

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 785 final

Brussels, 5th December 1980

REPORT  
ON THE ESTABLISHMENT OF A SYSTEM FOR  
OBSERVING THE TRANSPORT MARKETS

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AMENDMENT IN ACCORDANCE WITH THE SECOND PARAGRAPH OF ARTICLE 149  
OF THE EEC TREATY TO THE PROPOSAL FOR A COUNCIL REGULATION (EEC)  
CONCERNING A SYSTEM FOR OBSERVING THE MARKETS FOR THE CARRIAGE OF GOODS  
BY RAIL, ROAD AND INLAND WATERWAYS BETWEEN THE MEMBER STATES  
(see COM(75) 490 final of 1st October 1975, Part 8)

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(presented by the Commission to the Council, pursuant to  
the second paragraph of article 149 of the EEC treaty)

COM(80) 785 final



COMMISSION OF THE EUROPEAN COMMUNITIES

R E P O R T  
O N T H E E S T A B L I S H M E N T O F A  
S Y S T E M F O R O B S E R V I N G T H E T R A N S P O R T M A R K E T S

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## B A C K G R O U N D

### 1.1. 1975 Communication to the Council

- 1.1.1. In its Communication of 1 October 1975 (1), the Commission set out the general principles of its policy for the organization of the market in inland goods transport in the Community.
- 1.1.2. One part of this policy was the establishment of a market observation and forecasting system capable of supplying information on and economic analysis of market trends together with facts needed by both the authorities and transport undertakings when taking decisions in their own spheres. This information and these analyses would also be of value in deciding the timetable and content of other policy measures concerned with the markets.
- 1.1.3. A draft Council Regulation establishing the market observation system was annexed to the Communication. This draft was sent to the Parliament (2) and the Economic and Social Committee (3) for their opinions. Parliament approved the proposal and requested that its implementation be given priority.

### 1.2. 1978 Council statement

- 1.2.1. In June 1978, the Council of Ministers, after examining the proposal and the Commission's report (4) on the observation system, decided to await the results of the Commission's practical experience before coming to a final decision.

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(1) COM(75) 490 final of 1.10.1975.  
(2) OJ C 293 of 13.12.1976.  
(3) OJ C 291 of 27.11.1976.  
(4) Doc. SEC(77) 3074 of 8.9.1977.

1.2.2. The Council therefore:

- noted the Commission's intention to conduct a three-year trial observation of the transport markets of goods by road, rail and inland waterway between the Member States in order to have adequate information about the market situation and trends. This period began on 1 January 1979;
- noted that the trial system would be set up gradually, would follow the lines described in the Commission's report of 8 September 1977 and would as far as possible use information already available at national level;
- noted the intention of all the Member States to take the steps necessary to ensure close cooperation between their appropriate departments and those of the Commission;
- requested the Commission to submit a report containing the results obtained during this trial period and the conclusions to be drawn from it.

1.2.3. The Council's statement also contained a detailed programme for the introduction of this system during the trial period.

This period was to cover 1979, 1980 and 1981. The budgetary requirement for these three years was estimated at 1.29 million EUA.

1.3. The purpose of this report is to provide the Council with the information derived from the experience gained in 1979 and 1980 so that it can take the necessary decisions on the establishment on a permanent basis of the system proposed by the Commission in 1975.

In the Commission's view, it is necessary to take this decision before the end of the transitional period and without waiting for the outcome of the 1981 work because:

- as can be seen from the rest of this paper, the experience gained during these years has proved decisive and is sufficient for an opinion on the nature of the final system and the rôle it could play in the establishment of the common transport policy,
  
- it is necessary to avoid a gap in legislative provision after 31 December 1981 as there would be a damaging break, in both cost and time terms, in the supply of data that is made on a continuous basis.

Chapter I

THE WAYS AND MEANS USED TO ESTABLISH THE SYSTEM

2.1. Studies conducted to establish the observation system

- 2.1.1. The Commission departments often found a lack of experience in the use of some of the instruments required for the market observation and, in some cases, a complete absence of theoretical research to enable such instruments to be constructed.

Furthermore, the widely differing market observation situations and the diversity of information gathered in the Member States required an approach which would avoid the difficulties arising from these variations.

Finally, the fact that the structures of the three modes of transport studied are not comparable necessitated in some cases (particularly for price indices and the business inquiry surveys) the use of different instrument construction techniques for each mode.

- 2.1.2. For these reasons and, still more importantly, because of the limited staff available, it very soon proved necessary to use outside scientific institutes for some of the research.

This had the advantage that the observation system could benefit from the experience in some sectors of transport economics acquired over a number of years by European research workers.

- 2.1.3. At the same time, the creation of these instruments demonstrated the weakness of some traditional statistics, particularly in the road haulage sector; they were extremely imprecise for some relations and published only after a considerable time lag. In order to remedy these shortcomings which threatened to undermine the quality of the results from the system as a whole, business inquiry surveys among transporters were decided upon. A few weeks after the end of each quarter, these surveys, similar to opinion polls, provide not only an overview of activity which has taken place but also supply information which had not previously been available such as forecasts by the transporters, their opinions on the situation of their firms, etc....

## 2.2. Initial test of observation methods

When the theoretical design work had been completed and to allow the construction of the observation methods, the Commission always tested these methods in some countries or on a limited number of relations. This was justified by the large sums of money required to introduce these methods immediately in all nine Member States and also because of the complexity of what was being studied, it was not possible to know in advance whether the results would be usable.

- This approach, which also compensated for a relative lack of experience in this field, allowed the sensitivity and accuracy of these methods to be assessed and in some cases quantified.

## 2.3. Use of available studies and information

Because of the need for economy and to avoid any duplication of work done elsewhere at Community level, a special effort was made to integrate existing information and research results into the market observation system.

