COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION

concerning an action programme to promote
the combined transport of goods

Proposal for a
COUNCIL REGULATION (EC)

concerning the granting of Community financial assistance
for actions to promote combined goods transport

(presented by the Commission)

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INTRODUCTION

1. In order to develop, the European Community needs reliable and integrated transport at European level. As a means of carrying on trade and a guarantee of personal mobility, the European transport system must both be efficient and meet collective economic and social criteria, including environmental protection and safety of users and third parties.

2. Combined transport is broadly speaking the transport of goods on intermodal transport equipment through at least two different transport modes without unloading the goods during the journey; the road leg should be as short as possible. This transport system is a potential key player in an efficient intermodal transport system. In such a system, transport modes compete on an equal basis, in that the user pays all the internal and external costs of the transport mode he chooses. Modes also cooperate and form the intermodal transport chain, each mode being chosen for the part of the journey where it is most competitive. As a general rule, this should mean road for the initial and terminal haulage, and rail, barge or maritime modes for the long distance part.

3. However, in practice, combined transport does not yet play this role. The Community's combined transport networks are often underutilized. Combined transport is not yet able to compete effectively with road on longer distances. The reasons for this are primarily:

   - For many journeys, the price of road haulage is not fully aligned with the full social costs in terms of congestion, safety record and environmental impact; thus, in numerous cases, road transport is able to offer lower prices than combined transport. Road transport is also cheaper because it does not require often expensive transshipment operations and intermodal equipment, which cannot be used in normal road haulage;

   - The service quality of combined transport cannot always compete with road. Thus, the transshipment requirement of combined transport means a threat to its competitiveness in terms of transit time. The information technology required for tracking, billing and other advanced customer services in a transport action involving different operators and different transport modes, executed by people speaking different languages in long haul travel in Europe, is often not yet satisfactory when compared to road haulage. Also, combined transport is often regarded as less reliable than road.

4. One step towards a truly intermodal system is to increase the use of combined transport. The imputation of real costs to each mode of transport is a long-term goal. It can only be achieved gradually, because the transport system and the users need time to adapt to this change. In the short term, increased use of combined transport can be brought about by improving the performance of this mode within the given framework, and taking action against its perceived weaknesses. Member State action in this field is clearly useful. However, since combined transport will as a rule cover longer distances involving often several countries, an EC initiative was needed to foster international co-operation by market participants to improve combined transport.

5. Therefore, the Commission, in 1992, launched a programme which was to demonstrate that even under current regulatory and economic conditions, combined transport could well be competitive and shift traffic from road to other modes in an economically viable way and with ensuing benefits in terms of safety and the environment. This programme was called PACT: pilot actions for combined transport.

6. This programme now comes to an end. A new PACT programme is proposed, in the form of a Council Regulation with a total budget of ECU 35 million from 1997 to 2001. An internal evaluation of the first PACT programme has recently been conducted by the Commission services. The first PACT programme did not contain specific objectives; i.e. it did not determine the concrete steps necessary to reach its general objective of contributing to the increased use of combined transport. There is also a lack of independent data available on the impact of PACT. However, a significant number of projects do appear to have had encouraging results. Two of the main findings of the internal evaluation of the first PACT programme should be stressed: the growing need for public assistance in investments in intermodal transport equipment and the need to provide financial assistance for commercial application of research.

The proposed Regulation attempts to address the difficulties encountered in the evaluation of the first PACT programme by ensuring that the new PACT

- has clearly defined specific objectives;
- has an improved framework for monitoring and evaluation.

Thus, the general objective stays the same: to contribute to the increased use of combined transport, where this is economically viable in the long term. The specific objectives of the new PACT should counter the disadvantages of the current combined transport facilities mentioned above. They may be summarized as follows:

- to increase the competitiveness of combined transport both in terms of price and of service quality vis-a-vis road;
- to promote the use of advanced technology in combined transport;
- to improve access to combined transport for enterprises, regardless of their size; this will increase competition in the supply of combined transport services and thereby also give a boost to its competitiveness.

7. This communication addresses the existing pilot actions (part A), the content of the new PACT which is to take over (part B) and guidelines for future action to promote combined transport (part C). This is followed by a proposal for a Council Regulation concerning the granting of financial assistance for actions to promote combined goods transport. An Annex sets out the main results of projects funded by the pilot actions over the years 1992-1995.

A. THE CURRENT PILOT ACTIONS (PACT)

8. The pilot actions in the field of combined transport (PACT) were launched in 1992 on the basis of a Commission Decision[(1)]. Scheduled for five years, their objective was to examine the need for such actions, and they formed part of the work programme in favour of combined transport that the Commission had submitted to the Council in 1992 (COM(92) 230)[(2)]. As it was experimental in nature, PACT was allocated a small budget: ECU 1.963 million in 1992, ECU 2.9 million in 1993, ECU 4.395 million in 1994 and ECU 4.1 million in 1995. ECU 5 million has been allocated for 1996.

