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The role of the Community  
in the development of  
transport infrastructure

Commission Memorandum

(Adopted on 7 November 1979)

EUROPEAN COMMUNITIES

Commission

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**A transport network for Europe – Outline of a policy**

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Fully aware of the difficulty and importance of developing a Community transport infrastructure policy, the Commission, in a Memorandum forwarded to the other institutions, puts forward its view in order to stimulate thought and discussion among all interested groups.

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## Introduction

1. Nearly twenty years have now been spent on developing the common transport policy.

The results obtained so far do less than justice to the efforts that have been made and to the obvious need for progress in this field, which was explicitly cited in the Treaty of Rome as essential to the success of the common market, to economic growth and to the unity of the peoples of Europe.

2. The improvement of transport constitutes — together with the abolition of customs duties and quotas which has already been achieved — one of the principal means of removing the barriers to trade between Member States. In economic terms, transport is comparable in importance with major sectors such as agriculture and steel. In all, it accounts for:

- 6 % of the Community's gross national product, i.e. more than agriculture,
- 15 % of total capital investment,
- nearly 40 % of capital investment in the public sector.

Hence the importance which the authors of the Treaty of Rome gave to the achievement of a common transport policy.

3. So far, the common transport policy has mainly concentrated on the activities of transport operators, both private and public.<sup>1</sup> The objective has been to free these operations as far as possible from restrictive regulations, to abolish discrimination, to allow free competition and only to create Community rules where the proper functioning of the transport market makes these absolutely necessary. This objective is still far from being achieved but, little by little, progress is being made.

4. The Commission is convinced that it is in everyone's interest to allow transport operators freedom of operation, while promoting, in this field as elsewhere, good working conditions and high standards of safety. This has been our constant approach in developing the rules of the common transport policy.

The objectives of transport infrastructure policy are different. Infrastructure shapes the form of transport activities; its significance can only grow as the part it plays in the broad economic and social framework is recognized.

Transport infrastructure is directly dependent on public authorities, who assume responsibility for construction, upkeep and for the necessary funding.

5. The Commission has arrived at the conclusion that the common transport policy will not achieve the objectives defined for it in the Treaty and play its part in the economy as a whole unless it relates more and more to transport infrastructure. The reasons for this new impetus, which originates largely in recent economic developments, are clear. The following important points can be noted:

- international traffic between Member States has developed faster than national traffic; on some major links it plays a significant role in the formation of bottlenecks;
- the growing interdependence of networks makes it inconceivable to consider each State as an isolated planning entity;
- infrastructure will play a crucial role in future transport operations;
- the increased difficulties faced by the national authorities with the financing of infrastructure projects which, in some cases, may justify action at Community level.

Furthermore, a considerable degree of overlapping exists, notably in the field of infrastructure, between the transport sector and the other sectors of the economy. This is particularly true at a time when energy problems are likely to have a direct effect on the conditions for the development of transport. Another example is new industrial activities. Their much-needed development is less

<sup>1</sup> Communication of the Commission to the Council on the development of the common transport policy, presented on 25 October 1973. Supplement 16/73 — Bull. E.C.  
Communication to the Council on measures concerning transport infrastructure, adopted by the Commission on 30 June 1976. Bull. EC 6-1976, points 1401 to 1404.

tied than in the past to traditional geographical locations, and hence likely to give rise to large new demands for infrastructure investment.

In general, over and above the field of transport planning, infrastructure decisions have an impact on economic, social and regional development, which must also be taken into account. An approach which combines the various criteria is needed to appreciate the Community's role.

6. Infrastructures, which are essentially the responsibility of the public sector and have a decisive effort on the future of transport, are particularly appropriate for joint planning and the application of a common policy.

However, the preparation and definition of such a policy raises many complex problems which differ from those which have been encountered so far in the context of the common transport policy.

The Commission is fully aware of the scope of the undertaking and is convinced that infrastructure is an essential element of the common transport policy; it has decided to put forward its views in order to stimulate thought and discussion among all interested groups: members of Parliament, public authorities, transport operators, users, the construction industry and trade unionists.

7. This is the aim of the paper. Having outlined the reasons which, in the Commission's view, justify and require Community action in this field, the Commission puts forward ideas as to the form this action could take and the concrete results that might be achieved, on the lines of what has already been proposed and undertaken.

## *Chapter 1*

### **The need for a Community policy for transport infrastructure**

8. Up to now, transport infrastructures have been considered essentially a national question. Governments have generally paid close attention to infrastructure development and have given it a prominent place in their economic planning, particularly over the past twenty years.

9. In the face of the increasing traffic associated with economic growth, major national programmes have been instituted: motorway networks, high-speed rail routes, improved inland waterways and a considerable network of pipelines.

Since the 1960s, the growth of traffic between Member States has been far more rapid than the growth of domestic traffic. In the last decade the volume of intra-Community traffic has increased twice as quickly as the volume of purely national traffic. Intra-Community traffic is likely to continue to increase faster than national traffic, as can be seen from the forecasts in Annex I.

10. But when we examine the present infrastructure network as a whole, along with the policies pursued at national level, some significant points emerge:

— Generally speaking, the existing networks are designed and built in accordance with national objectives. With some exceptions, the improvement of links between neighbouring countries has not received sufficient attention.

— The link between the development of national networks and the transport policies of the Member States is not always evident. It seems that national infrastructure programmes are sometimes primarily determined by considerations other than those of transport policy. It is a significant fact that, in some Member States, the responsibility for at least part of infrastructure development and for overall transport policy has been, and sometimes remains, divided between different government departments.

— In the last decades successive priorities, differing from one Member State to another, have been

given to the infrastructure of the various transport modes. Taking a global and rather simplified view, a disproportionate priority has been given to the development of roads and motorways.

— The basis on which national programmes are established, the considerations involved, and the criteria on which choices are based vary widely between and sometimes even within Member States; the methods and procedures used are also different. Consequently, it is clear that, while the infrastructure networks of the Member States are on the whole reasonably satisfactory, there is certainly some duplication of effort and there are some inadequacies.

11. With the increasing economic integration of the Community some of these problems have assumed a new dimension, while quite new problems have been created.

The spectacular increase in trade between Member States has put an end to the often secondary character of cross-frontier routes. New traffic flows have made their impact and there is every reason to assume that they will continue to expand, while still more new flows will develop.

Little by little, the national economies are acquiring a Community dimension that can only become more significant. At a rough estimate it appears that if existing economic difficulties do not multiply, the demand for transport could double between now and the year 2000. To respond effectively to this increased demand, a Community infrastructure network will have to be developed, based, of course, on the existing national networks, but specifically designed to meet the increased demands of intra-Community movement. Responsibility for this new approach clearly lies with the Community as a whole.

12. Thus, Community interest will be added to the national criteria which have, up to now, quite legitimately guided infrastructure programmes. Where transport infrastructures are concerned, it rarely happens that these interests are contradictory, but they may lead to conflicting decisions on routes, design and especially on priorities. Without attempting a comprehensive analysis at this point

one can see that a cost-benefit assessment, the normal basis for economic and financial evaluations, can give one set of results when calculating only the benefits to the country which undertakes the development, but a different set when the interests of a neighbouring country or of any other countries are included.

It should also be noted that, as soon as a transport infrastructure project reaches a certain level of importance, it is likely to have repercussions of traffic throughout the whole Community network. Thus the Community interest in such major projects will have to be taken into account and may even in some cases be decisive. A further discussion of this concept of Community interest can be found in Annex II.

13. In this new situation where the positive consequences for the other Member States should be taken into account together with the project costs borne by one Member State, it is essential to have as precise an estimate as possible of the Community interest of a project. A case-by-case estimate of Community interest will, on the one hand, provide an indispensable Community view of national decisions, notably on the choice of priorities, and, on the other hand, provide a better linkage between national financing and possible Community support for projects.

14. The common transport policy we are seeking to build in accordance with the intentions of the Treaty of Rome must give a proper place to infrastructure. In every aspect of the policy — access to the market, transport costs, technical and safety regulations, working conditions, transport systems — the measures adopted must take account of the present state of our network of communications and of plans for improvement. Likewise, plans for developing infrastructure must be fully coordinated with plans for the provision of transport services.

These thoughts point to the conclusion that the Community must now prepare a medium- and long-term policy for transport infrastructure: this policy will take special account of the effects that transport infrastructure investment has on sectors other than transport.