In particular, a number of national statistical series which had hitherto been used only at national level were centralized by Commission departments. These provided a great deal of information about the international transport market, especially when compared with statistics from other Member States. This was also true in the case of information on Rhine navigation which the Rhine Navigation Consortium and the Central Rhine Commission had been collecting for a number of years. Both the information already available and that gathered expressly for the purposes of the Community observation system were supplied to the Commission of the European Communities in an appropriate form and within an appropriate time lag under the terms of a contract between the two bodies.

It also seemed sensible to collaborate with the European railway undertakings which, through the International Union of Railways, set up an information gathering system on their international activities. This was made even more helpful by the fact that this system coincided perfectly with the Commission's needs since it provided quarterly or annual reports, rapidly available information and included details of the types of goods carried and the methods of loading.



To the above should be added the exercise on transport costs which is now beginning; this too will endeavour to use information already available.

2.4. Collaboration with national administrations and with business

During the establishment of the observation system, the Commission sought the collaboration of all those who might have some interest in such a system.

Those bodies which had information, both national administrations and others, not only endeavoured to make this available to the Commission but, in many cases, used the best ways of sending it quickly.

The same collaboration came from transport firms (and their associations) for all three modes. Without them some of the methods could not have been put into practice. In the same way, the Commission was given the benefit of comments from various businesses concerned with transport, in particular transport agents and users.

The group of national experts which met often during this period at the Commission's request proved very helpful in setting up the system. It also helped the Commission to choose the most suitable methods and improve them regularly.

CHAPTER II

3. THE PLANNED STRUCTURE OF THE SYSTEM

3.1. The observation methods chosen

The methods used for the basic technical analysis of the market included:

- a business inquiry survey among road hauliers in the nine Member States;
- a similar survey of traffic between Belgium, France and the Netherlands on the one hand and, in collaboration with the Central Rhine Commission, Rhine river traffic on the other;
- prices indices for transport by road, rail and inland waterway;
- cost indices for these forms of transport;
- quarterly analysis of transport activity and demand;
- a short-term forecasting system for goods traffic between the Member States;
- a medium-term forecasting and analysis system.

3.2. Scope of the observation methods

The methods used were concerned with developments in international transport by road, rail and inland waterway and, in view of the Council's statement of 12 June 1978, were limited to relations between the Member States.

When the analysis so required, relations between one region of a Member State and a region in another state were considered. When information was available, this approach increased the accuracy of methods used in the forecasting system and the price and cost indices.

Wherever possible, account was taken of the type of goods carried.

### 3.3. Characteristics and aims of the observation methods

#### 3.3.1. Business inquiry surveys among road hauliers

The purpose of this type of inquiry is to supplement the often low-quality, and out-dated, statistics which are available for this transport sector.

The inquiry also makes known the hauliers' view of the market rapidly. It is, of course, subjective and its results must be analysed with this in mind, although the long experience of some Member States has shown that the information is reliable.

The inquiries carried out among a representative sample of hauliers deal with the following points:

- transport activity in the previous quarter (by relation);
- activity forecast for the next quarter (by relation);
- vehicle utilization and activity assessment.

Questions on the employment market and the health of the undertaking provide, in addition, information which is useful from a social point of view.

#### 3.3.2. Business inquiry surveys among waterway operators

Here the object is to remedy certain gaps in the information and to make it more rapidly available. In general the approach is the same as with road transport; the particular structure of this sector of the industry has, however, led to the use of a smaller but constant panel of operators instead of the inquiry being addressed to a large sample.

3.3.3. Price indices for transport by road, rail and inland waterway

In all three cases, indices have been devised to reflect closely the quarterly trend of prices charged by carriers on each relation between two Member States.

The indices calculated take account of the technical characteristics of the various types of transport and in particular the method of loading, the distance covered, the tonnage and type of goods.

Where the tariff system in force allows, two types of index are calculated. The first reflects changes between the reference period and the current quarter; the other shows the ratio between the actual price and the tariff rate.

To ensure confidentiality, the information is processed under the responsibility of the Commission's departments.

The way in which each index is compiled depends on the type and availability of the basic information on each mode of transport or each relation. It will fall into one of three categories:

- if there is an ample supply of centralized basic information, the price index is based on the statistical use of a large sample or, in some cases, all the data available;
- if there is less information, the method chosen involves first of all an evaluation of the importance of the various factors (distance, tonnage, etc.) in the price of transport. The index is then calculated on the basis of an average value ascribed to these various factors;

- also there is a third method involving the construction of a simple traffic model for each relation and then working out regularly the price.

The Commission staff endeavour to ensure that the results of these three methods are comparable as far as possible.

#### 3.3.4. Cost indices

These are intended to complement the price indices described above and to show the relative trend of prices and costs and the connection between them.

First of all the share of each item in the costs of transport undertakings is isolated and measured. The trend of the various items is measured in each Member State (this is already done regularly and so involves no extra work). The cost index for each relation is then worked out on the basis of the particular features of transport on that relation.

#### 3.3.5. Quarterly analysis of activity and demand for transport

The quarterly analysis, which is designed to bring together all the current information including the results of the business inquiry surveys and the price cost indices, is also built around conventional statistical data.

The main objective of the Commission departments in this case has been to gather and, where appropriate, collate information about the current situation in transport which has been collected by the Member States but not so far used at Community level.

This analysis also includes the trend in activities which create demand for transport. A great deal of documentation, which has not yet been used from the "transport" angle, exists at both national and Community level.

### 3.3.6. Short-term forecasting system

The aim of this system is to provide estimates for the current year and forecasts for the coming year of transport between the Member States by road, rail and inland waterway.

Forecast and analysis of these transport flows requires them to be studied:

- on a regional (30 regions) as well as national basis;
- taking into account the types of goods transported (10 categories).

Where there is adequate information, the examination is carried out at the most detailed level (traffic of one mode, for a particular type of goods, between two regions). As far as possible, forecasting is done at this level before the figures for relations between Member States are worked out by aggregating the detailed forecasts.

The explanatory variables in the model can be either national (Gross Domestic Product of the importing state) or regional (e.g. the industrial production of those sectors which are important in a given region). They may be presented as conventional statistics or as the results of polls carried out among businessmen.