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(1) Commission Decision 93/45/EEC of 22 December 1992 concerning the granting of financial assistance for pilot schemes to promote combined transport; OJ No L 16, 25.1.1993.

(2) COM(92) 230 final of 11 June 1992.

9. The aim of PACT was to contribute to the increased use of combined land transport as an alternative to transporting everything by road. It formed part of the general programme that the Commission had submitted to the Council,[3] having been designed to complement and back up measures to create the trans-European network. In preparing this programme, the following weaknesses of combined transport when compared to road became evident:

- The reluctance of potential customers to use this mode, mainly because of the poor quality of service and the higher price of this mode in comparison with road.

- Switching from road transport to combined transport involves investments in specialized equipment which cannot be re-utilized in road transport in the event of problems with the railways or inland waterways.

Consequently, the existing combined transport network was and still is underused. There was a need to increase its utilization rate while in the longer term putting in place the missing links thanks to the adoption by the Council of its decision on the trans-European combined transport network[4].

10. PACT has concentrated on short-term measures designed to improve the quality of the combined transport service and complementing infrastructure research or investment. In order to meet the European requirement and comply with competition rules, PACT financial assistance has been granted to projects in order to improve the performance of combined transport on that route. It has been open to any operator wishing to take part in the project concerned and prepared to invest in it.

The programme has covered the territory of the Member States; it has also been possible for pilot actions to relate to combined transport routes outside the Community where this was justified by significant traffic to or from the Community.

11. PACT has covered combined rail/road or inland waterway/road transport; where a sea crossing constitutes the only possible access to Community territory in a region of the Community, it has been covered. This has applied to among others, the northern Europe-Italy-Greece route, Ireland-United Kingdom-France (via the Channel Tunnel) and the Germany-Finland route.

12. In four years, PACT has funded 65 projects on 22 routes, of which 11 are rail/road, five involve inland waterways and six include a sea crossing. Seventeen related solely to Community territory (including Austria, Sweden and Finland before their association) and five included a section outside, in Switzerland or the countries of Central and Eastern Europe (Poland, Czech Republic and Slovenia). The projects were run by public (ministries, rail networks), semi-public (autonomous inland or sea ports) and private bodies (combined transport operators, chambers of commerce). In 1995, the Commission received 57 projects requesting funding totalling almost ECU 20 million, of which it was able to grant only ECU 4.1 million under the PACT budget heading and ECU 0.4 million under the budget heading for actions involving transport links with third countries. Annex I sets out these elements in greater detail and gives an overview of the programme for the last four years.

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(3) Idem.

(4) Council Decision 93/628/EEC of 29 October 1993 on the creation of a trans-European combined transport network; OJ No L 305, 10.12.1993, p. 1.

13. PACT was deliberately designed as a back-up for enterprises; consequently, an attempt has been made as far as possible to leave the initiative for projects to the operators and to make procedures rapid and flexible. In return for this flexibility of access, PACT organizes information campaigns to publicize its operation and above all has established structures for on-going and rigorous controls: verification by the Commission of the actual undertaking by applicants to finance the remaining part of the project not receiving assistance, compulsory agreement of the Member States concerned and consultation of other parties, monitoring of the progress of the project and of actual expenditure at the half-way stage, technical and financial audit at the end of each annual period for each project (including verification of bills and of the measures funded).

14. PACT was launched as an experimental action. Accordingly, provision was made for a fairly large degree of flexibility as to eligible measures. The Commission decision authorized three categories of actions: preliminary studies on aspects common to all projects eligible for 100% funding after a procedure entailing a call for proposals, feasibility studies on a specific pilot route, eligible for 50% funding and innovative measures eligible for 30% funding. In fact, PACT has provided funding for only one study (on intermodal terminals) at 100% and 32 feasibility studies. 77.86% of the budgets for the four years 1992 to 1995 went on direct operations, with the proportion of innovative measures compared with studies increasing over the years to reach 97% in 1995.

B. THE NEW PACT

15. The new PACT will consist of a structural programme based on a regulation. With the first PACT programme, there was a strong growth in the number of applications for PACT financing. Consequently, from 1994 the budget was never sufficient simply to meet the requirements of the soundest projects. In 1995 the Commission even had to suspend or defer existing projects to keep some room for manoeuvre to enable it to launch at least a few new routes, for example to the new Member States. The new PACT will have to try first of all to meet these requirements.