## Chapter II

### Transport infrastructure in relation to other sectors of the economy

15. It has long been recognized that major routes, not only influence the flow of traffic, but also, through the choice of line, their construction and use, have both economic and social consequences. These consequences are so many and varied that it would be dangerous to attempt to explore them here, even superficially. But as soon as it comes to the planning and execution of actual projects, the public interest demands that all these associated factors, however apparently remote, should be considered in addition to those factors stemming more directly from transport itself. Of course, many of these factors present problems of measurement and quantification which make it difficult to weigh them accurately in conventional calculations and studies, but difficult though it may be, this problem cannot be overlooked.

16. Transport infrastructures often involve investments which make major demands on financial resources.

One need only think of the construction cost of a motorway or an airport, the modernization of a railway, or the building of a major canal. Public finance is normally involved, though States will sometimes also draw on the resources of the private capital markets. Consequently, investments in transport infrastructure are bound to figure prominently in the general economic, financial and budgetary policies of Member States. The multiplier effects on the industries involved and through them, on employment generally, have to be carefully considered.

In general, the development of transport infrastructure in the Community has special importance today due to its possible repercussions on the economy; this is especially the case for the Community's current attempt to re-establish a satisfactory level of growth, designed to facilitate both the sectoral adjustments needed to face up to the new international situation and the reduce unemployment. With this in mind the Commission has already stressed the importance of stimulating both public and private investment in a number of

documents sent to the Council. In this context the development of transport infrastructure can constitute an important contribution to the realization of the objectives of the Community's economic policy.

17. A dynamic and coherent policy in the field of transport infrastructure can only have a favourable influence on the direction and growth of the industrial sectors concerned.

The increased demand generated by a policy for the development of transport infrastructure concerns both the construction and equipment sectors and the transport vehicle sector which between them represent between 3-4 % of the Community's gross domestic product. Taking into account the correlation between the development of transport infrastructure and the expansion of demand in these sectors, the establishment of forecasts of medium- and long-term growth implies, in order to create a point of reference, a knowledge of the various options which could be open as regards the development of infrastructure policy. This must be coherent and developed from the viewpoint of all modes of transport.

A coherent policy for the development of transport infrastructure could also be an important stimulating factor for technological innovation. The level of service demanded from major infrastructures has to be taken account (e.g. in relation to the installation and equipment of airports, high-speed international transport links, or bridges and tunnels). To meet these needs may require the development of new technologies in the industrial sectors concerned, and this could therefore be a motive force for technological progress in these industries.

18. The inception of a Community policy for infrastructure has a particular importance for frontier regions. For a long time, these regions have been at a disadvantage because of the existence of national frontiers: they should be the first to benefit from the elimination of these frontiers as economic barriers.

Many of them have, moreover, suffered from local shortcomings as regards infrastructure which should also be remedied. In these regions, therefore, infrastructure policy should have two objec-



tives: the provision of better connections between nearby regions in adjoining Member States, and the improvement of the cross-frontier sections of major Community routes.

19. It has often been pointed out that the Community could be gravely disturbed by the centralizing forces of the common market tending to concentrate economic activity and wealth in regions already well favoured and situated close to the centre of the Community. This can cause the gradual impoverishment of less well equipped peripheral regions handicapped by distance. Regional policy exists to redress the balance and distribute productive activity more evenly over the territory of the Community. An essential condition for the success of this policy is the development of transport infrastructure. On the one hand, the less-favoured regions must have an internal network of communications appropriate to their present and future needs. On the other hand, they must be opened up and linked to the main centres in the Community by rapid modern routes to reduce, as far as possible, the handicap of distance.

20. The effects of good infrastructure are not exclusively economic. It contributes to social well-being and to a steady improvement in living standards and working conditions.

One of the essential conditions for the achievement of these objectives lies in the coordination of investment in transport infrastructure with other economic and social investments which generate economic growth. It is in this context that the problem of opening up less-favoured regions by the provision of better links with major Community centres should be considered.

21. However, the effects of infrastructure are not always beneficial. Their development has a profound and sometimes negative effect on the socio-economic structure, and on the environment of the regions which they cross. People are rightly becoming more and more conscious of the indirect effects of the development of transport infrastructure. The Community has initiated a policy for environmental protection which is just getting under way but will grow in importance in the future. It will be indispensable to carry out at the earliest stage in the

planning process an environmental impact study in order to introduce secondary effects into the cost/benefit evaluations of projects.

22. Infrastructure policy is closely linked with the options open to the Community in energy policy. Transport consumes about 14% of total inland energy consumption and 24% of petroleum products in the Community.

In view of the constraints on the quantity and price of energy supplies in the Community it is important that Community infrastructure policy should take proper account of energy factors.

With this objective in mind attention could be directed to land-use planning.

In the last thirty years spatial constraints on the location of housing and economic activities have become less and less important as the use of cars has made people more mobile. The benefits arising from this development have been considerable both in enabling more efficient organization of production and distribution and in giving people the opportunity to enjoy much greater living space. On the other hand, these changes have also resulted in 'enforced mobility' which works to the disadvantage of those who do not own a car. Furthermore, the continuation of this trend will exacerbate problems of land and fuel supply.

In the future those responsible for land-use planning will have to take more account of these problems, notably in connection with the reduction of travelling distances between home and workplace, schools and other facilities.

Due importance must be accorded to the differences in the energy consumption of the different modes of transport, even though energy is not the only element in the total cost of transport. Labour, maintenance and renewal of vehicles, equipment and infrastructure, storage costs and journey time are also important. Hence it is not easy to say whether measures designed to influence the distribution of traffic between modes of transport are justified. It can however be argued that, in view of the pressing constraints on the Community's energy supplies, the market price of oil products does not reflect their full value in the long term.

If this is so, it would seem that market forces left to themselves will not result in the ideal modal distribution. This raises the question of adjusting the transport market so as to favour energy-saving modes.

This is an important consideration for infrastructure planning, not only because future infrastructure needs will be affected by such considerations, but also because the quality of the available infrastructure for each mode plays a role in determining the choices made by transport users.

23. The Community is involved in all the main areas of policy which have been briefly touched on above. Action on transport infrastructures must clearly, not only take account of these policies, but also be developed in harmony with them. Whether it be general economic policy, financial, industrial and regional policy, land-use planning, agricultural, social, employment or environmental policy, there will be links with policy on transport infrastructure.

24. Moreover, it is clear that action of such wide scope will play an important part in relation to the enlargement of the Community to include Greece, Spain and Portugal. It will be necessary to ensure that it makes an effective contribution to the economic and social integration of these countries into the Community.

### Chapter III

## Action programme

25. From the outset, some fundamental ideas must be borne in mind:

— Community action can in no way supplant action by the Member States, which will continue to take first place in the maintenance and development of transport infrastructure. The aim of Community action will be to coordinate and guide national action in such a way that the national networks as a whole can meet the future needs of Community traffic as they arise. Any changes that might be needed in national programmes will be based on the application of the concept of Community interest.

— The policy must be placed in a long-term perspective where ambition and realism go hand in hand.

— Common sense and awareness of the practical possibilities must always act as a guide in the choice of concrete solutions, but a range of proven methods of economic and technical analysis must also be available to those who have to prepare these decisions.

— Community action will only affect links which are considered to be of Community interest, that is to say, the links whose creation or improvement would be likely to aid the development of the Community.

— The proposed action programme mainly concerns road, rail and waterway infrastructure. Given the interrelationship between *all* modes of transport, some aspects of the role of ports and airports must also be taken into account in this programme. In particular, special importance should be attached to the development of ports which play an essential role in Community traffic. Questions relating to urban and short-distance transport are not considered at this stage of the discussion as they are probably better dealt with at regional level.

### First steps

26. The first measures taken were the result of joint efforts by the Community institutions and bodies: the European Parliament, the Council, the

Commission, and the Economic and Social Committee. They demonstrate the real interest that this question arouses.

### Forecasting

27. The life-span of infrastructures makes it necessary to forecast transport needs on a relatively long-term basis. The temporary nature of these forecasts and the continual need to update them do not diminish their importance.

For these reasons the Community took part, between 1973 and 1976, in a study of passenger transport needs between the major conurbations of Europe (COST 33 Study).<sup>1</sup>

This study, undertaken with other European countries, aimed to estimate supply and demand in inter-urban passenger transport for the horizons 1985 and 2000.

In 1977, the Commission, with the help of Member States, also undertook a forecast of goods transport needs for the same horizons, 1985 and 2000.<sup>2</sup> The first stage of this study has just been completed and the results already obtained are very encouraging. Models were constructed enabling predictions to be made of the consequences for inter-regional traffic, and for the division between modes, of variations in the economy (scenario) or in transport policy (strategy).

