

## Common Transport Policy: The Never Ending Journey

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**Abstract:** This article explores the reasons that delayed the progress of the Common Transport Policy, underlying possible future developments. Even though Common Transport Policy (CTP) was mentioned in one of the founding treaties of EU, it laid still until the 1980s. The paper begins by presenting the importance of an open and efficient transport for a successful customs union, part of the most successful EU achievement- the single market. The article then analyses the successes of the CTP and its evolution since the signing of the Treaty of Rome. After outlining the progress made by the European Union towards its objective, the article highlights the reasons for which the Common Transport Policy laid dormant for almost two decades. As a sub-section, each means of transport is analysed with the successes and failures/problems. Finally, several salient issues that are addressed in the European Commission's communication: *A sustainable future for transport: Towards an integrated, technology-led and user-friendly system* are underlined.

**Keywords:** common transport policy; transport; customs union; European Union

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Even though Common Transport Policy (CTP) was mentioned in one of the founding treaties of EU, it laid still until the 1980s. This article explores the reasons that delayed the progress of the Common Transport Policy, but also underlines possible future developments. The paper begins by presenting the importance of an open and efficient transport for a successful customs union, part of the most successful EU achievement- the single market. The article then analyses the successes of the CTP and its evolution since the signing of the Treaty of Rome. After outlining the progress made by the European Union towards its objective, the article highlights the reasons for which the Common Transport Policy laid dormant for almost two decades. As a sub-section, each means of transport is analysed with the successes and failures/problems. Finally, several salient issues that are addressed in the European Commission's communication: *A sustainable future for transport: Towards an integrated, technology-led and user-*

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*friendly system* are underlined. It also needs to be mentioned, that this article is an analysis and the starting point for a debate of a European policy that does not have too much attention in the European Union literature and that has too little attention from the EU population. Nonetheless, this policy has made its presence felt in our every days lives and probably will continue to influence the quality of our life.

“Transport is a key sector with links in every other sector of the economy.” (Hitiris, 2003) The acknowledgement of its importance within a custom union came with the signing of Treaty of Rome, when transport, agriculture and trade were dedicated separate titles. The obstacles in creating the CTP are debated throughout this article: differences in interpreting the treaty provisions, interference from the Member States, different attitudes towards intervention in transport, diversity of national transport systems, high costs in developing the infrastructure, the burden sharing issue, interests and priorities of the national transport sector, environmental implications, implementation deficit, multitude of sectors and also specific problems related to particular sectors. Nonetheless, from the 1980s important steps have been made in building the common transport policy: liberalisation of the market in areas such as fares’ competition, passenger capacity sharing, access to routes for all operators, the application of EC competition rules for air transport and technical specification and work rules harmonization, removal of quotas on road haulage between Member States, full cabotage rights for road transport. Some of the factors shaping the CTP are: the impact of the single market, Trans-European networks, environmental policy, traffic congestion, the growing importance of transport industry and enlargement. As one can understand, the main themes for influencing transport, also stressed in the paper *Evaluation of the Common Transport Policy (CTP) of the EU from 2000 to 2008 and analysis of the evolution and structure of the European transport sector in the context of the long-term development of the CTP* are: the economy (efficiency and competitiveness of transport), the society (impact on people and society) and the environment (the environmental sustainability of the transport system).

Transport delivers benefits to people and businesses. Customs union ‘are very similar to free trade areas<sup>1</sup> except that member nations must conduct and pursue common external commercial relations – for instance, they must adopt common external tariffs (CETs) on imports from non-participants [...]’ (El-Agraa, 2001, p. 1) A possible source of gain in the common market is the result of ‘factor mobility across the borders of Member States’ (El-Agraa, 2001, p. 103). Factor mobility demonstrates that an open and efficient transport system is a must within the common market.

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<sup>1</sup> The definition of Free Trade Areas given by El-Agraa is: ‘the member nations remove all trade impediments among themselves but retain their freedom with regard to the determination of their own policies vis-à-vis the outside world’. (p. 1)

Transport costs are an important part of the final costs, accounting for an average of 25% of the output price. So, the competition in the market is directly affected by transport. As a consequence, 'a determined country can alter its competitive advantage and its trade flows by policy-induced changes (subsidies, taxation) of transport costs.' (Hitiris, 2003, p. 269)

Transport has an economic importance for the European Union because it generates over 7% of the Union's GDP and it employs over 5% of total employment in the EU. (Commission, 2009)

All in all, the most significant thing about transport from the economic perspective is the role of allowing people, businesses, regions and countries to use in the best possible way their various comparative advantages, and in facilitating trade.