16. The flexibility of pilot actions helps to explain their appeal to the private sector, and to small and medium-sized transport enterprises in particular[(5)]. The procedure proposed here builds on the one currently applied; this means that any economic operator, private or public, including the public authorities, can submit a project direct to the Commission. The Commission checks beforehand that the States directly concerned with the project are in agreement and prepares an assessment of the proposal. Each year a committee of national experts appointed by the governments (Type II(a) Committee in accordance with the Council decision of 13 July 1987) of the fifteen Member States analyses the projects received and gives its opinion. The Commission subsequently administers the projects it has selected and reports to that committee each year on the implementation of the projects in the previous year. As before, the experts have only a consultative role, but in fact the Commission has in principle always followed their advice. Given the increase in the number of applications received and the need to spread expenditure over the year, proposals will henceforth be examined twice a year rather than once; the financial statement therefore provides for two meetings per year.

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(5) According to the Commission Communication on small and medium-sized enterprises COM(96) 261, the following criteria determine whether an enterprise is regarded as an SME:

- fewer than 250 employees;
- annual turnover of less than ECU 40 million or annual balance sheet of less than ECU 27 million;
- no more than 25% of capital held by one or more firms which are not SMEs.

17. By helping to disseminate technologies, or by demonstrating the feasibility of routes which are by definition difficult, pilot actions are apt to convince hitherto reluctant operators and encourage other projects by a "snowball" effect. It is therefore vital that the results of each project should be widely circulated and the programme publicized on a large scale. Thus the Commission has taken steps to publicize these actions and will step up its public information campaign. Similarly all reports must be public, apart from economic information constituting commercial secrets and all projects must be open, i.e. any potential partner wishing to play a specific role in a project aided by PACT must be able to do so under the same conditions as the operators who are already partners in the project, all things being equal of course. Finally, and in order not to give a preference which would be contrary to competition rules, any proposal submitted which is viable and competes with another project already launched must be entitled to the same conditions, which requires the overall PACT programme to be adequately funded.

18. As regards the actions eligible for funding, the proposal for a regulation presented here also draws the lessons from the current PACT. This provided for the possibility of 100% funding for preliminary studies on aspects common to all projects. In reality, given the eminently practical objective of the pilot actions, this was applied less and less over the years. Accordingly, this measure no longer figures in this proposal.

    It should be pointed out that such studies are still possible in the general framework of DG VII's budget for studies in accordance with the normal call-for-proposal procedures[6]. On the other hand, feasibility studies on a specific pilot route eligible for 50% funding have been retained, in order to involve the various parties in the intermodal sector in a project from the outset.

19. The most important part of the programme remains, of course, innovative measures. As a rule, these measures can be financed for a duration of up to three years. Following on from pilot actions already carried out, the new PACT has therefore the objective to improve the competitiveness of combined transport by sponsoring pilot actions. This will also translate into a policy aiming at a more balanced intermodal transport system than the one currently in place. Consequently, it is proposed that Community assistance be granted in the form of subsidies for innovative measures, restricted in time in order to be able to limit this assistance to start up investments, and not to subsidize normal operation. It is further proposed to simplify the procedures for access to the programme. An analysis of the relationship between the amount of funding and the benefits for the Community in terms of safety, the environment and a shift in traffic flows will be a vital criterion for assessing proposals and their order of priority, particularly in terms of making the best possible use of scarce financial resources.

20. In the old PACT programme, the innovative measures were funded up to a maximum of 30%. The definition of such measures was deliberately left open, the aim of the actions being precisely to test what was desired by the market and what was useful. The four years of operation in fact show a wide range of needs, but four major categories of actions having received funding can be identified:

    (a) investment in equipment (specialized rail or road equipment for combined transport) and in transshipment facilities in terminals (gantries, fixed or mobile cranes, etc.);

    (b) the commercial operation of new techniques or technologies, in particular those tested in national or European research programmes;

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(6) It should be stated that in the present pilot actions, and unlike the other studies or measures studies, receiving 100% funding remained subject to the Commission's usual procedures, particularly the obligation to issue a call for proposals.

(c) participation in costs of access to the infrastructure, provided that such aids do not exceed the marginal cost of access to the infrastructure for the combined transport service covered by the pilot action;

(d) all logistical and training measures.

Thus the proposed regulation continues to allow for a great deal of flexibility of use, although the proposed programme will still finance fixed measures and certain variable operating costs with the exception of staff costs, energy consumption and the covering of financial losses. Finally, the duration of the subsidies will be limited, with each project having to achieve its performance objectives and become sufficiently competitive by the end of this period at the latest, in order to avoid having to carry services which are not economically viable in the long term.

21. Although the launch of a project can provide lessons on changes to be made to the network, the construction and development of the network comes under infrastructures policy (trans-European networks) which is funded from another budget. Consequently infrastructure construction and development measures(7) are excluded from the scope of PACT. The same applies for research for which there is a specific European programme for transport(8), from which PACT is downstream.