The second phase of the study, intended to aggregate the passenger and freight forecasts which have been described, is under way. The third phase will start in 1980 and will consist of an assignment, or allocation, of the traffic flows between regions to the network of major Community routes.

### Other studies

28. The other studies can be grouped under the following themes:

#### *Infrastructure capacity*

This type of study aims to detect weak points in the network where, particularly following the growth

of international traffic, difficult traffic conditions may appear. A study is in progress to determine the conditions under which bottlenecks appear.

#### *Assessment of Community interest*

These studies draw upon the work mentioned above and are clearly essential for assessing priorities and justifying financial intervention by the Community.

The Commission asked consultants to study methods and measures to determine the Community interest of major infrastructure projects and to examine as a practical example the various possibilities for a fixed cross-Channel link.

Almost all of these studies have been started very recently, thanks to the European Parliament, which fully appreciated their importance and ensured that special provision was made for this purpose in the 1978 budget.

### Community measures

29. In parallel with the work on these studies, the Commission presented two proposals to the Council:

- one to improve the consultation procedure instituted in 1966<sup>3</sup> and to set up a Transport Infrastructure Committee,<sup>4</sup>
- the other to provide for Community financial support for certain major transport infrastructure projects.<sup>5</sup>

These two proposals were favourably received by the European Parliament<sup>6</sup> and the Economic and Social Committee.<sup>7</sup>

<sup>1</sup> Tenth General Report, point 445.

<sup>2</sup> Eleventh General Report, point 372.

<sup>3</sup> OJ 42 of 8. 3. 1966.

<sup>4</sup> OJ C 207 of 2. 9. 1976 and Bull. EC 6-1976, point 1403.

<sup>5</sup> OJ C 207 of 2. 9. 1976; OJ C 249 of 18. 10. 1977; Bull. EC 6-1976, point 1404 and 9-1977, point 2.1.62.

<sup>6</sup> OJ C 183 of 1. 8. 1977; Bull. EC 7/8-1977, point 2.3.24.

<sup>7</sup> OJ C 56 of 7. 3. 1977; Bull. EC 12-1976, point 2465.

In 1978, the Council adopted the first proposal, which became the *Decision of 20 February 1978 instituting a consultation procedure and setting up a committee in the field of transport infrastructure*.<sup>1</sup>

This Decision is extremely important, because of its political implications and its content.

From the political point of view, it demonstrates that, like the Commission, the Council is convinced that action in the transport infrastructure field must from now on occupy an important place in the development of the common transport policy.

This importance is underlined by the measures adopted. It was decided that:

- Member States would communicate to the Commission their projects and programmes for the development of transport infrastructure, and projects of Community interest. The projects may be the subject of consultation, i.e. examination and discussion with representatives of the other Member States;

- A Transport Infrastructure Committee would be set up under the auspices of the Commission. It would consist of representatives of Member States and have the widest possible terms of reference. As its main task, it would examine every aspect of the communications network of interest to the Community.

Furthermore, the Decision contains a general definition of the idea of Community interest.

The Committee has been set up and has started its work. The standing and experience of its members testify to the importance the Member States attach to it.

The Commission is convinced that this Committee will become an essential instrument for the future tasks to be undertaken.

### *Future programme*

30. The achievement represented by these first results should not be underestimated. They indicate a will to advance along the line already traced

out. Nevertheless the major tasks await definition and realization.

31. In terms of legislation, the next step will be the adoption by the Council of the proposed Regulation on financial support for infrastructure projects of Community interest.

It has been clearly demonstrated that, in relation to infrastructure, the identification of Community interest can be a useful aid for national decision-making. Realization of certain large projects which always represent a heavy financial burden for the State on whose territory they are located, may have a higher economic priority at Community level than at national level. It would be appropriate for the Community to assist the State concerned in such circumstances.

It is considered logical that the Community should give financial assistance for the implementation of its policies in areas such as agriculture, regional development and employment. There can be no reason why transport should be an exception to this rule when infrastructure improvement is a condition for the effective functioning of transport in the Community both now and in the future.

Financial aid from the Community will assist the execution of:

- projects to be undertaken in the territory of a Member State or another country which will allow a bottleneck affecting Community traffic to be removed;
- cross-frontier projects which do not have sufficient priority at national level to be included in the national budgets but which are very important to the Community due to the stimulation they could bring to the development of economic links between regions situated on either side of frontiers;
- projects which do not have sufficient priority at national level to be included even in long-term programmes but which have greater importance from the Community viewpoint if specific Community objectives are taken into consideration;

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<sup>1</sup> OJ L 54 of 25. 2. 1978; Bull. EC 12-1977, point 2.1.146.

— projects which facilitate the standardization of equipment and the coordination of work on the Community network and which would also increase the profitability of complementary infrastructure situated in other Member States.

32. The proposed financial instrument for supporting transport infrastructure projects of Community interest will complement the existing instruments which can be used to further the development of transport infrastructure.

These instruments are European Investment Bank (EIB) loans, the New Community Instrument (NCI) for borrowing and lending, by which the Commission is enabled to contract loans to finance investment in industry, energy and infrastructure, the European Regional Development Fund (ERDF), and the system of interest rebates available to certain States participating in the European Monetary System (EMS)

Annex III provides an overall view of the instruments which enable the Community to give financial aid to infrastructure projects of Community interest.

Notwithstanding the possibilities of the instruments mentioned above, it is clear that the creation of a specific mechanism can be justified by a number of arguments:

- The special criteria used for the existing instruments — regional development, economic growth — limit their possible applications in the field of transport infrastructure, especially in the context of establishing a coherent Community network.
- Two instruments, the ERDF and the EMS interest rebate programme are subject to geographical limits,
- Non-repayable subsidies can only be provided by the ERDF; interest rebates associated with the entry into force of the EMS can only be applied to loans granted by the EIB and the NCI for projects in the less prosperous Member States.
- The EIB and the NCI only grant loans under the conditions prevailing on the capital markets.

These limitations indicate the need for an instrument specifically designed to meet the requirements of infrastructure policy. However, the use of the proposed instrument will, of course, be closely linked to the existing Community financial instruments so that they can be used to maximum effect in coordination with national action, which in any event will continue to play the primary role.

33. The system proposed by the Commission relating to financial support for projects of Community interest is adapted to the particular requirements to which Community action in relation to transport infrastructure gives rise.<sup>1</sup>

- Only projects of obvious and accepted Community interest will be eligible.
- The assistance offered will be tailored to the needs of each project accepted for aid.
- The initiative will rest in the hands of the Member States which submit projects.
- The roles of the Commission, Parliament and Council will be such as to necessitate close collaboration between those three Institutions.
- The intervention of the Transport Infrastructure Committee will provide an additional guarantee of balanced and valid project selection.
- It will not be necessary to make any changes in the budget procedures currently in force: projects will be proposed in the context of the Commission's annual budget in the normal way.

It is clear that the approach outlined will enable the proposed Regulation to play a major role in a future Community infrastructure policy whilst avoiding the dangers of duplication or ill-considered intervention.

34. The studies already under way constitute an essential basis for an investment policy; they must be continued and completed.

The forecasting studies will need to be kept up to date and improved. In the Commission's opinion,

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<sup>1</sup> Communication to the Council on measures concerning transport infrastructure, adopted by the Commission on 30 June 1976; Bull. E.C. 6-1976, points 1401 to 1404.

they should be developed into permanent tools and the inevitable element of uncertainty should be reduced to a minimum.

In addition to those studies, two reports were requested by the Council at its session of 23 November 1978.<sup>1</sup> These reports relate to:

- bottlenecks,
- criteria for evaluating projects of Community interest.

There is no doubt that these reports, which are presently in hand, will provide valuable information to the Council and the Commission.

### *The main areas for action*

35. The Commission hopes that the Council will pursue its examination of the proposed Regulation concerning financial support with a view to its early adoption.

In the meantime the Commission intends, with the assistance of the Transport Infrastructure Committee, to pursue its work to attain the following objectives:

### **Long-term objectives**

36. The long-term objectives are as follows:

- *Definition of a network of major links of Community interest and evaluation of investment needs*

An agreement on the definition of such a network would greatly facilitate the achievement of future goals.

The evaluation of the investment needed so that the networks can meet Community goals would provide advance information on overall financial requirements for each Member State and the Community as a whole.

Annex IV sets out as an example some guidelines on possible methods of selection for major Community links and the evaluation of needs.

Of course, such a network could not be immutable and would have to be adapted to meet changes in economic development and new transport needs.

