

Brussels, 19 September 2002

OPINION
of the
Economic and Social Committee
Transport/Enlargement
(own-initiative opinion)

On 17 January 2002 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an own-initiative opinion on the following subject:

Transport/Enlargement.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 September 2002. The rapporteur was **Mr Kielman**.

At its 393rd plenary session (meeting of 19 September 2002), the Economic and Social Committee adopted the following opinion by 40 votes to one with one abstention.

1. Introduction

The so-called "Europe Agreements" constitute the framework for bilateral relations between the European Community and its Member States on the one hand and the applicant countries on the other. A total of 10 applicant countries signed these Agreements, while three applicant countries (Turkey, Malta and Cyprus) signed Association Agreements. The Appendix lists the countries which have signed Europe Agreements and Association Agreements. The Europe Agreements can be regarded as the framework within which the preparations for becoming a member of the European Union are made. They are therefore the basis for negotiations with the applicant countries. Transport is only one of the many subjects covered by the Community *acquis*. Other important aspects include agriculture, the internal market, the environment, safety and competition. In these fields the *acquis* has a direct influence on transport as such, e.g. with regard to the free movement of goods on the internal market, air quality standards, the environment and decision-making on state subsidies and mergers in the transport field.

2. Transport policy

In the transport sector the applicant countries face the challenge of transposing and implementing a considerable part (about 10 percent) of the total *acquis* legislation. Chapter 9 of the *acquis* is based on Articles 70 to 80 of the EU Treaty and consists mainly of hundreds of regulations, directives and decisions. For the applicant countries, taking on board the *acquis* means not only transposing it into legislation, but also implementing it in practice. Considerable administrative organisation and support is needed for this.

The transport *acquis* has been discussed with 12 applicant countries and already thoroughly negotiated with 9 of them, but not yet with Romania, Bulgaria or the Czech Republic. Negotiations have not yet begun with Turkey as an applicant country.

The road transport sector *acquis* covers a wide range of social, technical, fiscal, safety and environmental requirements. The rail transport *acquis* has recently been subject to substantial changes, and the liberalisation of this sector will mean that the national railway markets will be

opened up to competing railway companies from other Member States. In air transport, subjects such as market access, safety and infrastructure organisation will be on the agenda. In the maritime sector one of the main challenges will be effective implementation of the maritime safety *acquis*.

For all transport modes, failure to adopt and apply the *acquis* would lead to distortion of competition, which the EESC sees as unacceptable.

The Committee is also of the view that an increase in the share of rail and inland waterway transport in the applicant countries would be desirable, not only on environmental grounds, but also to alleviate congestion (see also 3.7.1).

Leaving aside the above considerations, in every sector there is an economic need to bring the transport infrastructure in the applicant countries up to standard. Yet from the date of accession the main infrastructure of the applicant countries will form part of the trans-European network. Community funds are available for the necessary upgrading. Of course lessons must be drawn from past experience. In building new infrastructure or extending existing infrastructure, just as in transport policy itself, it will be necessary to take account not just of economic considerations, but particularly of social and environmental consequences. Since a number of applicant countries are land-locked, special attention will need to be given in their case to infrastructure for combined transport.

The current situation is that most of the applicant countries have almost completed the process of transposing EU legislation into their national legislation. The most important thing to be done after that is to check whether it will also be implemented in practice. For this a properly functioning monitoring system is essential.

3. Consideration of key issues, broken down by transport mode

3.1 Community *acquis*

3.1.1 Road transport:

Implementing the Community *acquis* will mean that the applicant countries will have to strengthen the structures of government bodies and the capacity of those concerned with this task at government level and in other implementing and monitoring bodies. These people will also have to be prepared and trained for the task. In a number of fields, applicant countries have asked for derogations, mostly in the area of weights and measures or the application of the credit-worthiness requirement for national transport.

3.1.2 **Inland waterway transport:**

Inland waterway transport is a relevant policy area for only some applicant countries: all the Danube countries (Slovakia, Hungary, Romania and Bulgaria), the Czech Republic, Poland and to a limited extent Latvia and Lithuania.

There is indeed a fairly complete *acquis* for inland waterway transport on the EU's side, but still dominated by the rules of the CCR (Central Commission for the Navigation of the Rhine, to which Switzerland, France, Germany, Belgium and the Netherlands belong) which adopts them on the basis of the Revised Rhine Navigation Treaty (Mannheim Act). As a result of the so-called second additional protocol to that treaty, ships from the applicant countries at present have limited market access to the Rhine waterway area: they are not allowed to ply between Rhine ports. Immediately after accession this restriction will be automatically lifted, since the second additional protocol to the Mannheim Act lays down that ships having a real link with the EU have access to the Rhine. Nonetheless, even after accession, separate legislation will continue to apply on the Rhine to various aspects (e.g. building and fitting-out of ships, crewing requirements, professional skills), with which ships from the Member States will still have to comply in order to gain actual access to the Rhine.