22. As an alternative to road transport only, PACT seeks to promote combined transport which is competitive in terms of quality and, eventually, in terms of price also. The previous PACT covered internal modes (rail/road/inland waterways); it took account of maritime transport only where this was, for a particular region of the Community, the only possible access to the rest of the Community territory. With intermodality the aim, the new regulation extends the categories of actions to include short sea shipping, but only if it is in keeping with the objective of PACT which is to establish alternatives to road transport.

23. The previous PACT had annual budgets from ECU 2 - 5 million. It is proposed to raise this budget for the following reasons:

- Recently, project proposals for PACT financing come increasingly from non-traditional companies, i.e. transport operators that are new to the combined transport market, or even companies setting up to meet these new requirements. It is clear that this trend will become even more marked during the next three years; this has to be linked to the opening up of access to rail networks brought about by Directive 91/440/EEC. However, one of the consequences will be that funds for the new PACT will have to be increased significantly.

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(7) These infrastructure construction and development measures are covered by Council Regulation (EC) No 2236/95 of 18 September 1995; OJ No L 228, 23.9.1995, p. 1.

(8) Council Decision 94/914/EC of 15 December 1994 adopting a specific programme for research and technological development, including demonstration, in the field of transport (1994-1998); OJ No L 361, 31.12.1994.

- Moreover, the obsolescence of much of the intermodal wagon stock and the increasing disinclination of national railway companies to invest in equipment is giving rise to an increasing need on the part of intermodal operators for specialized wagons to meet the potential growth in traffic. The budget increase should make it possible to speed up the introduction of new rolling stock and transshipment technologies developed under the fourth framework programme on research (1994-1998), particularly the specific European programme for research and technological development, including demonstration, in the field of transport[9].

24. Like the previous PACT, the new one authorizes projects outside the Community, including those operated by private companies not established on its territory, on the dual condition that the route concerned can claim to carry significant traffic to or from the Community and that the beneficiary company offers adequate guarantees as to its respectability and capital resources.

25. As regards controls, the proposed regulation, whilst retaining the essential features of the existing system, adds a number of safeguards. The principle is to facilitate access to the programme (which must be open to all operators, including SMEs) while introducing rigorous checks on implementation. In fact, the application procedure has been made as simple as possible, and considerable efforts have been made and will be stepped up even further regarding publicity for the programme and its transparency; on the other hand, once the project has been launched, the Commission checks at least every six months on the progress of the project and settles expenditure only when it has proof that the work has been carried out. Finally, the proposal fixes a limit on the validity of the programme, in order to avoid a situation of permanent funding. The general objective of this action is to contribute to the increased use of combined transport. At the end of the five-year period stated by the Regulation, one will have to see whether the programme has met this objective.

C. FUTURE CHALLENGES

26. European intermodal policy seeks, among other goals, to re-balance the current commercial disadvantages of combined transport due to insufficient consideration being given to social costs in transport tariffs, as part of the lengthy process which should see a return to inclusion of the real costs of transport. The measures provided for in the PACT and proposed here represent only one of the possible instruments, another being the setting-up of a similar scheme at national level. The Commission has undertaken a general review of the principles and guidelines relating to State aid to transport. Among other things it is considering possible action on combined transport.

27. The first question is whether it is right to consider the funding of railway or combined transport infrastructures as State aid. Given the principle of free access to the rail network laid down in Directive 91/440/EEC[10], this question needs to be asked; this might also apply to intermodal terminals where they are the property of a public company and provided that this same principle of free access applies.

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(9) Council Decision 94/914/EC of 15 December 1994 adopting a specific programme for research and technological development, including demonstration, in the field of transport (1994-1998); OJ No L 361, 31.12.1994.

(10) Council Directive 91/440/EEC of 29 July 1991 on the development of the Community's railways; OJ No L 237, 24.8.1991.

28. Another aspect to be considered from the point of view of State aids concerns the costs of access to rail infrastructure. In the same way as what is proposed here, the granting of public subsidies, in this case national rather than Community, towards the charges for access to rail infrastructure is being studied particularly from the standpoint of compensation for the disadvantage for rail transport (and thus for rail/road combined transport) resulting from the fact that in many cases social costs are not taken into account sufficiently in road transport tariffs. This applies only if the amount of aid does no more than exactly offset this disadvantage.

29. Finally, it is also time to consider the problem of mountain crossing. Passing through areas whose ecology is often fragile, road routes through the Alps or Pyrenees cannot, at present road prices, be rivalled by railways, rendered more expensive by the geological conditions. In this specific case, and given the considerable constraints in terms of environment and safety, it could become necessary to give a greater stimulus to such transport; this raises the question of State aid towards operating costs in these extreme cases. It may lead, in the given circumstances, to a modification of the State aid rules of the Community concerning the transport sector.