- *Research into criteria for the choice of investment and cost/benefit analysis*

This task is indispensable notably to determine on an objective basis the criteria to assess the Community interest of a project.

The Commission believes that useful and reasonable results can be reached in these fields if a suitable methodology is adopted initially and the benefits of experience are progressively taken into account.

### **Short-term objectives**

37. The short-term objectives envisaged by the Commission are as follows:

- *Determination of bottlenecks likely to hinder traffic between Member States*

This has an obvious priority: a report was requested by the Council in November 1978.<sup>1</sup> It is being undertaken largely on the basis of a study described above and with the aid of the transport infrastructure committee.

- *Identification and examination of projects of Community interest*

It is certainly premature to present a list of investment projects of Community interest which might receive financial aid.

Nevertheless, on the basis of existing information, it is possible to undertake an analysis of traffic conditions on many routes of Community importance. This brings out some obvious inadequacies in the capacity or the quality of infrastructure and makes it possible to identify provisionally some links which merit particular attention.

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<sup>1</sup> Bull. EC 11-1978, point 2.1.95.

From this viewpoint the Commission can indicate a number of links which have already been the subject of projects in varying degrees of development.

These links, grouped by category, are given here for illustrative purposes. It is clear that the list will need to be amended or completed later as and when the analysis of the quality of service over the whole of the Community is refined.

It should also be pointed out that mentioning these links does not prejudice the results of any detailed assessments which will have to be undertaken later in collaboration with the Member States concerned.

- *International links between major centres*

The following rail links are typical of this category:

Brussels – Cologne, Utrecht – Cologne – Frankfurt, Amsterdam – Brussels – Luxembourg – Strasbourg.

- *Links with peripheral regions*

Numerous links could be included here; the following can be mentioned as examples: in Ireland, links with the North (Dublin – Belfast – Derry), with the West (Dublin – Cork/Galway); in the United Kingdom, links with East Anglia – notably the ports; and in Italy links with the Mezzogiorno and the islands.

- *Links affected by the accession of new Member States*

These links, by land and sea, merit special attention notably because of the expected increase in traffic following the accession of Greece, Spain and Portugal.

- *Links overcoming natural obstacles*

There are several links where the sea or mountains greatly reduce the quality of service: the Channel crossing, the link between the Federal Republic of Germany and Denmark (via Fehmarn), the Alpine links between the Federal Republic of Germany and Italy and the Apennine crossings.

- *'Missing links' between existing networks*

Several 'missing links' can be identified: particularly important for the inland waterways are

'European class' links between Belgium and France and between the North Sea and the Mediterranean via the Rhine-Rhône Canal; for the motorway network the link Thionville – Luxembourg – Trier can be mentioned, as just one of several examples.

The role of selective financial aid from the Community will be to accelerate the completion of projects on such links: they will be submitted by the Member States and their financial and economic aspects will be examined with the assistance of the transport infrastructure committee. The Commission considers that it will be possible to examine a number of projects each year. It is impossible to anticipate the results of the examination or to attempt any pre-selection of the projects likely to benefit from the financial aid.

38. The execution of these projects will extend over a period of years and should be seen in the context of a long-term development plan at the European level.

In order to consolidate its efforts the Commission will stress to the Member States, particularly through the Transport Infrastructure Committee, the need to forward a number of urgent projects rapidly: the priority of these projects in national programmes can be considered and where appropriate, the case for aid from the proposed financial instrument examined.

## Conclusion

39. The brief outline which has been presented has shown how important the role of infrastructure is in the development of the common transport policy and how great is the task which remains. A number of possible approaches have also been described.

The elimination of obstacles to transport which stem from shortcomings in infrastructure, in order to ensure the most efficient employment of natural and human resources must be a priority objective at Community level. Although the Member States have devoted considerable efforts to the solution of transport infrastructure problems and, without doubt, have achieved important results, serious deficiencies persist in the Community's transport links. What has become clear is that the continued economic integration of the Community will require that a more global approach be employed than in the past, through the integration into planning of specific Community objectives.

40. The possibility of the Member States working closely at the Community level to identify projects of Community interest, and thus helping their execution, is a very desirable objective. Such action should be extended to cover financial aid in justifiable cases, notably where desirable projects do not command sufficient priority at national level or would overtax purely national resources. Intervention is also foreseen where a number of Member States are involved but there is no possibility of sharing the costs equitably on the basis of the benefits to be expected.

This approach would clear the way for such projects which are essential to the economic and social development of the Community.

41. This is why the Commission has thought it necessary to open a wide-ranging discussion with all those concerned and to present this paper, which is intended to serve as a basis for joint consideration and a full debate.



## Annexes

## Annex 1

### Development of domestic and international transport

#### *Development of international freight transport within the Community*

(in millions of tonnes; transport by rail, road, and inland waterway only)

Goods dispatched to all other Member States from:	1974	1985	2000
Belgium: Tonnage	66.1	127.7	225.4
Index	(100)	(193)	(341)
Denmark: Tonnage	3.2	7.8	13.2
Index	(100)	(244)	(413)
Federal Republic of Germany Tonnage	103.0	155.4	236.5
Index	(100)	(151)	(230)
France: Tonnage	74.5	134.1	209.8
Index	(100)	(180)	(282)
Ireland: Tonnage	0.17	0.92	1.95
Index	(100)	(551)	(1 163)
Italy: Tonnage	10.9	24.5	37.6
Index	(100)	(225)	(345)
Luxembourg: Tonnage	8.6	11.7	18.4
Index	(100)	(136)	(214)
Netherlands: Tonnage	126.7	237.4	444.4
Index	(100)	(187)	(351)
United Kingdom: Tonnage	0.90	3.98	7.52
Index	(100)	(441)	(833)
Total traffic between Member States Tonnage	394.2	703.7	1 195.2
Index	(100)	(179)	(303)
Domestic traffic – all Member States Tonnage	6 509 <sup>1</sup>	9 151	11 384
Index	(100)	(141)	(175)

<sup>1</sup> 1973.

Source: Freight Forecasting Study 1979.

*Development of international passenger traffic within the Community*

Country-to-country journeys in excess of 80 km in thousands (both directions)

	1970		2000	
	Number	Index	Number	Index
Journeys between other Member States and:				
Belgium:				
Total	28 146	(100)	47 916	(170)
of which by surface transport	26 836	(100)	43 128	(161)
Denmark:				
Total	5 688	(100)	9 610	(169)
of which by surface transport	4 204	(100)	5 722	(136)
Federal Republic of Germany:				
Total	51 434	(100)	98 194	(191)
of which by surface transport	47 114	(100)	80 112	(170)
France:				
Total	40 214	(100)	95 830	(238)
of which by surface transport	35 622	(100)	70 368	(198)
Ireland:				
Total	3 680	(100)	5 092	(138)
of which by surface transport	2 508	(100)	2 044	(81)
Italy:				
Total	20 428	(100)	50 188	(246)
of which by surface transport	16 250	(100)	33 086	(204)
Luxembourg:				
Total	2 164	(100)	4 422	(204)
of which by surface transport	2 026	(100)	3 910	(193)
Netherlands:				
Total	32 034	(100)	62 224	(194)
of which by surface transport	29 880	(100)	52 656	(176)
United Kingdom:				
Total	15 876	(100)	38 532	(243)
of which by surface transport	7 988	(100)	10 762	(135)
Total international traffic between Member States of which by surface transport	99 832 86 214	(100) (100)	206 004 150 894	(206) (175)

NB: As each journey is counted twice – once in the country of origin and once in the country of destination – the total is half the sum of the figures for each country.

Source: *The future of European passenger transport*, O.E.C.D., Paris 1977 (COST 33 Project).

## *International passenger traffic*

Year	Cross-Channel traffic	Development of the number of journeys <sup>1</sup> between the United Kingdom and:			
		(a) Other countries of the Community <sup>2</sup>		(b) Other West-European countries (non-member countries)	
		Number (thousands)	Index	Number (thousands)	Index
1971	Total of which surface traffic	11 388	(100)	8 570	(100)
		5 194	(100)	2 816	(100)
1972	Total of which surface traffic	12 412	(109)	10 088	(118)
		6 014	(116)	2 120	(75)
1973	Total of which surface traffic	13 702	(120)	10 958	(128)
		6 452	(124)	2 436	(87)
1974	Total of which surface traffic	14 444	(127)	9 305	(109)
		6 246	(120)	3 310	(118)
1975	Total of which surface traffic	16 402	(144)	10 594	(124)
		6 320	(122)	5 716	(203)
1976	Total of which surface traffic	17 548	(154)	10 224	(119)
		6 642	(128)	5 824	(207)
1977	Total of which surface traffic	18 826	(165)	10 408	(121)
		7 136	(137)	6 012	(213)

*Notes:* The journeys are classified according to the domicile and destination of the passengers.