The work was carried out without preconceptions and the final choice of variables was made on a case-by-case basis as a result of quality measuring tests.

### 3.3.7. Medium-term forecasting and analysis system

These forecasts, for a five-year period, are based on a detailed analysis of information on foreign trade, transport and transit. They include variations (depending on mode) in transport costs, the available medium-term macro-economic forecasts and expected developments in the various sectors.

### 3.4. Presentation of results

The results can most simply be presented in the form of three reports:

- a quarterly report on the current situation;(1)
- an annual report reviewing recent trends and including forecasts for the coming year;
- a periodic medium-term report with a projection for the next five years.

The following table summarizes the interrelationships between users' needs, the reports which will be presented and the indicators.

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(1) Including the results of the inquiry surveys among carriers and the price and cost indices.

As "users", the  
authorities need

Reports containing  
the main information

Indicators required to  
meet "users'" needs

1) to identify current  
trends rapidly

Quarterly transport  
report

{Based on the proposed  
{survey of carriers and  
{other rapidly available  
{indicators  
{Company indicators(price  
{and cost indices)

2) to determine the )  
general balance )  
between supply and )  
demand )

3) to know what )  
changes in capacity )  
to make )

4) to know the trend )  
of prices )

Annual report (recent  
trends and forecasts  
for the coming year)

{Overall analysis based on  
{market structure, firm  
{and social indicators.  
{Trend in use of existing  
{capacity linked with  
{forecasts of probable  
{developments in  
{international trade

5) to monitor the  
structural develop-  
ments in goods  
transport between  
Member States

Medium-term report

Strategic and periodic  
analysis for a five-year  
period



CHAPTER III

4. PROGRESS IN IMPLEMENTING THE SYSTEM

4.1. The presentation of this report and the description of the parts of the system may be divided into three sections:

- those parts of the market observation system which are now operational (see 4.3.);
- those which are now being established (see 4.4.);
- those for which the preparatory work has been completed (see 4.5.).

(The table on the following page shows progress so far and the situation as it should be at the end of 1980 and in mid-1981).

In general, the main parts of the observation system may be said to be functioning and, for the most part, supplying results regularly. Some parts, in respect of which the basic guidelines and implementation methods have been laid down, are not yet operational. Such a situation in the view of the Commission departments, implied a need for financial discipline because of the budgetary constraints which have arisen in the meantime and should now be examined.

4.2. Budgetary situation

The budget allocated in 1979 was 300.000 EUA (the initial request was reduced by half by the Council before being restored by the Parliament), it was 300.000 EUA in 1980 (compared with an initial request for 650.000) and in the 1981 draft budget sent to Parliament it is 425.000 EUA (the initial request was for 630.000 EUA). The reduction in the 1980 budget has caused delays in setting up some parts of the system and has even caused others, such as the medium-term analysis, to be postponed.

TABLE 1

<u>Instruments</u>	<u>Situation as of 1.10.1980</u>	<u>Expected situation by the end of 1980</u>	<u>Expected situation by mid 1981</u>	<u>Comments</u>
1. Road Transporter Inquiry Survey	Operational in nine Member States		-	Already providing useful market information
2. Inland Waterway Transporter Inquiry Survey (a) on the Rhine (b) North-South	Operational Feasibility work completed	Operational Operational		Subject to budget availability in 1980
3. Price Indicators (a) Road (b) Rail (c) Inland Waterways	Feasibility work <sup>and</sup> computer systems completed Feasibility work completed Feasibility work completed	Operational in five Member States	Operational in all Member States idem Operational in all Member States concerned	Delayed in 1980 because of Budget limitations " "
4. Cost indices (a) Road (b) Rail (c) Inland Waterways	Feasibility completed Feasibility completed (Easter 1981) idem		Operational in all Member States idem Operational in all M.S. concerned	"
5. Quarterly analysis of Transport activity and demand	Operational since first Quarter 1979			Providing useful market information
6. Annual analysis and short-term forecasts	Pilot forecasts for 1981 completed	Report for 1981 issued	Draft Report for 1982	
7. Medium-term analysis	-	-	Report for period 1981-86	Because of Budget cuts, work postponed until 1981.

The ability of the Commission departments to make up these delays depends mainly on the future budget situation. The 1981 situation is now being debated by Parliament while the completion of the whole programme depends on the final outcome of the budget process.

4.3. Parts of the market observation system now in operation

4.3.1. Inquiry among road hauliers

Following a feasibility study and after examining the results of a pilot survey, these inquiries have now begun.

Because of their experience in this matter and because they already had samples, Belgium and France carried out the first inquiry on the current situation in the second quarter of 1979. In the third quarter of the same year Italy and the Netherlands did likewise. Germany, tested its sample by means of a pilot survey in the fourth quarter of 1979, Denmark and Luxembourg for various reasons only carried out their first surveys in the first quarter of 1980.

These surveys will be carried out by all the Member States in the third quarter of 1980.

Over the nine Member States, some 5.000 firms will be questioned.

The sample response rate (on average about 40%) guarantees that the results will be statistically satisfactory.

#### 4.3.2. Short-term forecasting system

Short-term forecasts are now available and have been submitted to national experts (who expressed a favourable opinion on this work).

The forecasts will be analysed and interpreted in the annual report on the European transport market which should appear at the end of 1980.

#### 4.3.3. New use and collection of statistical information, quarterly situation reports

The first specimen report was drawn up in October 1979 to cover the first two quarters of that year. Since then reports have been prepared every quarter. Thanks to the active cooperation of national experts, these reports have contained increasing amounts of useful information permitting swift judgments of the transport market situation.

In future, the emphasis will be on those activities which create a demand for transport. These will complement the traffic data currently being used and will appreciably reduce the interval before activity is recorded in the reports.

As well as this information, the quarterly report in its final form will give the results of the calculations of the price and cost indices and will summarize the business inquiry surveys on carriers. It will also include some of the social information which can be collected.

