

# INTRODUCTION

At the start of the year 2000, the European Union's transport policy is faced with major challenges and opportunities. Years of effort have succeeded in creating a genuine single market in which freedom of establishment and the right to provide services are accepted across most of the transport sector, and in which the consumer is presented with an unprecedented level of choice. And yet, Europe's transport systems have become victims of their own success: congestion is escalating on the ground and in the air, and transport growth is increasingly being viewed as the prime cause of today's pollution problems.

The aim of this report is to give a clear picture of the status of all the EU's legislation and strategies affecting transport, to look at the background and history so as to understand current policies, and to provide indications of the priorities for the future. This is a good moment to do this, to take stock of the EU's achievements and the tasks ahead. Not only has the curtain come down on a decade of impressive achievements, but there is a new Commission and a fresh-faced Parliament only just starting their five year mandates.

The founding principles of the Common Transport Policy (CTP) were laid down in the 1957 Treaty of Rome which established the European Economic Community (EEC). However, the Member States proved unwilling to relinquish any real control of national transport markets. Consequently, in the early years of the EEC, only a few general measures, such as rules on state aids and basic provisions to facilitate road haulage, were adopted. The Commission established one key point in 1974, when the Court of Justice ruled that, although the specific provisions establishing the CTP applied only to inland modes, aviation and maritime transport were nevertheless still subject to the general provisions of the Treaty.

Although the Commission attempted to develop the CTP during the 1970s and early 1980s, progress remained slow and piecemeal. However, in 1983, the European Parliament, which had generally supported the Commission's efforts, took the Council of Ministers to the Court of Justice for "failing to introduce a common policy for transport and in particular to lay down the framework of such a policy in a binding manner", as required by the Treaty. In its May 1985 landmark ruling, the Court judged that the Council had indeed "failed to ensure freedom to provide services in the sphere of international transport and to lay down the conditions under which non-resident carriers may operate transport services in a Member State", and that it was, therefore, in breach of the Treaty.

The ruling, which effectively obliged the Council to take action, was to become a turning point in Community transport policy. Shortly afterwards, the Commission published its groundbreaking white paper on the single market, with transport a very significant component within the overall strategy. The 1987 Single European Act added further momentum by introducing qualified majority voting in the Council for aviation and maritime transport issues.

These developments, taken together, amounted to a major transfer of transport policy powers from the national capitals to Brussels. By 1992, legislation underpinning the single market in the aviation, maritime and road transport sectors was in place, while the more troublesome process of deregulating the waterway and rail markets was also under way. The Maastricht Treaty, however, brought about a substantial change of emphasis. By necessity, previous initiatives had been largely market driven. Under the revised Treaty provisions, the implementation of "measures to improve transport safety" became an explicit objective under the Common Transport Policy. The Treaty text also put a much stronger accent on the environment, stipulating that "environmental protection requirements must be integrated into the definition and implementation of other Community policies", while the addition of a new Title on trans-European networks focused attention more strongly on infrastructure development. These changes together gave rise to the transport policy objective "sustainable and safe mobility".

This approach, which remains fundamental to present-day EU transport policy, was elaborated by the Commission in the important 1992 white paper, entitled "The future development of the Common Transport Policy". This paper, which has guided the EU's transport policy throughout the decade, suggested that future initiatives should focus on five main components: the development and integration of the Community's transport systems on the basis of the internal market; safety; environmental protection; a social dimension; and external relations. The aim, it said, should be to move away from a single market based approach to "a more comprehensive policy designed to ensure the proper functioning of the Community's transport systems, on the basis of an internal

*The importance of the Maastricht Treaty*

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market in which any remaining restrictions or distortions should be eliminated as rapidly as possible while taking into account the new challenges likely to confront transport policy”.

### The Common Transport Policy action programme

This strategy was further refined in 1995 when the Commission published its follow-up paper for a “Common Transport Policy action programme”. It stated: *“Efficient, accessible and competitive transport systems are vital to the society and the economy of the Union. They ensure the well-being and quality of life of its citizens as well as the prosperity of its businesses. The links they provide are essential for the internal cohesion of the Union both in regional and social terms. At the same time transport policy must reconcile the need for mobility with the imperatives of ensuring a high level of safety and protection of the environment.”*

The paper rationalised the five priorities of the CTP under three themes: “quality improvement”, encompassing the development of integrated and competitive transport systems while taking account of environmental and safety objectives; “single market”, covering initiatives on market access and structure, as well as costs, charges and pricing, and social matters; and the “external dimension”. The action programme itself consisted of an ambitious agenda of planned initiatives grouped under the same headings, which the Commission hoped could be put into effect over the period 1995-2000.