On the other hand, market access to applicant countries for EU countries is at present still limited by bilateral agreements, but is expected after accession to be completely free, since no candidate country has asked for transitional periods on this point. Nor are any problems expected with regard to the remaining EU legislation on inland waterway transport. All applicant countries assume that they can meet the technical requirements applying to ships. So far only Hungary has asked for a transitional period for the so-called "old-for-new" arrangements - up to 31 December 2004.

3.1.3 **Rail transport:**

At present the Committee is working on an opinion on European Commission proposals for the further reform of the rail sector in the EU. These are known as the rail infrastructure package. Once accepted, this will become part of the *acquis*. In the rail infrastructure package, the following 3 directives are amended:

- 91/440, to create an organisational division between transport and infrastructure and to separate the infrastructure authority from the government;
- 95/18, to make professional authorisations apply to all rail transport;
- 95/19, to lay down rules for all rail transport on payment for use/pricing and capacity management.

The most important aspects of the proposed amendments are opening up the market and separating infrastructure functions from transport operations. The obligatory organisational separation of infrastructure functions (including authorisation, payment for use, capacity management and safety) from transport operations is a *sine qua non* condition for the applicant countries.

Poland and Hungary, in particular, have indicated that they have problems with the restructuring and privatisation of the railways. They have indeed asked for a derogation from Directive 95/19 with regard to infrastructure capacity allocation and infrastructure charges.

3.1.4 Maritime transport:

The most important subjects in the maritime sector concern market access, competition, crewing, and state support, safety and environment in so far as they influence competitiveness. It is important to avoid a situation in which EU shipowners are faced in one of these areas with unfair competition from the applicant countries. The applicant countries will have to take on the *acquis* in all these fields completely and without transitional periods at the moment of accession. This will not be a simple task, given the inadequate supervision of the implementation of the *acquis* in the applicant countries. In particular, maritime safety gives cause for concern. In recent years safety has been high on the agenda. Thus the European Commission very recently concluded an agreement on a signalling and information system for maritime traffic. The system is intended to prevent accidents arising from heavy traffic along important European routes. The applicant countries must also adapt themselves to these recent developments.

3.1.5 Air transport:

Even before the start of the accession negotiations, discussions began between the EU and the applicant countries about the latter's integration into the internal air transport market.

The same approach was chosen as for the integration of Norway and Iceland, namely a multilateral agreement between the EU and the applicant countries and between the applicant countries themselves, in which the basic principles were laid down. In addition there are separate protocols for each country laying down the derogations from the basic agreements in each case. These are mainly concerned with transitional periods for parts of the air transport *acquis* (all aspects: market access, safety and environment). Given that this approach covers all aspects of the air transport *acquis*, no separate accession negotiations are necessary in the air transport sector.

3.2 Definitions and statistics

Because this subject applies to all modes of transport equally, there is no need for a breakdown by mode. The applicant countries have not asked for any derogations in regard to Community statistical legislation. However, statistics take a great deal of time, while there is often a need for recent data which can be rapidly produced. Therefore the Committee takes the view that a monitoring system should be set up to observe the development of the transport market in the EU and provide decision-makers with relevant, comparable and recent data.

These data will also be needed to answer the question of whether and to what extent there is a crisis. This means information on prices, costs, charges, whether in the form of index figures or not, together with surveys of the current economic situation in the various transport sectors.

As well as having information available in the short term, the Committee thinks it necessary for the same terminology and definitions to be used in the present EU Member States and the applicant countries. At present this is far from being the case. For example, a recent survey shows that six applicant countries use the same definition as the EU countries for "own-account transport". It is therefore very important for the remaining countries to adopt this definition and use it in practice as soon as possible.

3.3 Economics

3.3.1 Competition

3.3.1.1 Road transport:

Freedom of establishment exists in the applicant countries, but a number of them still have a quota system for international transport. There are no market indicators which measure the intensity of competition both in the EU and in the applicant countries. However, the greatly increased competition, which in the Committee's view is mainly due to the inadequate operation of the qualitative criteria for access to the profession of road haulier, leads to failure to comply with social and traffic safety rules.