#### 4.3.4. Inquiries among waterway operators

1. This type of survey is already carried out on the Rhine and the Moselle and the results are sent to the Commission by the Central Rhine Commission.
2. Work has not yet been completed (see 4.5.4.) on the network to the west of the Rhine serving the Netherlands, Belgium and France.

4.4. Parts of the market observation system now being established

Road transport price indices

The system for compiling indices has been in operation since the first quarter of 1980 in three Member States (France, Germany and the Netherlands). The introduction of the system in the other States depends on the availability of funds.

The timetable for work in this area will probably be as follows:

- Analysis of results in the three participating countries for the first and second quarters of 1980: end of 1980.
- Analysis of results in the three participating countries for the third quarter of 1980: early in 1981.
- Analysis of the results in the majority of Community countries for the fourth quarter of 1980: April 1981.
- Establishment of the system in those countries where it is still not used: during the first or second quarter of 1981 at the latest.

4.5. Parts of the market observation system for which the preparatory work is complete

4.5.1. Rail price indices

A feasibility study has been carried out by the Commission in collaboration with the following three railway networks:

- Deutsche Bundesbahn
- Ferrovie dello Stato
- Société Nationale des Chemins de Fer français.

This study shows that there are at least two technically feasible ways of constructing the index which would give reliable information.

A permanent system that will take account of budgetary constraints and the technical resources of the networks which did not participate in the feasibility study must now be established by negotiation with the railways and the appropriate committee for the International Union of Railways.

#### 4.5.2. Price indices for inland waterways

A feasibility study on the establishment of this system was carried out in 1980.

This work adopted two approaches because of the important differences between the freight systems operated on north-south relations (between the Netherlands and Belgium, Belgium and France and the Netherlands and France via Belgium) and those used on the Rhine.

The results of this study showed that it is possible to construct reliable indices for both types of relation.

Since the sources of usable information are particularly varied, negotiations with the various parties concerned will be necessary before the final form of the system can be determined.

#### 4.5.3. System of cost indices

A study has been carried out on whether it is possible to construct cost indices showing the trend of items such as (in the case of road haulage) fuel, tyres, drivers' wages, financing costs, etc.

These cost indices will be drawn up taking account of the relation (country to country) on which the transport is carried out, distance and the nationality of the hauliers.

The road traffic section of the study is now finished while that dealing with inland waterways is still in progress and should be finished about March 1981. At the same time, the possibility of constructing railway cost indices will be examined.

#### 4.5.4. Inquiry among inland waterway operators

The results of such a survey on the Rhine have been sent by the Central Rhine Commission of Strassbourg under the terms of a contract signed with that body.

In the case of North-South traffic (routes between the Netherlands, Belgium and France not using the Rhine), discussions with national experts have shown that:

- France has a statistical system capable of providing the information required on trends accurate and very quickly; a survey system might therefore be an expensive duplication;
- such a system would, on the other hand, be useful for north-south traffic originating or terminating in Belgium or the Netherlands.

A single questionnaire has been drawn up for these two countries and the institutions responsible for the survey selected (Institut pour le Transport par Batellerie and Economisch Bureau voor het weg - en watervervoer). Most of the samples of operators have also been prepared.

The date on which these surveys could begin depends only on the budgetary constraints.

#### 4.5.5. Medium-term forecasts

The medium-term forecasting programme had to be severely curtailed during the trial period because of the reduction in the funds available to the Commission in 1980.

To compensate for this delay, a qualitative analysis of medium-term trends will be carried out in 1981 if funds permit.

CHAPTER IV

THE ROLE OF MARKET OBSERVATION IN THE OPERATION OF THE TRANSPORT MARKETS

5.1. General

The market observation system is above all a management information tool which, because of the scope and linking of its elements, goes beyond a purely statistical function.

As a scientific tool, it is by definition neutral and can profitably be used in the context of policy decision-making whatever type or direction of policy chosen. It cannot be regarded as favouring any particular transport policy doctrine.

5.2. Observation system methods in the development of the common transport policy

5.2.1. The main aim was to create a framework in which market trends could be analysed easily and which could provide results to clarify policy discussions.

The main purpose of the trial period has been to construct this system in such a way that the output is clearly defined and easy to use.

5.2.2. In devising the system, attention was paid to the information needs of those taking part in policy discussions.

These needs may be set out as follows:

- The authorities, including the Commission, need to know the short-term market situation and trends and medium-term traffic developments.



- Firms need a better knowledge of the situation and developments of the market in which they operate. They also need to be able to assess medium-term market changes.
- Better information would also be useful to commerce and industry and to transport industry trade union representatives.

5.2.3. If these information needs are met, the authorities should be able to reduce the risk of imbalance in transport supply and demand which could lead to cut-throat competition, a lack of competition and/or the wrong sort of supply.

Meeting these needs will also provide firms with new factors to take into account in arriving at decisions (particularly on investment) which can encourage a flexible behaviour of the economic agents with regard to the market.

5.3. Connections with the specific goals of the common transport policy

5.3.1. Since the 1975 Communication, the Council of Ministers has adopted a number of acts requiring information which can be supplied by the observation system. These are:

- Council Decision 80/48/EEC(1) of 20 December 1979 on the adjustment of capacity for the carriage of goods by road for hire or reward between Member States.
- Council Regulation (EEC) No 2831/77(2) of 12 December 1977 on the fixing of rates for the carriage of goods by road between Member States.
- Council Regulation (EEC) No. 3164/76(3) of 16 December 1976 on the Community quota for the carriage of goods by road between Member States, last amended by Council Regulation (EEC) No 2963/79(4).

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(1) OJ No L 18 of 24 January 1980.

(2) OJ No L 334 of 24 December 1977.

(3) OJ No L 357 of 29 December 1976.

(4) OJ No L 336 of 29 December 1979.