The development of the Common Transport Policy can be divided into three periods: the period between 1957 and 1985, the period 1985 and 1991 and the after 1992 period. (Schimdt & Giorgi, 2001, p. 294) In the face of recent developments, studies and strategies, the author feels necessary to split *the after 1992 period* into two: prior to 2006 and after 2006.

In the first thirty years of its existence the progress in implementing a CTP within the EC was very slow. The measures introduced were related to particular aspects of "harmonization and reduction in discriminatory practices in the provision of transport services between Member States. Community-level investments in transport infrastructures were mainly undertaken as part of regional, rather than transport policy." (Lee in Artis & Lee, 1997, p. 232)

"Despite significant progress with regard to the removal of barriers to competition either through positive regulation—the harmonization of social and technical standards—or through negative regulation—the liberalization and harmonization of the criteria for market access—several problems remain and solutions are outstanding with regard to the main challenges posed by sustainable mobility, namely environmental protection and social cohesion." (Schimdt & Giorgi, 2001, p. 293)

The change of pace, in the 1980s, in policy formation and implementation has been determined by two stimuli: the first is judgement of the European Court of Justice, that criticized the lack of progress for the CTP and the second was the political initiative that came with the goal of establishing the single market. The judgement was of the ECJ was in response to an action brought by the European Parliament against the Council for failure to carry out its obligations with regard to transport under the Treaty of Rome.

After the 1980s, the Common Transport Policy has started to evolve and develop at different paces depending on the sector, but also depending on the issues that had to be addressed. In the TENs programme there is the recognition that a free Europe

–without barriers has to be achieved with measures for removing the problems of physical barriers – missing links, poor infrastructure and bottlenecks.

The Commission’s proposals in 1990 were published for assisting the development of TENs in transport, energy and telecommunications. TENs was promoted as a key feature for creating the single market, but also for to reinforce the economic and social cohesion. The objectives and priorities of TENs-T were set out in *The Community guidelines for the development of the Trans-European Transport Network*. All the roads, airports, railways that met these objectives are of common interest, with the result that they qualify for financial aid from the EU. The qualifying projects will not be funded from the EU more than 50% of the feasibility studies and 10% of cost of work. Public or private funding must cover the rest of the necessary money. The project should be financially viable, judged on its merits and be consistent with the Union’s other policies.

The December 1992 White Paper on transport had as objective, which is generally achieved, to open up the transport market. Two important consequences of the White Paper were the lowering of prices and the growing demand for the road transport. (Commission, 2001) The proposals made by the White Paper in 2001 were: the change of balance between types of transport, the removal of bottlenecks, the users as central focus of the transport policy, the management of transport globalisation. The 2001 White Paper, *European Transport policy for 2010: Time to decide*, concluded that there were still many issues to be solved for developing a common transport policy: adequate funding of the infrastructure, political determination, new approach to urban transport by local public authorities, satisfying the needs of users. (Commission, 2001)

The report *Evaluation of the Common Transport Policy (CTP) of the EU from 2000 to 2008 and analysis of the evolution and structure of the European transport sector in the context of the long-term development of the CTP* recommends that the effort to liberalise the rail sector should continue, a full liberalisation of road freight transport should be realised, remaining restrictions on international road passenger transport should be removed.

Since 2001, the European Commission has commissioned several reports on the evaluation of the Common Transport Policy, its future and the future of transport in 20 to 40 years. The reports that need to be taken into account into our analysis are: *A sustainable future for transport: Towards an integrated, technology-led and user-friendly system*, *COMPETE - Analysis of the contribution of transport policies to the competitiveness of the EU economy and comparison with the United States* or *Report on Transport Scenarios with a 20 and 40 Year Horizon*.

According to the paper *A sustainable future for transport: Towards an integrated, technology-led and user-friendly system*, the European Commission has identified the following trends and challenges: ageing, migration and internal mobility,

environmental challenges, scarcity of fossil fuels, urbanisation and different global challenges. The new goal of the European Transport Policy is “to establish a sustainable transport system that meets society’s economic, social and environmental needs and is conducive to an inclusive society and a fully integrated and competitive Europe.” This goal shall be achieved by realising a quality transport that it is safe and secure, a well-maintained and a fully integrated network, transport that is more environmentally sustainable, technological innovation, better prices and improving accessibility.

As seen in the overall presentation above, the development of the CTP has proved difficult for different reasons. Firstly, the diversity of national system was an obstacle in achieving the goal of CTP. Each country has developed a national transport system different to others in terms of pattern and quality of the networks. Meaning that while rail and roads are important in a country like Belgium, where the network is dense, Spain, Portugal and Greece have a sparse system.

Secondly, another issue was that of high costs for developing a CTP infrastructure. The expenses of building rail tracks, tunnels, roads and airports are enormous. (Jones, 2001, p. 332).