The Committee therefore thinks it very important that training for the profession of road haulier and driver be raised to a comparable level to that found in the EU.

As regards cabotage transport, the general feeling is that immediate liberalisation of the cabotage market at EU level is undesirable. On a bilateral basis Member States can reach agreements with the applicant countries on mutual liberalisation. At Community level a start will be made only after some years (the figure of five years is often mentioned) on a partial, and later complete, liberalisation of the cabotage market for most of the applicant countries. For Slovenia, Malta and Cyprus, the cabotage market will be opened up reciprocally at the time of accession.

3.3.1.2 Inland waterway transport:

In this sector, as stated above, ships from the applicant countries still have only limited access to the Rhine waterway area as a result of the so-called second additional protocol to the Revised Rhine Navigation Treaty. After accession this restriction will be lifted and ships from the applicant countries will have free access, provided that they meet the other EU criteria.

3.3.1.3 Rail transport:

Competition in the rail transport sector is in the Committee's view a sensitive area, since the situation in the applicant countries varies considerably. The starting point is that rail transport/track use is determined as far as possible by the market, but that the general conditions and infrastructure policy are determined by the government. At the same time, the rail sector will have to be more efficient in order to survive. However, the Committee would stress that this must never be done at the expense of operating safety. Experience with reforms so far suggests that liberalisation does not lead automatically to more competition. It must always go hand in hand with technical and economic harmonisation.

3.3.1.4 Maritime transport:

Competition in the maritime sector is found particularly in those areas described in the section on the *acquis*: market access, crewing, state aid, safety and environment. For all these areas there will be no distortion of competition provided that the *acquis* is fully adopted and complied with after implementation in the agreed manner. The situation in Malta and Cyprus is particularly worrying in view of the size of their fleets.

3.3.1.5 Air transport:

The so-called "level playing field" in air transport - market access requirements, controls and enforcement - is known, and has been agreed with the applicant countries, together with the transitional periods. The Committee thinks it unlikely that problems will arise in this sector.

3.3.2 Taxation

3.3.2.1 Road transport:

In this respect the situation in the applicant countries varies. A number of them have the same system as the EU (motor vehicle tax, excise duty and a road-user tax or toll).

Other applicant countries use a different system. In the EU the White Paper on Transport appeared in September 2001, enshrining the idea that each mode of transport must pay the total costs to which it gives rise, including external costs. There will be a framework directive on an infrastructure taxation system, and a proposal for a uniform excise duty on heavy goods vehicles. The Committee takes the view that the principle of each transport mode having to pay for the costs involved is acceptable, but recommends that a simple system be adopted so that the applicant countries can soon take part in it.

3.3.2.2 **Inland waterway transport:**

In the Committee's view the accession of the applicant countries will have little tax impact in the inland waterway transport sector. As is well known, the "Mannheim Act" forbids the introduction of charges for the use of the Rhine waterway.

Reactions to the ideas contained in the White Paper are as yet unclear.

3.3.2.3 **Maritime transport:**

In this sector the existing rules on state aid are currently under review in order to improve the competitive position of the EU maritime fleet.

3.3.2.4 **Air transport:**

In the air transport sector the Committee regards it as desirable, with a view to equal treatment of transport modes, for a start to be made soon on the discussion of tax issues.

3.4 **Social aspects**

3.4.1 **Road transport:**

Some of the present EU Member States are concerned about employment in the transport sector after the applicant countries' accession, because wage costs in the applicant countries are significantly lower. There is a fear that jobs will be lost.

Moreover, the accession of the applicant countries will mean that the eastern frontier of the EU will then be that of the applicant countries. The Committee would point out that this will have social consequences for the border officials of Member States currently forming the EU's external frontier, as well as for border officials of the applicant countries, who will acutely feel the impact of enlargement. In the Committee's view these consequences are underestimated.

Preparation and training of border officials are needed for the new external frontiers, and a social programme must be established on the lines of that already introduced for Community citizens.

3.4.2 **Inland waterway transport:**

The social consequences of enlargement appear at first sight to be acceptable, both for present EU employees and for employees in the applicant countries.

3.4.3 Rail transport:

In the Committee's view it is still too early to make a valid assessment of the social consequences of enlargement for railway staff.

3.4.4 Maritime transport:

In the maritime sector there is great concern about possible social dumping once the applicant countries have acceded. In the Committee's view seafarers from the applicant countries should enjoy the same working conditions after accession as present EU seafarers. However, this is not yet the case, and it is feared that it will not even apply after accession. As it is possible for seafarers from outside the EU to be employed on Community ships and to be paid by the standards of their country of origin. The Committee regards this as an undesirable and competition-distorting situation. The consequences can of course vary from one country to another, but the Committee thinks it desirable for an EU standard to be developed and laid down in an EU directive or regulation, so that the legislation of the country of registration applies.