### Perspectives for the future

In December 1998, as the mandate of the Commission President Jacques Santer was nearing its conclusion, the Commission published a further Communication, updating the action programme, entitled “Sustainable mobility: Perspectives for the future”. It suggested that significant achievements had been made since 1995, but that it hoped for faster progress in some areas. For example, it said, general support for common principles on charging for infrastructure and external costs had been undermined by continued “divergences of opinion and practice”. Furthermore, it said, social concerns had arisen “in part due to the adaptations following liberalisation”. Thirdly, with regard to external relations, it said problems continued in areas such as air transport relations with the US, the adjustment of Member States’ bilateral maritime arrangements with third countries, and negotiations on land transport with the countries of Central and Eastern Europe. In setting out priorities for the future, the Commission said it did not want to constrict the activities of the incoming administration. Nevertheless, it put forward a number of general ideas as a basis for discussions.

The fundamental themes of the CTP should remain unchanged, the December 1998 paper, argued. Long-term priorities should include the evaluation and potential alteration of market observation mechanisms and regulatory regimes, notably with regard to state aid and rules on public services; there should be an increasing focus on measures to improve interoperability, and on the development of intelligent transport systems. Improved safety should remain “a vital objective”, while environmental issues should be reviewed with a strong focus on the action necessary to “reduce the dependence of economic growth on increases in transport activity and of such increases on energy consumption”. Actions to carry forward the enlargement process, it insisted, should remain at the heart of external relations activities under the CTP.

### The Amsterdam Treaty

The Amsterdam Treaty, which entered into force in May 1999, will certainly prove to be a further major milestone in the development of EU transport policy. By extending the codecision procedure to all measures based on the EC Treaty’s Titles on transport and environment, it has given the Parliament vastly increased powers to influence transport policy. It has also introduced new and stronger requirements for environmental objectives to be integrated into all other policy areas, and for single market measures to embrace a high level of environmental protection. Moreover, new provisions in other areas, such as consumer policy, are likely to affect the transport sector. The impact of these changes will begin to influence policy in 2000 when the newly-appointed Commission led by President Romano Prodi has settled in, and the Christian Democrat-dominated Parliament, with many new MEPs, has begun to realise the full extent of its new powers.

Within the Prodi Commission, the Spanish right-wing politician Loyola de Palacio has responsibility for transport and energy affairs, as well as for relations with the Parliament. Even before her formal appointment she had signalled a change of emphasis in the Commission’s transport policy. In answering written questions from the European Parliament, she outlined “five major objectives” to guide her work in the 2000-04 period:

- “- Better functioning of the internal market for transport in the interests of efficiency of the system, by pursuing a strategy to integrate national markets. In relation to this objective, one might cite the major progress which needs to be made with regard to rail transport;
- investment (public, private and in partnership) in infrastructure, including in intelligent traffic management systems. Two fundamental initiatives should be mentioned here: the process of revision of the guidelines for the development of the trans-European transport network and the Galileo satellite navigation programme;

- *improving the integration of transport in all regions of the Union and among the various modes of transport; one of the major priorities of the new Commission will be to combat the tendency towards greater delays in air transport;*
- *reducing the adverse impact of transport on society, particularly in the fields of safety and the environment. If the various institutions were to work out a strategy for increasing the integration of the environmental dimension into the Common Transport Policy, this would make it possible to render more effective measures to ensure sustainable mobility, as well as raising their profile;*
- *internationally, making the Union more effective at defending its interests in bilateral and multilateral relations. We will particularly be concerned with two main subjects: enlargement and the WTO millennium round.”*

*Loyola de Palacio's  
five CTP objectives*

The organisation of this report is based largely on these very objectives. Six chapters are devoted to the functioning of the internal market, reflecting the importance of Community legislation and competition actions in this area. The first of these, Chapter Two, starts with an overview of single market policy and de Palacio's priorities for completing the internal transport markets. It gives a broad overview of various horizontal policies, such as those on competition, taxation, customs and procurement. State aid and antitrust instruments which are specific to a particular sector are covered in the relevant chapter.

*The single market  
chapters*

The subsequent chapters are devoted to the aviation, maritime, railway, road and inland waterway markets, each one following a roughly similar pattern. The chapters start with a description of the direct liberalisation measures and a look at the various complementary actions designed to ensure a level playing field. A significant part of each chapter is devoted to cataloguing the Commission's efforts to control and reduce state aid, and its regulatory actions towards governments and companies which have tried to dominate the market. A final section in each chapter looks at external issues.

The next four chapters look at safety and environment policies. The first of these, Chapter Eight, takes a broad look at the links between transport and safety and environment policies, and then examines some of the big political issues - working time, climate change and acidification - which are having, and will continue to have, an important knock-down effect on transport policies. Although most of the policy responses to safety and environmental objectives are specific to each sector and are thus covered in the relevant chapters, one issue - fair and efficient infrastructure charging - has important ramifications across all the transport sectors and is, therefore, discussed in that general chapter.