30. There is another area where Community assistance and State aid might prove necessary: investments in combined transport equipment. Specific intermodal equipment (containers, swap bodies, platforms, semi-trailers) cannot be reused in road transport in the event of a problem, save at prohibitive cost, and many companies simply do not have the financial capacity to take this risk. Changes to the tax arrangements applying to such equipment are currently being studied.

31. It is also necessary to step up research and development actions; PACT has shown that the new techniques need financial assistance if they are to be applied to combined transport since apart from the large rail networks, firms in this sector are not large enough and do not have the proper resources to engage in this work on their own. Apart from the Fourth framework programme already mentioned in paragraph 23, the Commission has set up in the field of research "research/industry" operational units (Task Forces), (one concerns intermodality (SEC(95) 1824), is proposing to focus on certain research topics in this area (COM(96) 12) and is considering a communication on the environmental aspects of goods transport by road, as announced in its action programme for transport)[(11)]. This work must be continued; the new PACT proposed here accords with all these actions, since it will provide new financial means to increase the impact of these programmes by helping the subsequent phase of marketing and commercial trials.

32. Lastly, we should look beyond the Union. The opening of the Iron Curtain has changed trade patterns but has also given rise to traffic flows towards the East which are beginning to saturate the networks of Central and Eastern Europe. Faced with an urgent need to develop alternative modes of transport, these countries have a number of handicaps to overcome: little or no intermodal equipment (both transshipment and transport) and few funds available for investment, very fragmented road transport market, and inflexible and inefficient rail structures. The development of intermodal routes is one of the responses but the creation of infrastructures must be accompanied by measures to promote their use. In this connection, the experiment carried out with PACT in the European Union is a good example of what is possible. The current PACT programme has already funded actions on routes from the Community to Eastern Europe (see above, point 12), and the Regulation proposed here will also offer this possibility. Moreover, the Commission is now studying the possibility of promoting combined transport within Central and Eastern Europe (eg. East/East connections) and the appropriate instruments for implementing such actions. It will report on what measures are required in the countries of Central and Eastern Europe, and which actions

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(11) COM(95) 302.

would be most cost-effective. Where appropriate, the Commission will draw up proposals by the end of 1996.

In order to guarantee long-term mobility and establish an efficient transport system, the Union must now concentrate its efforts on an intermodal approach to goods transport. As the choice of mode must continue to lie with users, it is essential to keep listening to operators and provide them with the necessary means to turn to combined transport by removing all obstacles, legal as well as economic, handicapping the most environmentally-friendly modes. The success of such a policy which is ever more crucial will depend on the Union's ability to persuade and help economic operators to follow this trend and to develop a global, coherent programme of actions to promote intermodal transport which takes account of and involves our neighbours.

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EXPLANATORY MEMORANDUM

General aim of the proposal

1. The general aim of this proposal is to continue and broaden the scope of the current scheme to grant financial assistance for pilot actions to promote combined transport (PACT[1]). PACT was launched in 1992 for a five-year experimental period. Now that these pilot actions have been operating for four years, this proposal converts the schemes into a programme to run for five years starting in 1997. Since the programme is now entering a fully operational phase the proposal extends the range of budgetary possibilities.

2. In its resolution of 30 October 1990 on setting up a European combined transport network[2], the Council emphasized the need to make the best possible use of the Community's transport resources while respecting the need to protect the environment. One implication would be increased use of combined transport. It is now accepted that transport prices in all modes of transport do not fully reflect the social costs of individual journeys in terms of environmental acceptability, the safety of users and third parties and congestion. This situation seriously disadvantages combined transport and it has therefore become necessary to implement policies to compensate this by helping this sector to improve its performance, particularly in terms of organization and logistics.

3. This was the thinking behind the Commission's decision to launch the PACT programme in 1992. The present proposal retains the features of the existing pilot actions but extends the geographical scope to sea transport. In the light of experience over the last four years, it shifts the emphasis of financial assistance slightly. It discontinues the possibility of 100% subsidies for preliminary studies, provides for the funding of concrete feasibility studies at 50% and defines the basis for innovative measures more clearly at 30%. It improves the procedures for selecting and monitoring projects and provides for an enhanced framework for evaluation.

4. Finally, it is important to stress that the development of combined transport is intended to encourage the transfer of actual or potential traffic from roads to more environmentally acceptable modes like rail, inland waterway and maritime transport. This new programme may also contribute to reduction of damage caused by transport to the environment in terms of the use of natural resources, pollution of air, water and soil, and effects on human health and safety. It will also contribute towards the sustainable regional development of Europe, as it will foster the integration of peripheral regions into Europe by promoting combined transport.