Almost all of the surface traffic under (b) passes via ports in the Continental Member States of the Community.

*Sources:* Coopers and Lybrand Associates Limited and SETEC-Economic (on the basis of the International Passenger Survey of the Department of Trade, United Kingdom).

<sup>1</sup> Excluding

(i) passengers in transit;

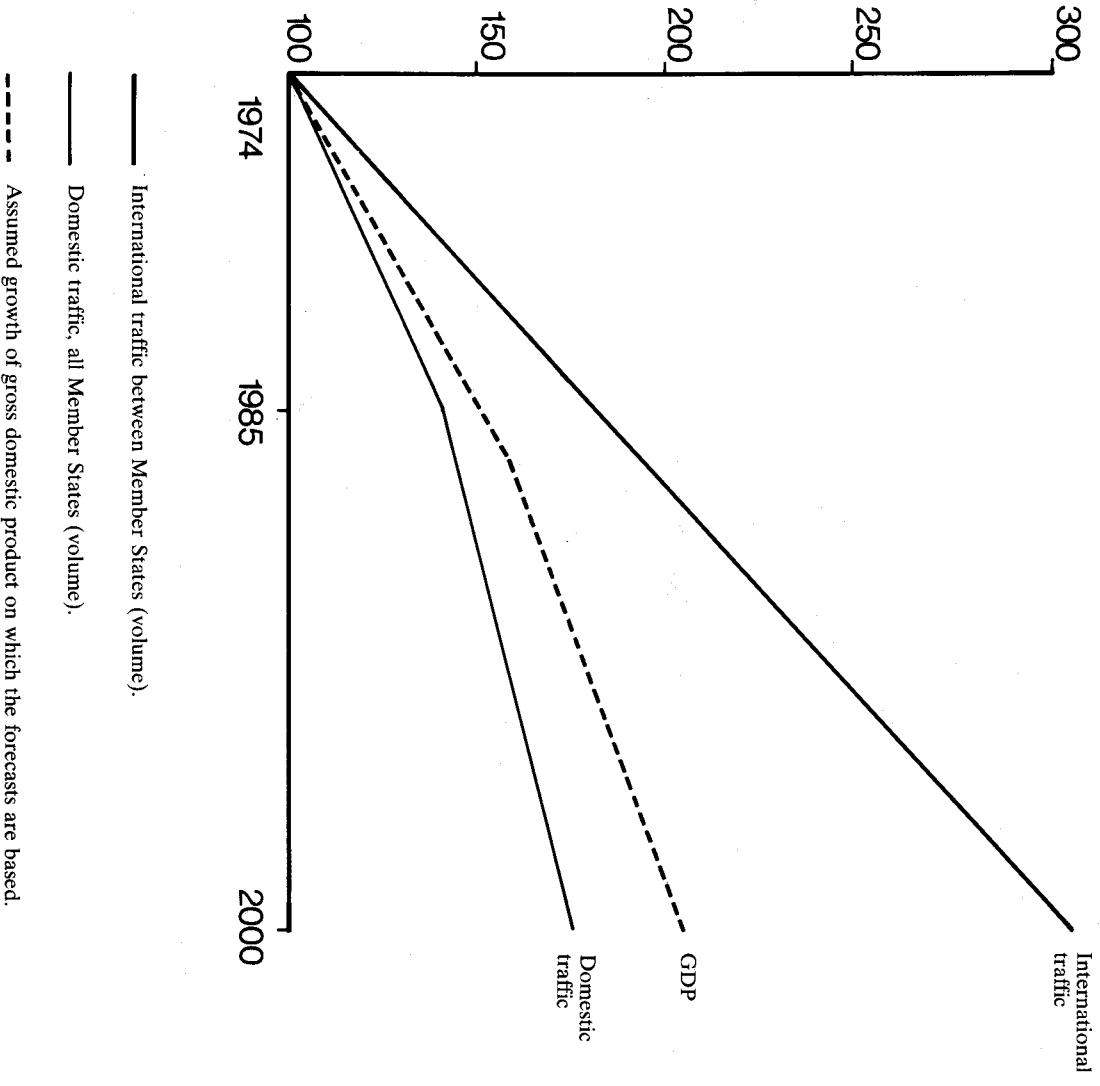
(ii) migrants;

(iii) military personnel;

(iv) charter flights of national governments.

<sup>2</sup> Excluding Ireland.

*Projections of the development of domestic and international freight traffic*  
(Low-growth hypothesis)



Source: Freight Forecasting Study, 1979.

## Annex II

### Community interest

#### *The development of a workable concept for infrastructure planning*

1. The concept of the 'Community interest' of transport infrastructure has been outlined in the paper; this Annex presents some further details of the problems involved and of the research under way to transform the theoretical concept into a practical guide for Community action.

#### The major questions

2. The consultation procedure for transport infrastructure envisaged by the Council Decision of 20 February 1978<sup>1</sup> refers to 'Community interest' as the principal criterion for the selection of projects to be notified to the Commission. However, the definition of Community interest given is wide and could lead to differences of interpretation. This raises the question of how to clarify the definition.

2.1. The proposal for a Regulation for a mechanism to provide financial aid for transport infrastructure projects<sup>2</sup> raises further questions of application. As financial aid would be based on the Community interest of a project, an evaluation is needed. The draft Regulation calls for a cost-benefit evaluation designed to throw light on this question. The problem is how to quantify the concept of 'Community interest' for an economic evaluation.

#### Definition of 'Community interest'

3. Transport infrastructure projects are of value to the Community through the net benefits that they provide over and above those on a national level. All Member States already undertake an evaluation of the benefits and costs accruing from infrastructure projects; hence, the primary objective of 'Community interest' should be to ensure that relevant factors excluded by Member States are taken into account. In general, such factors are

those that are felt outside the frontiers of the State concerned. In addition, a reevaluation of certain factors may be justified to take account of Community interest.

3.1. In discussing the factors likely to figure in 'Community interest' it is helpful to consider the concept in two parts:

- 'direct' interest in specific projects following the guidelines set out in the consultation procedure;
- macro-economic interest related to the overall development of infrastructure to ensure that long-term plans match Community needs.

3.2. 'Direct' Community interest is explicitly referred to in the Decision on the consultation procedure where the main attention is given to traffic flows and the impact of these flows on neighbouring countries generally. But the question arises: is it necessary or useful to define this interest at the present time? A number of ways exist to do this. For example, a certain minimum level of Community traffic could be specified as necessary, a minimum cost threshold could be set, or again one might even specify a given network which incorporates all routes – and therefore projects – of Community interest. There are clear advantages to be gained from such refinements in terms of efficiency due to the elimination of irrelevant projects. However, in the short term, and until practical experience is available from research and actual consultations, the risk of eliminating projects of real interest is clear. It is therefore proposed to keep this question under review and to report on the possibilities of further clarification and more detailed procedures on completion of the research work and the first series of consultations.

3.3. 'Community interest' on a macro-economic level may be easier to explain in general terms but is certainly more difficult to translate into practice. All Member States forecast their future infrastructure needs taking economic and social developments into account. National programmes are set up through a bargaining process involving a com-

<sup>1</sup> OJ L 54 of 25. 2. 1978.

<sup>2</sup> OJ C 207 of 2. 9. 1976 and OJ C 249 of 18. 10. 1977.

parison of financial possibilities and competing needs in the public sector as a whole.

At Community level the basic framework of infrastructure plans has come and will continue to come from national decisions: the primary task is to ensure that the Community's needs are reflected in the national planning systems. It is clear, however, that individual Member States may require an incentive to take the specific needs of the Community into account. National planning could require supplementing:

- in relation to the overall size of the infrastructure budget, and
- in the way in which the budget is distributed.

3.4. Although it is far from certain that important differences could arise between national and Community objectives, the possibility, and its consequences, should be considered. The whole question hinges on the difference between the external benefits for the Community arising from a change in national policy and the direct costs, including loss of potential direct benefit, to the Member State concerned.

3.5 It will be difficult to form any firm idea as to the appropriate size of the Community infrastructure budget until the results of the long-term examination of Community needs are available. The completion of these studies will require an input concerning Community policy in other sectors such as regional or industrial policy which influence the demand for transport.