3.4.5 Air transport:

No problems are foreseen in this sector.

3.5 Transport safety

3.5.1 Road transport:

Transport safety is, in the Committee's view, one of the most important subjects which should be covered in the enlargement negotiations. All the more so, since data from the CEMT (European Conference of Ministers of Transport) show that the transport safety situation has worsened in the applicant countries in recent years. This is partly a result of the growth in the number of vehicles in the applicant countries. The Committee takes the view that legislation, and its implementation and enforcement, must be tightened up in order to halt the downward trend. In this connection the Committee points out that attention must also be paid to improving the attitude of road-users and the "transport culture" in the applicant countries. There has been a rapid growth in road traffic as a result of economic development. In the traffic safety area the *acquis* includes the introduction of rules on driving time and rest periods, the electronic tachograph, the speed-limiter and in the future the driver's certificate, all of which will be compulsory for international vehicles after accession. Moreover, if the White Paper on Transport were transposed into European rules, the costs resulting from traffic accidents would have to be included in the transport price. Furthermore, the Committee wishes to point out that it attaches great importance to a start being made at European level on a systematic analysis of the causes of traffic accidents.

3.5.2 **Inland waterway transport:**

The traffic safety situation in inland waterway transport is not likely to change much as a result of enlargement.

3.5.3 **Rail transport:**

In view of the fact that the railways transport millions of people and goods every day, it is of the highest importance to ensure a high level of traffic safety in the EU, including after enlargement. For this reason the European Commission, in its second rail package, proposed a number of accompanying measures to guarantee this level. The Committee takes the view that these accompanying measures should be adopted as quickly as possible.

3.5.4 **Maritime transport:**

The Committee believes that maritime safety is a point of concern affecting virtually all (seafaring) applicant countries. This relates primarily to the safety requirements for ships as set down in: mainly international - still incomplete - legislation (IMO) which is applicable to all countries and forms part of the Community *acquis*, sometimes with even stricter requirements. Even if the applicant countries themselves have not asked for transitional periods, attention needs to be given to this point. Recent accidents with ships from e.g. Cyprus and Malta have once more revealed the seriousness of this problem. Within the EU, as a result of these accidents, work has been done on a further upgrading of the *acquis* (the so-called "Erika measures"); this threatens to further widen the gap with the applicant countries if they do not act quickly. The relevant legislation should therefore be implemented in the applicant countries as quickly as possible.

3.5.5 **Air transport:**

The traffic safety package has been laid down in a separate protocol which has been agreed between each applicant country and the EU. Agreements on possible derogations have been made with each applicant country.

3.6 **Infrastructure**

3.6.1 **The present situation**

Within the EU a network of transport corridors has been established (trans-European transport network or TEN-T). To prepare for the inclusion of the applicant countries in this network, the European Commission has made an extensive inventory of the existing and necessary infrastructure in these countries - the so-called Transport Infrastructure Needs Assessment (TINA). The total amount required for this inventory would be about EUR 90 billion. It involves the building or extension of 18,000 km of roads, 20,000 km of railways, 38 airports, 13 seaports and 49 inland ports. Special attention needs to be paid to inland waterway infrastructure, since the relevant

Committee opinion¹ showed that on inland waterway routes the necessary works must be carried out to enable them to be used to the full within the trans-European networks. Infrastructure projects of the applicant countries which are described in the Tina final report can qualify for EU funding from the ISPA and Phare funds, albeit not for 100 percent coverage. The applicant countries themselves must provide the bulk of the funds (there is mention of 90%). After accession the applicant countries will come under the EU rules for TEN-T. These consist of guidelines for the development of the trans-European transport network and general rules for the provision of financial assistance. In the Committee's view, these rules should be revised: in the guidelines for TEN-T the applicant countries must be provided with maps showing which infrastructure will come under TEN-T. The Committee would point out here that the extension of the trans-European networks to include the European islands² should in future also apply to the applicant countries. A further point to bear in mind is that in the projects to develop the TEN-T the Member States should also meet environmental conditions (Habitat Directive).

3.6.2 Another important aspect is that any effective investment can only be undertaken when the multinational and cross-bordering nature of the TEN-T is taken into account. Therefore, regional as well as cross-border cooperation and coordination is a must as regards planning, operation, time-schedule etc. Infrastructure projects must be realized on the basis of an integrated cross-border network; the Danube States and ports may be taken as a good example for that demand.