- 5.3.2. In a minute to Decision 80/48/EEC, the Council stated that when fixing bilateral quotas the Member States should take the results of the experimental observation system into account. According to Article 3 of the Decision, the information which the system should provide includes:
- trends and foreseeable short-term developments in the trade concerned,
  - past trends and foreseeable developments in:
    - the volume of goods carried by road between the Member States concerned,
    - the volume of goods carried between the Member States concerned by other modes of transport, including combined road-rail transport.
- 5.3.3. Article 15 of Regulation (EEC) No 2831/77 also requires movements in rates to be known. It is foreseen that such information will be available from the price and cost indices in the observation system.
- 5.3.4. The links between combined transport and the observation system are described in Article 7 of the proposal which is to be discussed by the Commission before the end of 1980.
- 5.3.5. In attempting to develop a policy for waterway transport, the Commission's departments have suggested a number of projects where links between the policy and the observation system exist. The project for laying-up inland waterway vessels is a good example.
- 5.3.6. The above examples demonstrate that the observation system not only fulfils the legitimate desire for information on the part of all those concerned with formulating transport policy but also accords with the trend of Community legislation so far enacted.

## CONCLUSIONS

1. The market observation system is necessary to the development of inland transport policy.
2. The trial period has clearly shown that the system can be constructed and that, judging by the results from those parts which are now functioning, it provides a thorough analysis of transport market trends so contributing substantially to the implementation of transport policy.
3. In its statement of 12 June 1978, the Council requested the Commission to submit a report containing the conclusions of the trial and the results obtained. This communication contains a detailed description of the specific steps required for the Council to have a clear idea of what is required to make the system fully operational.
4. The delay in establishing the system is mainly due to cuts made to the Commission's requests for funds.
5. The work carried out meets the criteria contained in the Council's statement:
  - the data and information collected by the system constitute a major new contribution to our understanding of the developments of the market for goods transport between the Member States. They meet the Council's request for adequate information on the trends and market situation.
  - A number of detailed technical reports on the work which remains to be done to make the system fully operational when funds are available have been submitted to national experts.

- The budgetary forecasts for the trial period of three years (1979-81) was for 1.29 million EUA in 1978. The Commission has kept within this since even if the total credits requested in the first draft budget for 1981 is accepted in the definitive budget, the total expenses for these three years will not be more than 1.29 million EUA.
  - In developing the system, existing statistics have been used as far as possible. The system has provided an important channel for available sources to be used in a way better suited to the formulation of policy.
  - Information from the system has been prepared to meet the timetable laid down by specific legislative acts. Coordination with the statistical services has allowed existing information to be made available more quickly.
  - The Council's request for close collaboration between the Member States and Commission departments has been complied with, as is indicated by the considerable progress so far achieved.
6. This request for the Council to take action at an earlier date than originally envisaged arises from:
- the need to ensure continuity in the programme beyond 1981;
  - the importance of maintaining the momentum established by the introduction of the system among those concerned with transport.

7. The practical experience acquired during the trial period has contributed both to a better definition of the complete observation programme and to a better understanding of the legislation needed for the system to be placed on a permanent basis.
8. A revised draft proposal for a Council Decision is being submitted.

Amendment in accordance with the second paragraph of Article  
149 of the EEC Treaty to the proposal for a Council  
Regulation (EEC) concerning a system for observing  
the markets for the carriage of goods by rail,  
road and inland waterways between the  
Member States

(See COM(75) 490 final of 1 October 1975, part 8)

EXPLANATORY MEMORANDUM

I. General considerations

On 10 October 1975 the Commission forwarded a proposal to the Council concerning a system for observing the markets for the carriage of goods by rail, road and inland waterways between Member States (OJ No C 1/44 of 5 January 1976) as one of a package of eight proposals contained in a Communication from the Commission to the Council on the Operation of the Markets in surface goods transport within the Community.

The European Parliament issued a favourable opinion on this proposal at its session on 11 October 1976<sup>1</sup> and asked to be kept informed of future developments. The opinion of the Economic and Social Committee was given on 30 September 1976<sup>2</sup>.

The Council of Ministers, at their meeting of 4 November 1976, invited the Commission, in conjunction with national experts, to undertake an examination of the subjects outlined below:

- (i) indicate the scope and structure of the market indicators and forecasting methodology,
- (ii) comment on the usefulness of existing data for this purpose and how best this data could be collected,
- (iii) identify the minimum additional data necessary to enable the information system to provide operational results quickly, and
- (iv) assess the resource costs, for both the Commission and national services, required in operating the system.

The Commission submitted the requested working document (SEC(77)3074) to the Council (R/2063/77 (TRANS 123)) on 14 September 1977.

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<sup>1</sup>OJ No C 293 of 13.12.76, p. 56.

<sup>2</sup>OJ No C 281 of 27.11.76, p. 2.

Before committing itself to a final decision about the adoption of a permanent system of market observation, the Council, in a declaration (R/1166/78 (TRANS 81)) asked to have the results of a practical experiment to be carried out by the Commission during a specific period.

Although the full three year experimental period originally foreseen by the Commission is not yet completed, and, despite certain budgetary difficulties in 1980, the Commission is now convinced that the feasibility and usefulness of the system is demonstrated and thus asks the

Council to take a final decision on the matter as soon as possible so as to maintain the impetus of the work under development and continue the work already operational. Such an action will provide a legal basis for the work to continue in 1982.

Any delay in providing a legal basis for the continuation of the work would lead to gaps in the series of data being assembled (and thus substantially reduce the value of work already undertaken) and also lead to expensive further start-up costs.

The Commission requests the Council to adopt a Decision rather than a Regulation because:

- (i) the adoption of a Regulation (including its penalties (see Article 8 of the original proposal) is not appropriate to the voluntary approach adopted;
- (ii) the encouragement of a voluntary approach permits the use of much lighter instruments, for example business opinion surveys. These are less expensive to run than traditional statistical surveys and, perhaps more importantly, the results are available much sooner an even more important factor in today's rapidly-changing circumstances.



## II. Special Considerations

### 1st recital

The market observation system can promote the smooth running of the markets, it cannot ensure it.

### 2nd recital (new)

The experience gained since 1979 is a new material consideration.