When the results are available a picture of the Community's needs will evolve from discussions with the Member States through the transport infrastructure committee. The possibility of nominating a network of routes chosen for their special Community interest should also be explored. The first steps have been taken to examine problems relating to a network of important routes identified as follows:

- *Roads*: using the 'E' route system of the United Nations Economic Commission for Europe,
- *Railways*: using the list of main lines shown in the UIC (International Union of Railways) master plan, giving the quantitative and qualitative needs),

- *Waterways*: using the Class IV (1 350 tonnes) category of the European Conference of Ministers of Transport).

### **Evaluation of Community interest**

4. A distinction has been drawn between the Community interest of a direct nature and the broader macro-economic interest. In the case of direct interest the problems of evaluation are being approached through a policy of extending the methodology already applied by the Member States. Study of the possibility of widening the coverage of national evaluation to include Community factors has already shown that the approach should be feasible.

The objective is to produce an assessment of projects which includes both Community and national factors, in a single evaluation, although both elements should be separately identified. This approach is aided by the fact that all Member States employ cost-benefit methods or some variant for their national planning. The practical objective is to extend the traffic forecasts and the traffic impact study to a wider network outside the Member State. More general factors such as the impact on trade generation, regional policy, etc. will be also considered, although clearly such factors are more difficult to quantify. The macro-economic interest of the Community, like the evaluation of direct interest, should be considered at an early planning stage. This will raise the difficult problem of giving due weight to policies which each have their own objectives. The minimum objective is to provide guidance for the decision-maker on the size of the quantifiable traffic benefits to the Community.

This is required in support of the 'compensation' principle that lies behind the proposed Regulation of financial support, the aim being to quantify the amount by which the Community would benefit from a project and hence give a guide to the amount of aid from Community sources. Research in this field is under way and it is hoped to be able to develop a trial approach in the near future.

## Annex III

### Existing sources for infrastructure financing in the Community <sup>1</sup> (including transport infrastructure)

	European Regional Development Fund	European Investment Bank
Eligible infrastructure projects	Infrastructure investments which contribute to the development of certain regions.	Investments in infrastructure projects of regional or Community interest.
Geographical limits	<ol style="list-style-type: none"> <li>1. Regions established by Member States in applying their systems of regional aids and for which State aids are granted.</li> <li>2. Participation of the Fund in the financing of specific measures; regions to be determined by the Council.</li> </ol>	<ol style="list-style-type: none"> <li>1. Community.</li> <li>2. Outside the Community (ACP and Mediterranean countries).</li> </ol>
Forms of intervention	<ol style="list-style-type: none"> <li>1. Subsidies.</li> </ol>	<ol style="list-style-type: none"> <li>1. Loans.</li> <li>2. Guarantees.</li> </ol>
Resources	<ol style="list-style-type: none"> <li>2. Interest rebates of 3 points on EIB loans.               <ul style="list-style-type: none"> <li>— Fund budget for 1979: 945 million u.a. Probably available for infrastructure projects: 70 % = 661.5 million u.a. maximum.</li> <li>— Distribution of the Fund's resources between the Member States according to quota <sup>2</sup> (95 % of the budget).</li> <li>— Specific measures: distribution to be determined by the Council (5 % of the budget).</li> </ul> </li> </ol>	<p>Loans and guarantees granted in 1978: 2 140.4 million u.a., of which 320.4 million u.a. for transport infrastructure projects within the Community.</p>
Financial conditions	<ol style="list-style-type: none"> <li>1. Investments must exceed 50 000 u.a.</li> <li>2. — investments &lt; 10 million u.a.: maximum Fund contribution 30 % of national aid. — investments ≥ 10 million u.a.: maximum Fund contribution 10–30 %. — investments of particular importance: maximum Fund contribution 40 %.</li> <li>3. Specific measures: conditions to be determined by the Council.</li> </ol>	<ol style="list-style-type: none"> <li>1. Maximum contribution 50 % of the cost of the project.</li> <li>2. Projects must offer prospects of a reasonable return (commercial criterion).</li> <li>3. State guarantee or other sufficient security.</li> </ol>
Procedures	<ol style="list-style-type: none"> <li>1. Member State submits requests to the Commission.</li> <li>2. Consultation of Fund Committee.</li> <li>3. Consultation of Regional Policy Committee projects ≥ 10 million u.a.).</li> <li>4. Commission decides; if its decision is not in accordance with the Committee's, the Council decides.</li> </ol>	<ol style="list-style-type: none"> <li>1. Member State, Commission or undertaking submits requests to the Bank.</li> <li>2. Consultation of Commission and Member State.</li> <li>3. Bank decides (acting unanimously if the Commission's opinion is unfavourable).</li> </ol>
Bases	<ol style="list-style-type: none"> <li>1. Council Regulation (EEC) No 724/75 of 18 March 1975, as amended by:</li> <li>2. Council Regulation (EEC) No 214/79 of 6 February 1979.</li> </ol>	<ol style="list-style-type: none"> <li>1. Treaty, Title IV, Articles 129 and 130.</li> <li>2. Protocol on the Statute of the EIB.</li> <li>3. EIB Annual Report.</li> </ol>

<sup>1</sup> Apart from infrastructure aids under Article 56 of the ECSC Treaty and Article 84 of the Budget (EAGGF) which are specifically aimed at particular sectors (coal and steel and agriculture), the amounts in question are comparatively small.



New Community Instrument (NCI)	EMS interest rebates
<p>Investments in infrastructure projects which contribute to convergence and integration, taking into account the regional and employment effects.</p> <p>Community.</p>	<p>Investments in infrastructure projects in the less prosperous countries participating in the EMS, taking into account the regional effects.</p> <p>1. Italy.</p> <p>2. Ireland.</p>
<p>Loans.</p> <p>1 000 million u.a.</p> <p>500 million u.a. as first tranche, of which</p> <p>250 million u.a. appropriate to infrastructure.</p>	<p>Interest rebates of 3 points on EIB and NCI loans.</p> <p>1 000 million u.a. (in five yearly tranches of 200 million u.a. each) as interest rebates on EIB and NCI loans of 5 000 million u.a. (in five yearly tranches of 1 000 million u.a. each).</p>
<p>In accordance with EIB conditions.</p>	<p>In accordance with EIB conditions.</p>
<ol style="list-style-type: none"> <li>1. Council approves tranches and establishes regulations for the projects.</li> <li>2. Requests submitted to the European Investment Bank directly or through the Commission or Member State.</li> <li>3. Commission decides on the eligibility of the project.</li> <li>4. Bank decides on the granting and condition of the loan.</li> </ol> <ol style="list-style-type: none"> <li>1. Council Decision 78/870/EEC of 16 October 1978.</li> <li>2. Cooperation agreement between the Commission and the Bank of 27 November 1978.</li> </ol>	<ol style="list-style-type: none"> <li>1. Commission and Member States prepare indicative programmes.</li> <li>2. Consultation of Member States.</li> <li>3. Commission decides on the eligibility of the project.</li> <li>4. Bank decides on the granting and conditions of the loan.</li> </ol> <ol style="list-style-type: none"> <li>1. Council Regulation (EEC) No 1736/79 of 3 August 1979.</li> <li>2. Council Decision 79/691/EEC of 3 August 1979.</li> </ol>
<ol style="list-style-type: none"> <li>2. Belgium 1.39 %<sup>1</sup></li> <li>Denmark 1.20 %</li> <li>Federal Republic of Germany 6.0 %</li> <li>France 16.86 %</li> <li>Ireland 6.46 %</li> </ol> <p>Italy 39.39 %</p> <p>Luxembourg 0.09 %</p> <p>Netherlands 1.58 %</p> <p>United Kingdom 27.03 %</p> <p>million u.a. = million of units of account.</p> <p>million ECU = million of European units of account.</p>	

## *Annex IV*

### **Possible infrastructure needs**

#### **The preparation of estimates**

A forecast has to be undertaken so as to estimate the order of magnitude of the financial consequences of adopting a Community plan for the improvement of transport infrastructure. The principal elements of this are as follows:

- Based on the findings of COST 33, the inter-city passenger study undertaken jointly by the OECD, the ECMT and the EEC, and using other sources, an assessment has been made of the principal existing routes in order to determine possible needs for 1990–2000.
- Taking account of works under way or included in the firm national programmes, an estimate was made of the additional kilometres needed to complete networks of appropriate quantity. Some projects on which additional information was available were considered separately.
- Based on the improvements felt to be needed (enlargement, new building, etc.) as well as on a figure for average costs, a global estimate for investment can be given.

