as there is a symbiosis between transport and trade so likewise in the field of transport one cannot speak of improving public transport, port facilities, etc. without reference to the road infrastructure. The major flaw or shortcoming in the government's Green Paper on Transport is that very fact. The Minister for Communications is to be commended in having partially stopped the various runaway losses by CIE, Aer Lingus, etc. ; and also in his attempt by means of the Green Paper to create a comprehensive national transport policy. While the Minister has promised a White Paper and government action by the end of 1987 it seems unlikely that the really tough cost-cutting decisions will be taken, especially when one notes that the present government's term of office is likely to end sometime in 1988. After years of neglect transport is finally gaining the attention it deserves in Irish government circles and it would be a pity if the tough decisions relating to transport were to be avoided merely for the sake of political expediency in the next year or so. The Green Paper is certainly a necessary contribution to preparing the public for the unavoidably tough decisions in the transport sector necessary for economic growth in Ireland.

POSTSCRIPT

On March 13th 1986 what was hailed as "one of the biggest changes in Irish transport policy for over 40 years" (Irish Times. March 14th 1986, p.1.) occurred with the publication of a Government Bill to split C.I.E. into three operating subsidiaries. The Transport (Reorganisation of C.I.E.) Bill 1986 will be introduced firstly in the Upper House (Senate), but it falls short of the McKinsey recommendation in 1980 that C.I.E. should be restructured as three separate public transport companies. The new subsidiaries will be called Iarnrod Eireann (Irish Rail - including the DART system), Bus Eireann (Irish Bus), and Bus Atha Cliath (Dublin Bus).

V. RECOMMENDATIONS

At the end of this study certain recommendations can be made concerning transport policy in Ireland.

1. NATIONAL LEVEL

At national level the following action could be taken :

- a single Department of Transport ;
- an Oireachtas Committee on Transport whose initial function would be to draw up recommendations for a National Transport Policy ;
- both government and Dail cooperation in the production of a White Paper on Transport Policy ;
- increased investment in road infrastructure (with the possibility of the government making a decision to create a really substantial infrastructure over a number of years rather than its present albeit important policy of alleviating bottlenecks by means of by-passes, bridges, etc; infrastructure could be financed from excise duties on hydrocarbons and motor vehicles) ;
- a more positive role by government in determining the transport services CIE should provide. The new Department of Transport should also review CIE's investment proposals especially in relation to the railways in an effort to alleviate the deficit. A similar role should be taken by the Department in relation to other state-sponsored bodies in the transport sector, e.g. Aer Lingus, B and I ; the government should define more clearly the commercial and public utility roles of those bodies ;
- all legislative proposals, e.g. DTA, liberalization of road freight, to be implemented as soon as possible in order to give an impetus to the transport sector and as evidence of the government's commitment to alleviate some of the transport problems in Ireland ;
- the government to look at internal air transport between regional airports and the whole question of the ports (two neglected areas in transport policy in Ireland) ;
- the government to prepare each means of transport for the imminent Common Transport Policy by allowing for more competition within certain guidelines in the various transport sectors ;

- to emphasize the whole transport subject in the Cabinet, which would help the three largest export-earning industries - Industry, Agriculture and Tourism - and would thereby assist further growth in the Irish economy especially in its external trade ;
- besides these "immediate" measures, the new Department to establish a "long term planning" unit to look at the role of transport in the new technological age and also as a means of anticipating the likely problems for transport in the future.

2. EC LEVEL

At a European level the following action could be taken :

- the transport infrastructure fund offers Ireland great possibilities ; the government should make sure that it promotes forcefully Ireland's case for funding by sending sufficient numbers of proposals to Brussels ;
- the Irish government could inside the E.C. support and influence transport infrastructure development outside Ireland which is in Ireland's interest : e.g. continental traffic to Channel ports, the Channel tunnel, rail and road improvement from Channel to Irish Sea ports through Britain ;
- the government can learn much about how to deal with CIE, etc. and solve some of its many problems through the European "railway" experience. It should avoid using EC regulations regarding public transport funding as a shield against the real problems that exist in CIE ;
- the EC could help Ireland by promoting faster border crossings. The crossing at Dundalk / Newry could be improved without causing any problems in the security dimension of the different check-points ;
- proposals for social and fiscal harmonization in the transport field should be encouraged. Many regulations, e.g. Reg N° 543/69 on driving and resting times for commercial vehicle drivers, are very beneficial to a country like Ireland which often has few regulations in these areas ;
- EC encouragement for better road safety is beneficial to Ireland as the government can draw on the experience of many of its partners in the area of research, publicity etc. in order to plan its own road safety measures ;