### 2nd part of 3rd recital (previously 2nd part of 2nd recital)

Forecasts can provide a reference base for investment decisions. As in 1st recital, the forecasts are an aid, it cannot be mandatory that undertaking "must" take them into account.

### Last recital

A more streamlined and flexible procedure is now proposed whereby a single Advisory Committee consisting of representatives of Member States is created which would be able to hear representations not only from representatives of transport undertakings, users, providers of services ancillary to transport and transport workers unions as appropriate to the question under discussion, but would also be able to call in other expert in matters pertaining to the system for observing the markets. This latter useful facility was not included in the original proposal.

### Article 1

- See 1st recital comments.
- See last recital comments.

### Article 2(1) Para 1, 3rd indent

Other social developments, e.g. working hours or bans on weekend working can reduce the supply of transport in addition to changes in the labour situation in the transport sector.

Article 2(1) Para 2

Due to the experience gained during the experimental period, it is now possible to define the programme needed to furnish the required indicators.

Article 2(2)

The rapidly changing situation in today's economic conditions makes it more important to know the current state of the market quickly. The provision of a quarterly report, already accepted as part of the programme for the experimental period, will greatly reduce the delay in knowing the current state of the market; a delay of 2-3 months is the target. Such an approach which must, of necessity, make greater use of indicators than the traditional statistical sources generally used in annual reports should also encourage the more rapid availability of the traditional statistical sources themselves.

Article 3(2) Para 1

It is appropriate that the annual report should contain the forecasts for the following year; it will also contain estimates for the current year. The usefulness of the annual report will be maximised if it can be prepared at the end of the third quarter of each year.

Article 3(2) Para 2

Two changes are proposed.

The short-term forecasts will be included in the annual reports.

The medium-term forecasts shall concentrate on changes expected over a period of five years ahead.

Article 4(1)

Two changes are proposed.

The surveys mentioned in Article 2(1) are not only sample surveys but also business opinion surveys.

The programme is now established by Article 2(1).

Article 4(3)

- See General Considerations, page 2, paragraph (ii).

Article 5(1)

- See last Recital Comments.

Article 6(1) Para 1

- See General Considerations, page 2, paragraph (ii).

- See last Recital Comments.

Article 6(2)

- See last Recital Comments.

Article 7, 1st indent

This indent may be deleted since, due to the work carried out during the experimental period, it is now possible to define the work to be done under Article 2.

Article 8(1) (original proposal)

The necessity for laws, regulations, administrative provisions and penalties for infringements is no longer pertinent to the more voluntary principles now adopted (see also General Considerations, page 2 paragraph (ii)). Thus 8(1) can be deleted.

Article 8(1) (new draft)

This follows Article 8(2) of the old proposal except for the substitution of the word "Decision" for "Regulation".

Article 8(2) (new draft)

Whereas the quarterly, annual and medium-term reports will relate to the state of the market, it is considered appropriate that once every three years a report should be made to the Council on the operation of the system.

Article 9 (new Article)

To clarify budgetary responsibilities, an article on budgetary appropriations should be included.

Article 10

Standard clause, relevant to a Decision, the Decision entering into force 20 days after the Decision is published in the Official Journal of the European Communities.

Proposal for a

Council Decision concerning  
a system for observing the markets for  
the carriage of goods by rail, road and  
inland waterways between the Member States

Existing Draft Regulation

Proposed amendments in Decision format

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing  
the European Economic Community, and in  
particular Article 75 thereof,

No change

Having regard to the proposal from the  
Commission,

No change

Having regard to the Opinion of the  
European Parliament,

No change

Having regard to the Opinion of the  
Economic and Social Committee,

No change

Whereas in order to ensure that the markets  
for the carriage of goods between Member  
States by rail, road and inland waterway  
function smoothly, it is essential to  
establish a permanent system for observing  
these markets with the aim of gathering and  
using all the data and information available  
on the markets and forecasting short- and  
medium-term trends in supply and demand for  
the carriage of goods;

Whereas in order to promote the smooth running  
of the markets for the carriage of goods between  
the Member States by rail, road and inland  
waterway,

No change

Insert

Whereas the work undertaken by the Commission  
for an experimental period since 1979 has  
demonstrated the feasibility and usefulness of  
such a system;

Whereas, since this system constitutes one  
of the basis on which the transport markets  
will be organized, it must be introduced at  
Community level, with participation of the

national authorities, as well as of professional bodies and transport workers' unions; and whereas this system should supply the facts regarding the situation of the markets and make it possible to identify trends and collate the data gathered into forecasts for short- and medium-term transport needs and capacities; and whereas these forecasts must provide the reference base for any investment decisions by undertakings and for the activities connected with the permanent observation of the market by the competent authorities;

Whereas such an observation system implies the power to conduct sample surveys of the market, or of particular sectors of the market;

Whereas, to assist the Commission in carrying out the duties in respect of observing the transport markets which have been assigned to it, the Commission must be in a position to call on the active participation of the undertakings, the users, the transport workers' unions, and the national public authorities; and whereas it would seem necessary for this purpose to institute Advisory Committees made up of representatives of carriers, users, providers of services ancillary to transport and transport workers' unions, and representatives of the governments of the Member States respectively,

HAS ADOPTED THIS REGULATION:

Article 1

1. In order to ensure that the markets for the carriage of goods between the Member States by rail, road and inland waterway function smoothly, a system for observing these markets is hereby established.

No change

should

No change

No change

an Advisory Committee made up of representatives of the governments of the Member States; whereas such an Advisory Committee should be able to draw on the experience of representatives of the undertakings, the users, providers of services ancillary to transport, the transport workers' unions, the national public authorities and other experts,

HAS ADOPTED THIS DECISION:

Article 1

1. In order to promote the smooth running of the markets for the carriage of goods between the Member States by rail, road and inland waterway, a system for observing these markets is hereby established.

2. The observation system shall include:

- analysis of the markets,
- forecasting short- and medium-term trends in transport requirements and capacities.