#### **Criteria for the selection of major Community links**

The identification of a network encompassing the links of primary importance for long-distance travel in the Community was undertaken in the following way:

1. A list of nodal towns of major importance for the transport system was prepared using the following criteria:
  - national capitals,
  - towns of more than 750 000 inhabitants,
  - transport centres important for geographical or historical reasons,
  - regional capitals or important regional centres, notably in regions where the population is sparse.

2. The main existing direct links between the nodal towns were identified. Some links carrying low traffic, and basically only of regional or local interest, were excluded. Some important links with non-Community countries were then added.

These criteria are principally geographical. To define an operational network of Community interest a considerable amount of work will have to be undertaken in association with the Transport Infrastructure Committee, drawing upon the results of the forecasting studies. In this respect the following complementary criteria will prove useful:

- the degree of saturation of principal intra-Community links in order to identify existing and future bottlenecks;
- net improvement in terms of traffic, exchanges and time due to the completion of intra-Community projects;
- the contribution to regional development due to the completion of links either within Member States or between them;
- the development of traffic and exchanges generated in the long terms by the enlargement of the Community and the consequences for the loading of the network to and from new Member States.

*Infrastructure expenditure (in million of EUA, 1976 prices)*

Main Community links – future needs

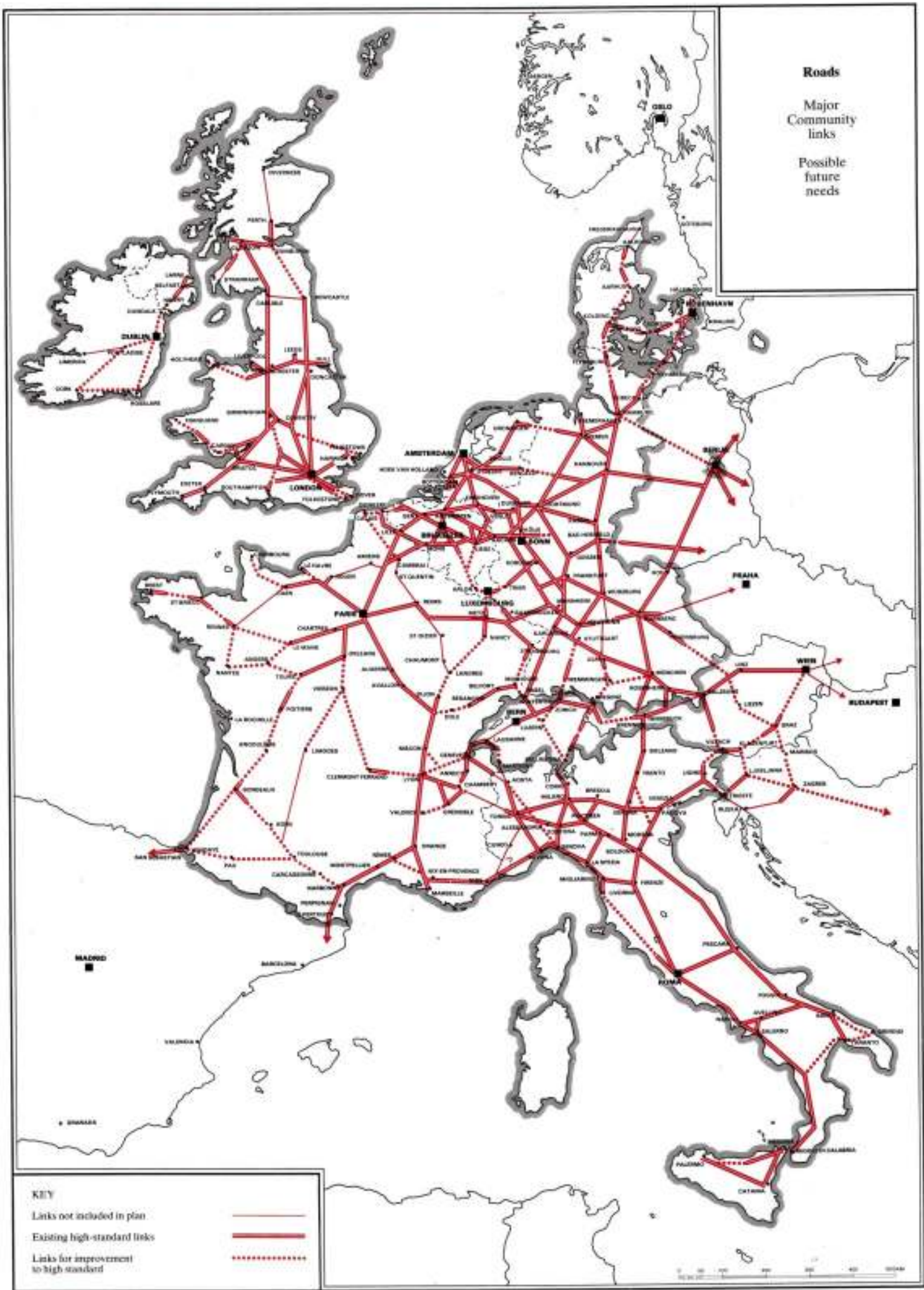
Railways	Roads	Inland waterways	Total	Average annual investment expenditure on main Community links over the next twenty years	(a) Average annual investment expenditure on all transport infrastructure (1973-75) <sup>1</sup>
11 564	13 987	4 269	29 820	1 491	12 640

<sup>1</sup> At current prices.

(a) *Source:* The Commission's reports to the Council on the results of the accounting system for expenditure on, and from the survey of utilization of, rail, road, and inland waterway transport infrastructures.

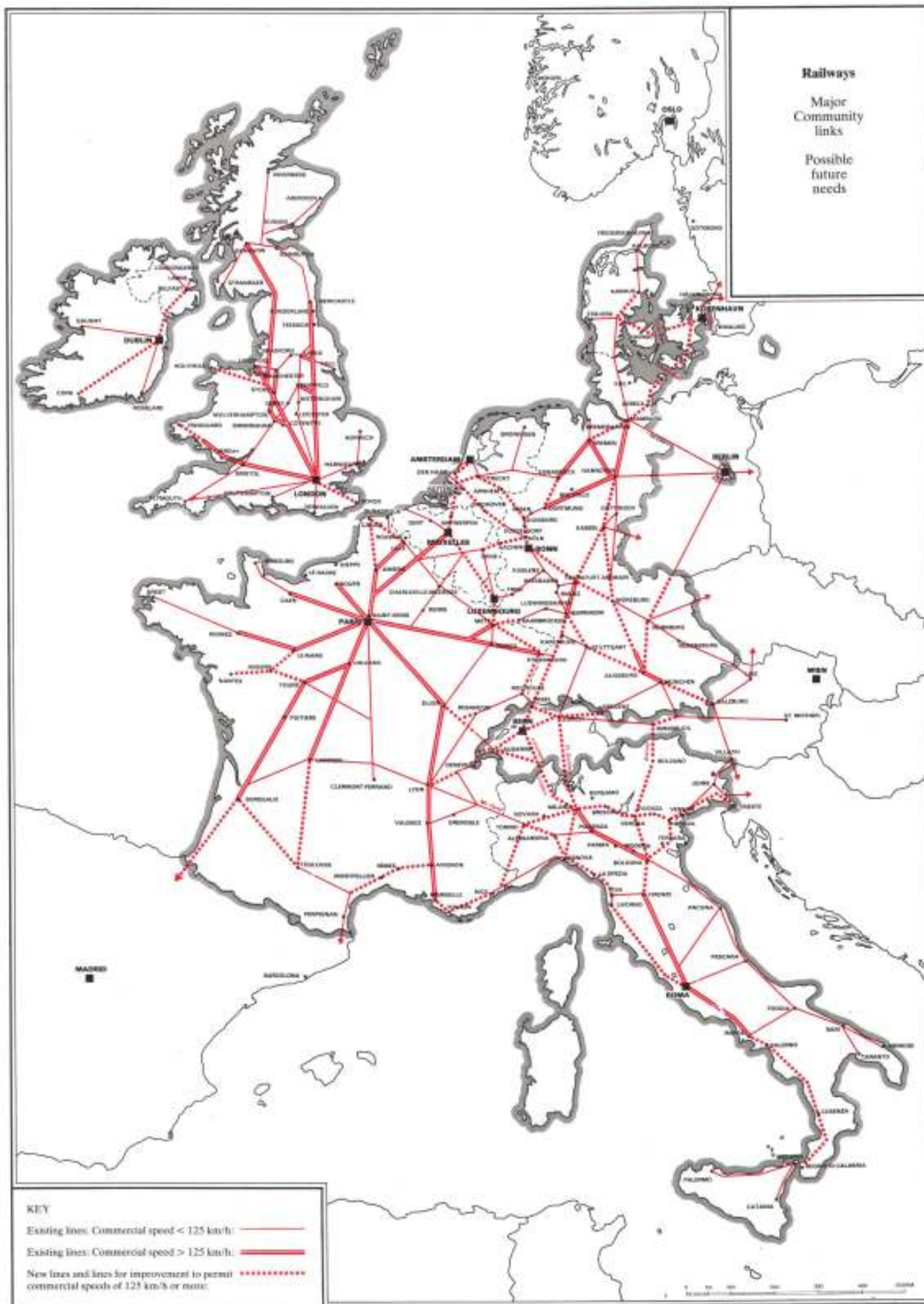
*NB:* The smallness of the figure in the fifth column in comparison with that in the last column is due to the fact that the former relates only to *major links of Community interest*, whereas the latter includes *all* transport infrastructure.