3.7 Environment

3.7.1 Transport modes:

Emission standards and fuel quality come under this heading. Under the EU standards the emission of NOx etc. has been reasonably stabilised. The growth of the internal market has led to a sharp increase in goods transported by road. In particular, the aim of reducing CO₂ emissions cannot be achieved. In order to limit the damage as much as possible, it is important to create a "clean vehicle fleet" in the applicant countries as soon as possible. Moreover, it will be very difficult to reduce traffic noise and the number of traffic accident victims.

For this reason, but also because of the likely road congestion, the Committee thinks it necessary for energetic efforts to be made to develop the infrastructure of other transport modes and adopt a market-oriented approach to these modes. Calculating the total cost for each transport mode could in the Committee's view speed up this process.

It should of course be assumed that the EU provisions of Natura 2000 and the Fauna/Flora/Habitat Directive will be respected in the planning and construction of infrastructure in

¹ Own-initiative opinion on "The future of the trans-European Inland waterway network", rapporteur **Mr Levaux**, OJ C 80 of 3.4.2002, p. 15

² Own-initiative opinion on "Extending the trans-European networks to the islands of Europe", rapporteur **Mr Vassilaras**, OJ C 149 of 21.6.2002, p.60

the applicant countries. In addition to the need for a strategic environmental impact assessment for infrastructure programmes, it is clear that citizens, and nature conservation and environmental movements, need to be involved at an early stage.

Finally, the Committee thinks it important to set up a market warning system for the environmental impact of transport investment decisions so that the consequences of different options for the environment will be more apparent.

3.8 Security at borders

The transport sector is particularly sensitive to security aspects related to terrorist actions and illegal immigration.

In the perspective of the enlargement , all necessary precautions should be taken. At request of the Commission the EESC is currently preparing an exploratory opinion on this subject.

4. Conclusions

The Committee takes the view that the extension of transport policy to the applicant countries in the near future is the right choice. Enlargement will not only have consequences for the present EU Member States and the applicant countries, but will also offer possibilities and have consequences for other countries, such as Russia.

This document considers the situation if enlargement includes 13 applicant countries. The essential point is that they take on board the Community *acquis* and especially that they actually implement it. The Committee has called for special attention to be given to the latter, because in its view the consequences of accession for administrative bodies and individuals in the applicant countries are somewhat underestimated. Examples of this are the shifting of the EU external frontiers and its social consequences for customs staff and infrastructure. Similarly, accession will have radical consequences in the fields of transport safety and environment.

To sum up, the Committee takes the view that, in terms of transport policy, enlargement is a sensible choice, but that its consequences in many fields are underestimated.

Brussels, 19 September 2002.

The President
of the
Economic and Social Committee

The Secretary-General
of the
Economic and Social Committee

Göke Frerichs

Patrick Venturini

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N.B. Appendix overleaf.

The Europe Agreements

The **Europe Agreements** provide the framework for bilateral relations between the European Communities and their Member States on the one hand and the partner countries on the other.

The Europe Agreements cover trade-related issues, political dialogue, legal approximation and other areas of cooperation, including industry, environment, transport and customs. They aim progressively to establish a free-trade area between the EU and the associated countries over a given period, on the basis of reciprocity but applied in an asymmetric manner (i.e. more rapid liberalisation on the EU side than on the side of the associated countries). The **Association Agreements** with Cyprus and Malta cover similar fields (except political dialogue), while the Agreement with Turkey was also aiming to achieve a Customs Union.

The thirteen candidate countries have all signed Europe or Association Agreements with the European Union, as shown in the table below.

Country	Europe Agreement signed	Europe Agreement came into force	Official application for EU Membership
Bulgaria	March 1993	February 1995	December 1995
Czech Republic	October 1993	February 1995	January 1996
Estonia	June 1995	February 1998	November 1995
Hungary	December 1991	February 1994	March 1994
Latvia	June 1995	February 1998	October 1995
Lithuania	June 1995	February 1998	December 1995
Poland	December 1991	February 1994	April 1994
Romania	February 1993	February 1995	June 1995
Slovakia	October 1993	February 1995	June 1995
Slovenia	June 1996	February 1999	June 1996
Country	Association Agreement signed	Association Agreement came into force	Official application for EU Membership
Turkey	September 1963	December 1964	14 April 1987
Malta	December 1970	April 1971	16 July 1990
Cyprus	December 1972	June 1973	3 July 1990