*The safety and  
environment  
chapters*

The three subsequent chapters look at safety and environment issues in each of the three main sectors: aviation, maritime and inland transport. Although the actual measures taken in the aviation and maritime sectors are very different, there are some parallels. Both sectors are dominated by international, not Community, organisations, because of the nature of the businesses involved, and this gives rise to conflicts between the Community and its international partners, usually because the EU wishes to take stronger safety or environmental measures than other members of the same organisations. Disputes also arise within the Council of Ministers, and between the Council and the Commission, over the degree to which the Commission (rather than the Member States individually) should be allowed to represent the EU. One important difference between the two sectors, though, is that EU operators in the shipping industry are more commercially vulnerable to third country competitors which do not maintain the same levels of safety/environmental standards, and therefore do not have the same high level of costs. Chapter Eleven, on inland safety and environment issues, is one of the longest in the report reflecting the fact that there are many Community policies and laws targeted on the road transport sector, in an attempt to cut down on the accident death rate and to reduce polluting emissions.

Two chapters, one on cohesion (covering trans-European networks and regional policy) and the other on intermodality (both for freight and passenger networks), focus largely on infrastructure and its future development. The Community's important Galileo satellite navigation project is covered in the latter chapter. Chapter Fourteen looks at the Community's R&D activities, which underpin much of the Commission's environmental and safety policies, and which also serve an essential role in developing and promoting Community technologies.

The final two chapters look at international topics. Chapter Fifteen focuses on the countries of Central and Eastern Europe and their progress towards EU membership, while Chapter Sixteen looks at the EU's relations with other regions and countries, notably the New Independent States, the Mediterranean countries, EFTA and the US.

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### The Amsterdam Treaty

Some Articles of the EC Treaty - the full Transport Title, and some of the competition Articles - are reproduced at the back of this book. The entry into force of the Amsterdam Treaty in May 1999 required a renumbering of almost all the Treaty articles. The Articles are, therefore, now known by their new numbers. However, the vast majority of policies discussed in this book were prepared, negotiated and implemented using the old system. In an attempt to avoid confusion, the style employed in this book is to refer primarily to the new post-Amsterdam numbering (although a reference to the old number is often given in brackets). Where this rule is not followed, it is made clear in the text.

#### Notes about style

Generic nouns for EU laws and formal papers are, in this report, always given a capital letter: Directive, Communication etc. Some specific EU laws or papers have well-known names and these are given capitals, such as the Utilities Directive or the Citizens' Network; in other cases a law may be given an apparently similar descriptive name in the text but capitals are not used because the name is not so commonplace.

Acronyms are used frequently throughout this report. In general, the names are given in full the first time they are used in a chapter, with the acronym in brackets, and then the acronym or the name in full are used in the rest of the chapter. Any stray acronyms can be checked in the glossary at the back of the report, as can other abbreviations.

The Euro was introduced as the European Community's unit of currency in 1999, prior to that it was the Ecu. In terms of indicating financial amounts, the two are interchangeable. Their use in this book has been dictated by the source of the information.

Italics are routinely used for quotations containing one or more full sentences (not to give emphasis).

#### The document/decision listings

At the back of the report, there is an extensive listing of documents and decisions. These are catalogued in the order they are mentioned in the main chapter sections (thus, if a document is not apparently listed, it may be in an earlier section). Most of the decisions listed should be available at European Commission document centres located in every region of the EU. Alternatively, some of the core material can be downloaded from the internet. The Council of Ministers, the European Parliament and the European Commission all have extensive and very useful websites.

Council of Ministers site for Council press releases (including Council Conclusions which are not published anywhere else)

<http://ue.eu.int/newsroom/main.cfm?lang=1>

European Parliament site for plenary minutes

<http://www.euoparl.eu.int/plenary/en/default.htm>

European Commission site for Community legislation

<http://www.europa.eu.int/eur-lex/en/lif/index.html>

Court of Justice site for recent judgements

The Official Journal reference in the document listings gives only a very brief summary of the Court of Justice judgements. However, recent judgements can be downloaded using the case number given in the document listings.

<http://europa.eu.int/jurisp/cgi-bin/form.pl?lang=en>

For a more comprehensive collection of useful websites (EU institutions, organisations and European associations) visit the EC INFORM links page

<http://www.ecinform.demon.co.uk/links.html>

#### Tables and charts

Where the source for a table or chart is given as "Transport DG", this usually means the data has come from a pocketbook called "EU transport in figures". In general, the source given is that from which the data has been taken, and not the original source. In many cases, data has been presented in a different way from that found in the quoted source.

#### Comments welcome

**The author welcomes enquiries or comments about this book, by email, phone, fax or mail. He would also draw the readers' attention to the monthly newsletter, EC INFORM-Transport, the aim of which is to provide regular, reliable and authoritative information on European Union transport policy developments (covering the same issues as this book). An annual subscription can be purchased at a reduced price by photocopying the form found on the last page.**