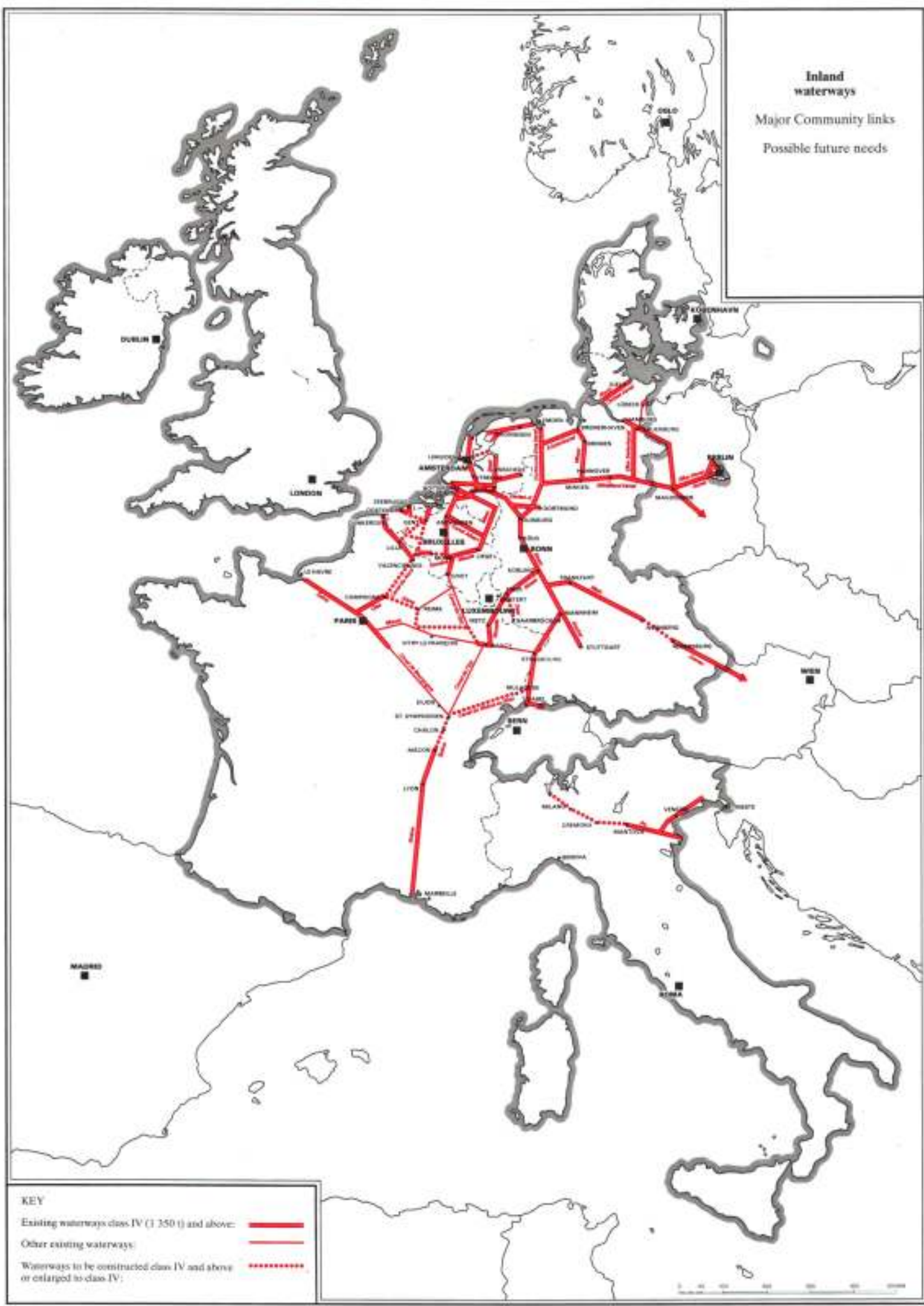














**Proposal for a Council Regulation on support for projects of Community interest  
in transport infrastructure**

**(Submitted by the Commission to the Council on 5 July 1976)**

*The Council of the European Communities,*

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

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

Whereas the implementation of the common transport policy involves the establishment of Community measures aiming at the coordinated development of links within the Community;

Whereas, due to national constraints a certain number of projects of Community interest having a considerable importance for the Community are not financed by the Member States acting alone;

Whereas it is essentially the responsibility of the Member States to finance such projects of Community interest; whereas because of some of their specifically Community implications there should however be a procedure by which the Community might grant them support, in particular when this support will mean that they are given priority;

Whereas the Community should enjoy every means which will enable it to assess the interest of each project from case to case; this assessment must take place as part of the procedure implemented to guarantee a coordinated development of links within the Community;

Whereas the Commission is responsible for making proposals concerning the allocation of financial support measures;

Whereas the recipients shall inform the Community of the work's state of progress,

*has adopted this regulation:*

*Article 1*

The Community, under the conditions laid down in the following Articles, may grant its financial

support for the execution of transport infrastructure projects of Community interest referred to in Article 1 of the Council Decision establishing a consultation procedure and creating a committee for transport infrastructure.

The aim looked for is to give selective assistance for the undertaking of a limited number of important projects.

The projects likely to be financed fall particularly in the following groups:

- projects to be undertaken in the territory of a Member State the failure of which to be undertaken creates a bottleneck in Community traffic,
- cross-frontier projects which are not sufficiently viable to pass the threshold, based on available resources, where a Member State would be willing to intervene,
- projects having a socio-economic profitability at the national level which is insufficient to justify their undertaking but from the Community point of view, taking account of the Community's objectives, have a greater benefit,
- projects which facilitate the standardization of equipment and the synchronization of work on the Community communications network.

*Article 2*

Aid given to a project can take the form of a Community participation in the finance of a project by the granting of the following advantages: loan guarantees; loans; subsidies; interest rate reductions; taking account of the other financial interventions of a Community nature which the project might benefit from.

*Article 3*

Any project of Community interest for which the financial support referred to in Article 1 is requested must be submitted in advance for the consultation referred to in Article 3 of the Council Decision of . . . establishing a consultation procedure and creating a committee for transport infrastructure.

#### Article 4

The request for financial support shall be forwarded to the Commission by the Member State or Member States on whose territory the project is to be carried out.

It shall include the necessary assessment factors, in particular:

- the assessment of the expenditure forecast, broken down into the various items,
- an estimated schedule of work and financial commitments,
- a cost-benefit study.

The Commission may ask the Member States for any additional information which it may consider necessary for assessing the project.

#### Article 5

1. The Commission shall consult the Member States on the request for financial support forwarded to it. This consultation shall take place within the Committee established in accordance with Article 4 of the Council Decision establishing a consultation procedure and creating a committee for transport infrastructure.

2. The Commission will prepare a report with a justified opinion including notably:

- (a) the possible allocation of the aids figuring under Article 2 of this Regulation;
- (b) the obligations towards the Community that the beneficiary has to agree to.

3. This report and the justified opinion are to be forwarded to the Council and the Parliament annexed to the general introduction to the draft budget of the European Communities, which will include, in the section dealing with the expenditure of the Commission, a special chapter intended to bring together all the credits for the financial support of projects mentioned in Article 1.

#### Article 6

The party or parties responsible for carrying out a project receiving financial support in accordance with this Community Regulation shall forward to the Commission, at the Commission's request, a report on the state of progress of the work on this project and on the expenditure allocated to its accomplishment. The Commission shall have access at all times to the accounts relating to each project.

#### Article 7

The information received in accordance with this Regulation shall be treated in confidence.

#### Article 8

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

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



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