5. From the point of view of subsidiarity, the actions envisaged by the Community in this proposal can be analysed by answering four basic questions.

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(1) PACT: Pilot Actions for Combined Transport. Commission Decision 93/45/EC of 22 December 1992 concerning the granting of financial assistance for pilot schemes to promote combined transport; OJ No L 16, 25.1.1993, p. 55.

(2) Note from the General Secretariat of the Council No 9832/90 of 12 November 1990.

(a) What are the aims of the programme in terms of the Community's obligations?

The Union is required to set up and maintain an efficient goods transport system which is capable of meeting users' mobility requirements. Combined transport plays a key role in this system since it allows transport capacity to be used more efficiently. However, its development is seriously handicapped on account of the reasons mentioned above. In the short term these problems can be solved only by schemes of financial assistance.

The Commission introduced such a scheme on an experimental basis in 1992. The aim of the proposed programme is to give the scheme more stability by making the changes which have proved to be necessary from the experience gained over the last four years.

(b) Does the Community have sole responsibility for this proposal, or is this responsibility shared with the Member States?

The programme relates to the development of combined transport at European level and is therefore concerned mainly with international routes, which is why it seems most appropriate to take action at Community level. For this reason the proposal is submitted on the basis of Article 75 of the Treaty and is hence the sole responsibility of the Community.

(c) What means of action are available to the Community?

The Community already has schemes for supporting infrastructure (trans-European networks) (Council Regulation 2236/95) and research (Council Decision 94/914/EC). The proposed programme should help to supplement both, since, although it excludes infrastructure measures, priority must be given to routes which form part of the trans-European combined transport network. Similarly, although the programme may not support research projects, it can provide assistance for the subsequent stage which is the commercial operation for the first time of technologies which have already been tested for technical feasibility in the context of Community R&TD activities under the fourth framework programme (1994 to 1998)[3]. The proposed programme will thus be an additional means of establishing the necessary synergies with existing Community instruments.

(d) Is uniform regulation required or would a directive be sufficient?

A regulation is the best solution where Community financial assistance, managed by the Commission only, is concerned.

Explanation of individual Articles

1. Article 1 specifies the general and specific objectives of the actions financed under the proposed Regulation.

2. Article 2 gives definitions of the terms used in the Regulation and defines its scope. If there is a demonstrable Community interest, projects which begin or end outside Community territory may also be taken into account.

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(3) Particularly by the intermodality task force, or under the specific programme for research and technological development, including demonstration in the field of transport (1994 to 1998) adopted by Council Decision 94/914/EC of 15 December 1994 (OJ No L 361, 31.12.1994), and the Research-Industry Task Force on Intermodal Transport (SEC(95) 1824).

3. Article 3 lays down the conditions of eligibility for proposals. Measures which are intended to fulfill the specific objectives of the Regulation are eligible. They must intend to increase the competitiveness of combined transport both in terms of price and service quality vis-a-vis road; or to promote the use of advanced technology in combined transport; or to improve access to combined transport for enterprises, regardless of their size.

Proposals may be accepted only if the states on whose territory projects will take place have given approval.

4. Article 4 sets out the rules on the extent of financial assistance. This may be granted for feasibility studies on a route and for innovative measures, i.e. specific investments and certain variable operating costs with the exception of staff expenditure, energy and making up losses. Investment in combined transport equipment, for access to rail and inland waterway infrastructure, for the commercial operation of techniques, technologies or equipment previously tested and approved, and for schemes relating to logistics, staff training and advertising of the programme, are covered by the Regulation.

Article 4 also lays down maximum percentages for Community assistance. It also allows the Member States, provided they comply with the relevant Community legislation, and especially Articles 77, 92, and 93 of the Treaty and the implementing legislation(4), to grant financial assistance for measures already assisted under the current Community programme.

5. Article 5 describes the application procedure. This is based on three principles:

(i) making the programme easily accessible, particularly for small and medium-sized enterprises;

(ii) ensuring that each application is given the same treatment by laying down rules on content and presentation;

(iii) give the Commission sufficent information to select only those projects which contribute to achieving the objectives of the PACT programme.

6. Article 6 sets out the procedure and selection criteria for granting financial assistance.

7. Article 7 deals with the decision-making procedure. For this purpose it creates an advisory committee of national experts operating in accordance with Article 2, II(a), of the Council Decision of 13 July 1987 laying down the procedures for the exercise of implementing powers conferred on the Commission(5).

8. Article 8 sets out the financial provisions.

9. Article 9 governs the financial control of actions already initiated.

10. Article 10 concerns monitoring and evaluation procedures.

11. Article 11 requires that two years after the coming into force of the Regulation, the Commission should draw up a progress report on the programme to be sent to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. The Article also states that the programme shall be evaluated in line with Commission evaluation principles.