Thirdly, a problem that arose related to CTP was that of burden sharing. If one country benefited the most from the CTP, who should primarily pay for it? Should all the EU members bear the costs or only the country directly affected?

Fourthly, the countries that signed the Rome Treaty had ‘diverse interests and priorities in their national transport sectors which diverged for reasons of geography and of distinctly different national attitudes to state intervention, regulation, conservation, land use and the environment.’ (Hitiris, 2003, p. 269)

Fifthly, an obstacle to develop the CTP was also different interests of the member states and between those providing different forms of transport. Some national carriers dominate some transport sectors and countries have an interest in ‘defending near-monopoly positions.’ (Jones, 2001, p. 332). The fact that transport has also links with other sectors of the economy means that a CTP would affect other economic sectors. The result of this potential influence ‘combined with the fact that a large section of the sector is not directly involved with interstate trading and thus exclusively in the domain of a state’s domestic policy, suggests that agreement on common transport policies cannot easily be reached. On the other hand, if a common transport policy is ever devised, it would be a major advance towards integrating a large section of the members’ economies.’ (Hitiris, 2003, p. 269).

Sixthly, the way in which the CTP should be treated differed between Member States. At a macro-economic level, there were two approaches: the Continental and the Anglo-Saxon philosophies. The objective of transport policy in the Continental

view was “to meet wide social goals that require interventions in the market involving regulations, public ownership and direction.” From the Anglo-Saxon perspective, “transport provision and use should be efficient in its own right. Efficiency is normally best attained by making the maximum use of market forces.” (Button in Al-Agraa, 2001, p. 280)

Seventhly, another element that came into play in the 1970s was the implication for the environment of transport. The attitudes towards the transport in the environmental concerns varied among the Member States. Transport has implications for the environment at the global level, the regional level and the local level. Because of this impact, the policy becomes more difficult to formulate.

Finally, one problem encountered in developing the Common Transport Policy was the implementation deficit, problem otherwise encountered many times when it comes to European legislation.

‘The resulting ‘implementation gap’ varies greatly by country and by area of legislation. In transport policy making this shifting of competencies and decision-making power to the European level has been most pronounced in the areas directly relevant for the establishment of a single market for transport services, namely market access (including liberalization) and the setting of rules and standards. In fact, regarding the latter it could be argued that policy making at the national level has nearly ceased to exist. This is interesting insofar as most environmental and social standards are, from a legal point of view, minimum standards and may be exceeded by any Member State. More often than not the transport industry has prevented the raising of national standards above the required minimum by citing competitive pressures. [...]

Apart from the few areas of transport policy making dominated at the European level, the national transport policies of the Member States are retaining their strong influence on the transport system. This is especially true for all measures related to infrastructure, land-use planning, network management and economic measures.’ (Schmidt & Giorgi, p. 304) The next sub-section presents the achievements, what still needs to be done and the problems encountered in the specific sectors of transport: railways, maritime, road, inland waterways and air transport. The growth of air transport industry is above the average growth of the EU economy. Passenger traffic and the number of scheduled carriers have risen steadily, but also the numbers of employees in civil aviation and of the airline staff increased. The development of air industry has led also to several problems of increased pollution, airport overcrowding and air-traffic control systems which are overloaded. (Hitiris, 2003, p. 277).

The three ‘packages’ that led to the liberalization of air transport included: a relaxation of rules, greater flexibility in pricing and the allocation of seat capacity, freeing the provision of services within the EU and the liberalization of cabotage in

1997. A problem encountered in the air transport refer to the 2001 terrorist attacks that sent the air industry into a crisis further leading to bankruptcy of major European airlines. It was also obvious that European companies which are small and medium sized cannot reach optimum capacity size to benefit from economies of scale. While the air transport has taken off with the beginning of the 1980s, the rail transport in Europe has been in decline since 1970s. The competitiveness and the trustworthiness of railway transport have been negative points compared to road haulage. The CTP has as top priority to revitalize the rail transport because it is a safe and environmental clean mean of transport. The increase of railways' efficiency and competitiveness within the EU is an objective of the CTP.

The main problem encountered by rail transport was the increased competition from the other modes of transport: road, air and waterway. Other difficulties encountered within rail transport reflect, according to Button, (Hitiris, 2003, p. 289), are the „technical variations in the infrastructure and working practices of individual states that are only slowly being co-ordinated.” As air industry and unlike rail transport, the road transport grew since the 1970s. The changes that occurred in road freight transport due to the CTP are: harmonization measures, controls over haulage charges, licensing, quotas, and cabotage. There was an acceleration of the policy change in EU haulage market but there are still issues to be addressed: ‘the opportunities for ‘own-account’ operators to engage in ‘hire-and-reward’ operations between and within Member States, and facilitating road-haulage operation with non-EU countries [...]’ and the harmonization of road-user charging systems. (Lee in Artis & Lee, 1997, p. 219) Concerning road safety, there were several directives adopted for harmonization of standards for brakes, lighting, windscreens, sound levels, agreement for common standards on weights and dimensions of commercial vehicles, agreement on maximum axle weights for articulated lorries, technical vehicle inspection, lorry suspension systems, the fitting of speed limitation devices in lorries and coaches, limiting the risks involved in the carriage of dangerous goods.