The management of this system shall be the responsibility of the Commission, assisted by the Advisory Committees referred to in Article 6.

Article 2

1. The analysis of the markets shall involve the appraisal of the situation in the transport markets and the identification of the trends therein by means of a number of indicators, including:

- the relationship between supply and demand for the carriage of goods,
- the economic situation of transport undertakings,
- jobs available and the level of employment.

For this purpose the following in particular shall be taken into account:

- the actual freight rates,
- the average rate of use of transport capacity,
- the number of transport undertakings ceasing operations or becoming bankrupt,
- unemployment figures in the transport sector.

2. The Commission shall draw up annual reports on the situation in the transport markets and trends developing

No change

Advisory Committee

No change

No change

No Change

- social developments in the transport sector.

For this purpose the following measures, in particular, shall be undertaken

- business opinion surveys of firms in the road and inland waterway sectors,
- price and cost indices calculated from data gathered by sample survey or from existing information systems,
- quarterly analysis of transport activity and demand.

The Commission may modify this programme after consulting the Committee referred to in Article 6.

2. The Commission shall draw up quarterly and annual reports on the situation in the transport markets and trends developing therein. The

therein. The first of these reports shall be drawn up by ... (1)

Article 3

1. In forecasting short- and medium-term transport requirements and capacities, the following shall be assessed:

- requirements in respect of the carriage of goods between Member States for each form of transport,
- the development of transport capacity by road, rail and inland waterway.

For this purpose the following in particular shall be taken into account:

- the guidelines given in the programme for medium-term economic policy and the projections carried out pursuant to the Council Decision of 18 February 1974 setting up the Economic Policy Committee(2),
- the guidelines and programmes established under the Community's regional policy pursuant to the Council Decision of 18 March 1975 establishing the European Regional Development Fund(3),
- foreseeable trends in transport demand, taking into account developments in industrial and agricultural production and structural changes.
- the development of transport infrastructures and their degree of utilization

(1) It is proposed to set a time limit of one year from the date on which the Advisory Committees are established.

(2) OJ No L 63, 5.3.1974.

(3) OJ No L 73, 21.3.1975.

first of these quarterly reports shall be drawn up by (1), the first annual report shall be drawn up by .....(1)

No change

No change

No change

No change

No Change

No change

No change

No change

Committee is

No change



2. The forecasts referred to in paragraph 1 above shall be drawn up in the form of annual reports, covering periods of five years and the first such report being submitted by 1 January .... (1)

These reports shall include forecasts for the following period of five years. The forecasts shall be reviewed annually; when necessary they shall be revised to reflect the actual situation on the markets, taking account of the findings of the analysis referred to in Article 2.

Article 4

1. In carrying out the duties assigned to it under Articles 2 and 3, the Commission may undertake sample surveys of the markets or of sectors of the market covering transport undertakings, users and providers of services ancillary to transport, or request Member States to make such surveys, according to a programme established by the Commission after consulting the Committees referred to in Article 6(1).

2. The information gathered pursuant to Article 4(1) shall not be used for any other purpose than that for which it was requested.

3. The Commission and its officials and other servants shall not divulge, as separate items, any information they have gathered in the course of implementing this Regulation, this information being, by its nature, covered by professional secrecy.

2. The short-term forecast referred to in paragraph 1 above shall be incorporated in the annual report provided for in Article 2(2).

The medium-term forecast referred to in paragraph 1 shall be drawn up in the form of a report covering the next five year period, the first such report being submitted by 1 January ....(1)

1. In carrying out the duties assigned to it under Articles 2 and 3, the Commission may undertake sample surveys or business opinion surveys of the markets or of sectors of the market covering transport undertakings, users and providers of services ancillary to transport, or require Member States to make such surveys, according to the programme provided for in Article 2(1).

No change

No change

Decision

Article 5

1. The reports referred to in Article 2 (2) and Article 3 (2) shall be drawn up by the Commission after consulting the Committees referred to in Article 6(1).

2. They shall be made available to:

- the other institutions of the Community,
- the governments of the Member States,
- the Advisory Committee on Transport established under Article 83 of the Treaty.

Article 6

1. With a view to assisting the Commission in carrying out the duties assigned to it by this Regulation, the following shall be established by the Commission:

- (a) an advisory committee consisting of representatives of transport undertakings, users, providers of services ancillary to transport and transport workers' unions;
- (b) an advisory committee, consisting of representatives of the Member States.

2. The Committees referred to in paragraph 1 shall deliver to the Commission opinions on all questions relating to the operation of the markets for the carriage of goods by rail, road and inland waterway between Member States, either at the request of the Commission or on their own initiative.

The annual and medium term reports referred to in Article 2(2) and Article 3(2) shall be drawn up by the Commission after consulting the Committee referred to in Article 6.

No change

No change

Decision

an advisory committee, consisting of representatives of the Member States. This advisory committee may hear representations from representatives of transport undertakings, users, providers of services ancillary to transport and transport workers' unions, and other experts in matters pertaining to the system for observing the markets.

Committee

No change

its

Article 7

The Commission shall, within six months of the date on which this Regulation enters into force, adopt measures concerning:

- the form, content and procedure of the analysis machinery referred to in Article 2 and in particular of the indicators,
- the Advisory Committees referred to in Article 6(1).

Article 8

The Member States shall, within six months of the date on which this Regulation enters into force and after consulting the Commission, adopt the laws, regulations and administrative provisions necessary for the implementation of this Regulation. These provisions shall inter alia relate to the organization, the procedure, the supervisory machinery, the penalties applicable for infringements and the measures necessary for the performance by the Commission of the tasks assigned to it under the present Regulation.

2. The competent authorities in the Member States shall give the Commission all the assistance necessary for the latter to carry out the duties assigned to it under the Regulation.

Article 9

This Regulation shall enter into force on  
.....

This Regulation shall be binding in its(his) entirety and directly applicable in all Member States.

The Commission shall, within six months of the date on which this Decision enters into force, adopt the necessary measures relating to the Advisory Committee referred to in Article 6.