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(4) Council Regulation No 1107/70 of 4 June 1970 on the granting of aids for transport by rail, road and inland waterway; OJ No L 130, 15.6.1970.

(5) Council Decision 87/373/EEC of 13 July 1987; OJ No L 197, 18.7.1987.

12. Article 12 requires those receiving assistance under the programme to give the Community as much publicity as possible.

13. Article 13 states that the programme will run until 31 December 2001.

14. Article 14 determines the date of entry into force of the Regulation.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 75(1) thereof,

Having regard to the proposal from the Commission[1],

Having regard to the opinion of the Economic and Social Committee[2],

Acting in accordance with the procedure set out in Article 189c of the Treaty, in cooperation with the European Parliament[3],

Whereas the present situation and the expected development of transport in the Community make it necessary to manage the Community's transport resources to optimum effect while respecting the need to protect the environment; whereas this implies encouraging the use of combined transport, as stated by the Council in its resolution of 30 October 1990 on the setting up a European combined transport network;

Whereas the establishment of a combined transport network should be supplemented by Community measures concerning the organization of combined transport chains;

Whereas, following the abovementioned Council Resolution of 30 October 1990, the Commission, by Decision 93/45/EEC[4], launched an experimental five-year scheme for the granting of financial assistance for pilot schemes to promote combined transport; whereas this scheme comes to an end on 31 December 1996;

Whereas, therefore, Community action in this area is clearly useful; whereas this experimental scheme should be converted into a proper framework for actions of Community interest in the field of combined goods transport which takes account of the experience gained since 1992;

Whereas the purpose of these actions is to foster the advantages to society of combined transport in terms of reducing congestion, improving safety and in particular respecting the environment, and also in contributing towards the sustainable regional development of Europe;

Whereas the ultimate aim of these actions is to help develop an effective European transport system by supporting the introduction of alternatives to long-distance road transport which are acceptable to the market; whereas therefore the actions supported by this Regulation should not have the effect of restoring road routes;

Whereas these actions relate to Community combined transport, including transport outside Community territory; whereas it is therefore necessary to be able to take into account routes which include some non-Community territory, provided that traffic volumes confirm demonstrable Community interest;

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(1)

(2)

(3)

(4) OJ No L 16, 25.1.1993, p. 55.

Whereas, in accordance with the principle of the free choice of transport mode, these actions include financial assistance for investment in combined transport equipment, for access to rail and inland waterway infrastructure, for the commercial operation of techniques, technologies or equipment previously tested and approved, and for schemes relating to logistics, staff training and advertising of the actions, with the exception of transport infrastructure construction or development projects or technological research projects - in the form either of feasibility studies, or of a financial contribution to innovative schemes aimed at improving the competitiveness of combined transport;

Whereas, however, the basis for the financial assistance covered by this Regulation is different from that referred to in Council Regulation (EC) No 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks[5] and that referred to in Council Decision 94/914/EC of 15 December 1994 adopting a specific programme for research and technological development, including demonstration in the field of transport (1994 to 1998)[6]; whereas it is therefore possible to authorize funding for different measures on the same pilot route, since this can generate useful synergies; whereas therefore this Community assistance can provide additional assistance for Community research activities and for completion of the trans-European networks;

Whereas for the same reason, considering the European interest of the projects selected and the fact that they are continually monitored by the Commission, the Member States may grant financial assistance for the measures included in an action, provided that they comply with Articles 77, 92 and 93 of the Treaty and the pertinent legislation;

Whereas the financial assistance should be provided for a limited period and act as a special incentive to encourage operators to develop services of this kind;

Whereas the application of this Regulation should be monitored on a regular basis; whereas to this end the Commission should, two years after its entry into force, report on this progress to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions;

Whereas the purpose of the actions covered by this Regulation is to help start up combined transport projects; whereas such actions should therefore be of limited duration,

HAS ADOPTED THIS REGULATION:

Article 1

Purpose

This Regulation specifies the conditions, rules and procedures for granting Community financial assistance to projects, which contribute to the increased use of combined goods transport through:

(a) increasing the competitiveness of combined transport, both in terms of price and of service quality, as against road transport; or

(b) promoting the use of advanced technology in combined transport; or

(c) improving access to combined transport for undertakings, regardless of their size.

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[5] OJ No L 228, 23.9.1995, p. 1.

[6] OJ No L 361, 31.12.1994, p. 56.

Article 2

Definitions

1. For the purposes of this Regulation:

   (a) *intermodal transport equipment* means a container, a platform, a swap body or a road vehicle; however, the term does not cover a maritime or inland waterway vessel;

   (b) *combined transport* means any transport of goods between Member States using intermodal transport equipment, without unloading the goods from such equipment during the entire journey, using at least two different modes of transport which may be road, rail, inland waterway or sea, and keeping the road sections as short as possible;

   (c) *operator* means any undertaking operating combined goods transport services using its own or leased equipment for all or part of the service; but using a different undertaking for the rail, maritime or inland water haulage.