- it is important that, in drawing up the CTP, the Community takes into account peripheral regions like Ireland and the many transport problems that exist in these areas which hinder their economic growth. This is even more important now with the accession of Spain and Portugal. A CTP which would adversely affect the peripheral regions would be in conflict with the views of the founders of the Community ;
- the Council should immediately begin the process of introducing a CTP which will be another step in the direction of European Union and which will be economically beneficial to all Member States.

At the end of this study on "Transport as a Bottleneck to Economic Growth in Ireland" it might be useful to repeat that, although prepared and published by the Directorate General for Research of the European Parliament, all views expressed, and especially recommendations made, are exclusively those of the authors and not necessarily those of this Directorate General, nor of the European Parliament or any of its bodies or Members.

Nonetheless, it is hoped that this independent study might contribute usefully to the discussion of transport problems in Ireland (and all AMP countries) in a European context.

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APPENDIX I : Density of Transport Network in the European Community 1983

Country	Population in million	Area in 1000 km ²	Railways in Km	Km Railway per 100 000 inhabitants	Km Rail- way per 1000 Km ²	Roads (3) in 1 000 Km	Km Roads 100 000 inhabitants	Km Roads per 1000 Km ²	Cars per 1 000 inhabitants
EUR 10	272,1	1 660,8	110 120	40	66	2 383	876	1 435	341 (1)
D	61,4	248,7	28 130	46	113	492	801	1 978	400
F	54,4	547,0	34 627	64	63	801	1 472	1 464	358 (1)
I	56,8	301,2	16 148	28	54	297	523	986	349 (1)
NL	14,4	41,5	2 852	200	69	96	667	2 313	332
B	9,9	30,5	3 860	39	126	124	1 252	4 066	328 (1)
L	0,4	2,6	270	68	104	5	1 250	1 923	387
UK	56,4	244,0	17 435	31	71	369	624	1 512	318
IRL	3,5	70,3	1 987	57	28	92	2 628	1 309	206
DK	5,1	43,1	2 350	46	55	70	1 372	1 624	272
GR	9,8	131,9	2 461	25	19	37	378	281	109
Sp	38,2	504,8	13 542	36	27	151	395	299	202 (2)
P	10,1	92,1	3 588	36	39	52	515	565	128 (2)

Source : Eurostat. (1) 1982 ; (2) 1980 ; (3) Last figures known different years.

APPENDIX IIa : Total Road Improvement Expenditure and Sources of Finance 1976-1985 in Ireland
(£m current prices)

Year	Total Road Expenditure	SOURCES OF FINANCE							
		Local Authorities	Regional Development Fund		European Investment Bank	Western Package	Transport Infrastructure Fund	Private Sources	Net Exchequer Borrowing
			Commitments	Receipts					
£m	£m	£m	£m	£m	£m	£m	£m	£m	
1976	13.5	3.1	1.2	NA	0.0	-	-	0.0	9.2
1977	21.1	3.0	0.6	NA	13.1	-	-	0.0	4.4
1978	28.2	3.9	5.7	NA	10.0	-	-	0.0	8.6
1979	35.7	6.1	3.4	4.0	24.0	-	-	0.0	2.2
1980	44.0	6.1	2.8	7.0	0.0	-	-	0.0	35.1
1981	59.9	3.9	7.4	7.0	0.0	0.6	-	0.0	48.0
1982	77.3	3.7	11.8	10.0	17.0	0.8	-	0.0	44.0
1983	96.6	4.0	21.2	16.0	34.5	0.8	2.2	5.0 e	28.9
1984	105.0 e	3.3 e	30.2	27.0	NA	0.8	1.8	3.3 e	NA
1985	129.0	4.0 e	-	30.0 e	NA	0.8 e	NA	0.0	NA

e : Estimated

NOTES : The European Investment Bank Loans include those under the New Community Instrument.
The table mixes financial receipts and commitments.
The figures for the European Investment Bank and the Transport Infrastructure fund represent commitments.
Both commitments and receipts from the ERDF are set out. Other figures refer to receipts or work done.
The contribution from the Government Exchequer is calculated as a residual.