The creation of the single administrative document was one major step in removing expenses at internal frontier crossing. Progress in international transport of goods has been made by ending quota restrictions, full freedom to operate transport services in other Member States, establishment of a more rational pricing system and publishing a scale of reference tariffs. As part of the CTP, the EU has established the maximum driving periods, obligatory periods of rest and conditions for employment (i.e. professional ability and training).

The maritime transport is very important to the EU because of its geography and its importance as the world's trading block. The main realisations in the inland waterways are: the mutual recognition of each other's decisions on the navigability of waterways, general technical specifications for waterway craft, liberalisation of cabotage, the mutual recognition of boatmasters' certifications, cockpit crew

licences and driving licenses. There were four approved regulations in connection to maritime transport and they referred to: competition – how EC’s rules of competition apply to maritime sector, predatory pricing by third countries – “coordinated response, allowing EC to take anti-dumping measures against the countries”, cargo reservations – “coordinated EC response to third countries which reserve a portion of their trade to their own vessels”, freedom to provide services. (Leornard, 1997, p. 186)

Other regulations in the field of maritime transport relate to: common rules for ship inspection, minimum level of training for crews, the ballast requirements for oil tankers, a European vessels reporting system, regulation to carry dangerous or polluting goods. In 2001, the aims for the Common Transport Policy were underlined in the Commission drawn up White Paper: European Transport policy for 2010: Time to decide. The necessity of another White Paper arose because of the highlighted economic importance of transport and the growing conflict that faces transport. Increasing demand for mobility is part of a loop. It causes and is also caused by worsening congestion, services of poor quality, damage to the environment, the challenges to safety and the isolation of some regions. (Commission, 2001) Congestion is one of the factors that lead to the necessity of the CTP. It is characterized by blockage in the centre and paralysis at the extremities. The areas affected are 10% of road network, 20% of rail network and 30% of flights at major airports as part of the Trans-European Network and the urban areas, having as consequences the risk of losing competitiveness and costs<sup>1</sup>.

	<i>Goods</i>	<i>Passengers</i>
Road	44%	79%
Rail	8%	6%
Sea	41%	
Air		5%
Inland Waterways	4%	

*Source: Commission (2001)*

The growing demand for mobility led in an amazing rise in the use of cars for passengers, with the car numbers becoming three times bigger, rising 3 million a year. The use of car in new member countries will increase in the next few years. Diminishing of costs, better quality and the shift to a stockless economy are the reasons for the demand growth for goods mobility. Integrating transport into sustainable development is another important issue because of the air quality and the climate change. 28 % of emissions of CO<sub>2</sub>, the main greenhouse effect come

<sup>1</sup> According to the Commission, the costs are now of 0.5% of GDP, increasing to 1% by 2010. (2001)

from transport, with emissions probably increasing up to 50%. 98% of transport is dependent on oil that is imported in proportion of 70%.

Even though large steps have been made towards shaping a Common Transport Policy, things still need to be done. If we are looking at the European Commission's communication: *A sustainable future for transport: Towards an integrated, technology-led and user-friendly system*, we cannot help but wonder: has the common transport policy been replaced by the European Transport Policy, has disappeared or is it just an issue of semantics? Still, the Common or the European Transport Policy (ETP) is not the only answer to development problems. It has been proven that it must be a part of an overall strategy integrating sustainable development that should include: economic policy, social and education policy, urban transport policy, budgetary and fiscal policy, competition policy, research policy and land-use planning policy. As it can be seen throughout the article, the European Union became to develop in time the current CTP or ETP. Due to reasons like differences in interpreting the treaty provisions, interference from the Member States, different attitudes towards intervention in transport, diversity of national transport systems, high costs in developing the infrastructure, the burden sharing issue, interests and priorities of the national transport sector, environmental implications, implementation deficit, multitude of sectors and also specific problems related to particular sectors progress has been too slow. Even though after the 1980s there was an important increase in EU-transport related activities, they did not deal with all the problems that previously existed. If we are not to name the CTP the never ending journey, there should be a further development of the CTP/ ETP (with actions that follow the Commission's different papers and studies in the subject) that must also take into account the economic consequences of the measures that had been taken, and of the deficiencies that remain.

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