Article 8

1. The competent authorities in the Member States shall give the Commission all the assistance necessary for the latter to carry out the duties assigned to it under this Decision.

2. The Member States shall, within six months of the date on which this Decision enters into force and after consulting the Commission, adopt laws, regulations and administrative provisions necessary for the implementation of this Decision.

3. The Commission shall, by 31 December 19.. and every three years thereafter and after consulting the committee referred to in Article 6, send a report to the Council on the operation of the system of observing the markets.

Article 9

The appropriations required for the implementation of this Decision shall be entered annually in the Budget of the European Communities.

Article 10

This Decision is addressed to the Member States.

FINANCIAL RECORDA. Part One1. Budget heading

Article 379

2. Title of project

System for observing transport markets

3. Legal basis

EEC Treaty, Article 75

Commission Communication to the Council on the development of the common transport policy, 25 October 1973, Bulletin of the European Communities, Supplement 16/73, in particular points 49 and 87.

Communication from the Commission to the Council on the operation of the markets in inland goods transport within the Community, COM(75) 490 final, Part 8; proposal for a regulation concerning a system for observing the markets for the carriage of goods by road, rail and inland waterways between Member States (OJ C 1 of 5 January 1976).

Council declaration on market observation, 12 June 1978.

Council declaration concerning the negotiation of bilateral quotas in road transport, 6 December 1979.

Proposal under Article 149(2) EEC to amend the proposal for a Council regulation (EEC) concerning a system for observing the markets for the carriage of goods by road, rail and inland waterways between the Member States (COM(75) 490 final of 1 October 1975, Part 8), to convert this regulation to a decision of the Council.

4. Description and aims of, and reasons for, the project4.0. Description of project/persons concerned4.0.0. Description

The aim is to operate a system for observing the markets in inland goods transport between the Member States. Observation will be based on indicators derived by analysing data on this sector of the economy.

The data are obtained from :

- statistics already compiled in the Member State; some are already supplied regularly to the Commission;
- information from business inquiry surveys of a sample of operators;
- information on transport price and cost indices;
- to a lesser extent, information on social matters.

These various sources of information permit an approach based on both statistical indicators and trends. Since the chief feature of the system is flexibility, neither the choice of indicators nor the structure of the system is fixed, both can be adjusted to the resources and specific needs of each Member State.

#### 4.0.1. Persons concerned (non-Commission)

The parties mainly concerned are :

- the authorities as regards the organization of transport markets;
- firms involved in the intra-Community carriage of goods (about 10 000 persons for all three modes of transport);
- trade associations.

#### 4.1. Aims

##### 4.1.0. General

This is one of the basic measures recommended by the Commission in its communications to the Council of October 1973 and 1975 concerning the working of the transport markets. The intention is to organize this sector of the economy by harmonizing the conditions of competition so that, in the interests of the general public, transport is performed at the least cost, with due regard for the aims of other common policies.

##### 4.1.1. Specific

This measure relates mainly to the transport of goods by inland modes between Member States (i.e. some 450 million tonnes per year) and consists of setting up an observation and forecasting system to enable the transport markets to operate properly and adjust to market requirements.

The object of the system is to provide information on the market structure and trends in the intra-Community inland transport of goods in order to :

- enable the economic agents concerned to assess and analyse their economic environment more correctly and therefore enable individuals to take decisions that are more rational and more compatible with the given situation;
- assist the Commission and the authorities in making transport policy decisions.

4.2. Reasons for selecting this method of achieving the aims

Some Member States have set up basic information systems, which differ according to national market characteristics and the country's own specific needs. The systems can be classified in two main groups :

- (1) those based on traditional statistical indicators, and
- (2) those based on trend indicators.

The heterogeneity of the existing source material and the lack of harmonization of available data have led the Commission to set up a mixed system :

- to impose one or the other system on Member States which do not dispose of the statistics or do not have the necessary systems might prove too much of a burden;
- by using both systems concurrently it will be possible to set up a Community system reasonably quickly;
- both approaches fulfill specific needs and have complementary features.

With the combined system it should be possible to meet the requirements of both short and medium-term economic policy.

5. Financial implications

5.0. Charged to appropriations for expenditure: ± 800.000 EUA

5.0.0. Differentiated appropriations

None

5.0.1. Sums to be entered annually in the Budget under non-differentiated appropriations

5.0.1.0. Non-differentiated appropriations (for guidance based on 1981)

Annual cost : ± 800.000 EUA

5.0.1.1. Method of calculation, connection with general economic situation, factors of uncertainty

5.0.1.1.0. Method of calculation and connection with the general economic framework

As an example based on annual appropriations of 800.000 EUA the breakdown would be as follows :

- data gathering by surveys	:	260.000 EUA
- price and cost indices	:	340.000 EUA
- short and medium-term forecasts	:	200.000 EUA
Total	:	<u>800.000 EUA</u>

5.0.1.1.1. Factors of uncertainty :

± 10% per year

6. Type of monitoring to be applied

The project to analyse the situation and make forecasts for the markets for surface transport will be monitored at three levels by means of :

- (1) quarterly, objective reports which will provide very short-term forecasts;
- (2) annual reports which, besides short-term analysis and forecasts, will provide a critical assessment of how the observation system is working;
- (3) a report which, together with the report mentioned in (2) and the macroeconomic forecasts made by the Commission, will provide medium-term forecasts (5 years).

In addition, every three years the Commission will prepare a report on the workings of the market observation system and this will be used to inform the Council of the results.

7. Financial implications for the duration of the project (in EUA)

All expenditure will be charged to the Community budget : continual operation

Annual effect : ± 800.000 EUA.

8. Staff and administrative appropriations required to complete the project

8.0. Staff of all categories to work exclusively on the project.

Directorate-General for Transport

- 2 or 3 A-grade officials
- 3 or 4 B-grade officials

8.1. Any further staff that may be required for this project

Directorate-General for Transport

None

9. Financing the project

Appropriations to be entered specifically in this Budget.