SOURCES : Expenditure on Public Roads (DOE)
Budget Statements
Annual Reports of the European Investment Bank
Private communication with the Department of the Environment and the Department of Finance.

APPENDIX IIb : The EEC Regulations for State Aid to Transport Undertakings

The subvention payable to Coras Iompair Eireann is in accordance with the relevant EEC Regulations governing State aid to transport undertakings ; these regulations are as follows :

- (a) EEC Regulation N° 1191/69 enables payment of compensation by the State to transport undertakings in respect of losses incurred on services operated under public service obligations which are deemed essential to ensure the provision of adequate transport services. Payment is made under this Regulation in respect of losses remaining on rail passenger services after fares increases and any possible economies in operation.

- (b) EEC Regulation N° 1192/69 provides for compensation by the State in respect of specified financial burdens borne by railway undertakings. Payments are made under this Regulation to cover the following costs in respect of rail passenger and freight operations -
 - Superannuation and pension costs less savings arising from exemption from payment of certain social welfare insurance contributions in respect of clerical and supervisory staff.
 - 50% of the cost of maintenance and control of level crossings.

- (c) EEC Regulation N° 1107/70 specifies certain additional circumstances in which State aids may be paid to transport undertakings. Under this Regulation payments are made in respect of :
 - 50% of infrastructure costs in respect of rail freight (Article 3.1 (b))
 - Losses on the road passenger services which cannot be recouped by fares increases or eliminated by economies in operation (Article 3.2)
 - Residual deficits on railway operations and losses on maintenance of canals (Article 4).

The grant payable under EEC Regulation N° 1191/69 and 1192/69 is allocated to the Railway Activity. The grant payable under EEC Regulation 1107/70 is allocated initially to Road passenger activities. Rail Freight (50% of infrastructure costs) and to canal maintenance. The residue under Regulation 1107/70 is allocated to the Railway Activity.

Source : Summary by "Business and Finance" Oct.10th.1985

APPENDIX III a : Situation of Irish Ports : Volume of Traffic 1984

HARBOUR	Metric Tonnes (000's)		% Overall
1. Dublin	5,400		28,6
2. Cork (incl. Whitegate)	4,513		23,9
3. Limerick (incl. Aughinish)	2,967		15,7
4. Waterford	1,129		6,0
5. Drogheda	865		4,6
6. New Ross	765		4,0
7. Foynes	674		3,6
8. Rosslare	564		3,0
9. Arklow Jetty	408		2,2
10. Greenore	348		1,8
11. Galway	346		1,8
12. Dunkalk	238		1,3
13. Dun Laoghaire	228		1,2
14. Arklow	150		0,8
15. Kinsale	109		0,6
16. Wicklow	104		0,6
17. Sligo	32		0,2
18. Killybegs	26		0,1
19. Tralee & Fenit	22		0,1
20. Kilrush	7	p	:
21. Youghal	7	p	0,1
22. Dungarvan	5	p	

Source : Department of Communications : "Transport Policy. A Green Paper".
Dublin, November 1985, p. 50.

APPENDIX III b : Constitution of Irish Scheduled Harbour Authorities

(a) Part I Harbour Authorities	Members
(Dublin, Cork, Waterford and Limerick)	
Appointed by Local Authorities	5 (Dublin) 5 (Cork) 9 (Limerick) 8 (Waterford)
Appointed by Chambers of Commerce	4
Appointed by Irish Livestock Trade	2
Appointed by C.I.I.	2
Appointed by Councils of Trade Union	2
Elected by Shipping interests	4
Nominated by Minister	4
(b) Part II Harbour Authorities	
(Annagassan, Arklow, Ballina, Ballyshannon, Baltimore and Skibbereen, Bantry, Buncrana, Dingle, Drogheda, Dundalk, Foynes, Galway, Kilrush, Kinsale, New Ross, Sligo, Tralee and Fenit, Westport, Wexford, Wicklow and Youghal)	
Appointed by Local Authorities	4 (New Ross & Drogheda have 6)
Appointed by Chambers of Commerce	2
Elected by Shipping interests	2
Nominated by Minister	3

Source : Department of Communications : "Transport Policy. A Green Paper"
Dublin, November 1985 p.56.

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