2. Within the territory of the Community combined transport actions shall as a matter of priority relate to international combined transport corridors specified in the European Parliament and Council Decision No 1692/96/EC[7]. A corridor on which one or more of the combined transport actions referred to in this Regulation are to take place is called a "pilot route".

   These actions may also cover combined transport routes outside Community territory where this is justified by a large volume of traffic going to, or coming from, the Community.

Article 3

Eligible actions

1. Community financial assistance may be granted for combined transport actions on existing pilot routes or on pilot routes still to be established, the purpose of which is to try out measures to achieve the objectives listed in Article 1.

2. Any application for an action shall first be approved by the Member States on whose territory the combined transport route covered by the action is situated.

3. As from 27 June 1997, Community financial assistance shall not be granted for measures to cover the costs of access to rail infrastructure or the costs of rail haulage if the railway undertaking does not hold a licence within the meaning of Article 2 of Council Directive 95/18/EC[8].

4. Community financial assistance for the innovative measures described in points (a), (b) and (c) of Article 4(2) shall not be granted to "infrastructure managers" as defined in Article 3 of Directive 91/440/EEC[9], nor to the "railway undertakings" defined therein, with the exception of those railway undertakings envisaged in Article 10(2) thereof.

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(7) OJ No L 228, 9.9.1996, p. 1.

(8) OJ No L 143, 27.6.1995, p. 70.

(9) OJ No L 237, 24.8.1991, p. 25.

Article 4

Extent of financial assistance

1. Community financial assistance may be provided for:

   (a) feasibility studies on a specific pilot route;

   (b) innovative measures, namely specific investments and certain variable operating costs with the exception of measures concerning staff costs, energy consumption and the covering of financial losses.

2. Community financial assistance shall be limited to 50% for feasibility studies and 30% for innovative measures. These should primarily consist of:

   (a) investment in intermodal transport equipment, provided that the beneficiary or beneficiaries undertake to keep the equipment on the route concerned for a minimum of five years;

   (b) the investment in transshipment equipment for any mode;

   (c) participation in the costs of access to rail and inland waterway infrastructure;

   (d) the commercial operation of techniques, technologies or equipment previously tested and approved, in particular under European research programmes, including the telematics programme;

   (e) measures relating to logistics, staff training and advertising of the actions covered by this Regulation.

3. Member States may grant the beneficiaries of Community financial assistance funding for the same actions, provided that they comply with Articles 77, 92 and 93 of the Treaty and with Community legislation on State aid and public procurement.

Article 5

Submission of projects

1. Projects for combined transport actions may be submitted to the Commission by a Member State, or by a private or public undertaking established inside or outside the Community. Projects may be submitted jointly by a number of States or undertakings.

2. The submission shall describe the project, taking into account the following elements:

   (a) type of project

   - innovative project

   - feasibility study (including objective, methods and cost of the study);

   (b) description of project

   - modes and operators involved

   - reason for envisaged project (customer requests, congestion, market potential, remoteness of area, etc.)

   - innovative features in comparison with current situation

- intensity and type of cooperation

- duration of project

- need for assistance (other assistance granted or envisaged, financial resources of applicants, etc.)

- amount of assistance requested, in ecus;

(c) route/axis of the project

- importance of route for the Community economy (volume carried by different modes; further potential)

- importance of route in terms of the Community transport policy (inclusion of pilot route in the Community's trans-European combined transport network, importance of pilot route having regard to major multimodal transport corridors in third states)

- market conditions, including existing services or technologies, also considering other modes;

(d) the type of Community assistance requested, in accordance with Article 4(2).

3. In their submission, the applicants shall define their project objectives as well as the means to achieve the objectives. The submission shall contain all elements necessary to enable the Commission to carry out its selection task according to Article 6(1) to (4).

4. So that it can be evaluated, every application for a combined transport action shall, in addition to the items listed in paragraphs 2 and 3, include:

(a) a letter of intent from the applicants of the project including an undertaking by the applicants to implement the project if the financial assistance applied for is granted;

(b) financial statement itemizing all the costs in ecus and all the other proposed funding for the project;

(c) the annex listing the partners in the project and describing their legal status and financial capacity.

5. As soon as the Commission receives an applicantion, it shall check that it is eligible under Articles 2, 3 and 4.

Article 6

Selection of projects - Granting of financial assistance

1. Decisions on the granting of financial assistance under this Regulation shall be adopted in accordance with the procedure set out in Article 7. They shall be based on a selection process determining whether the project contributes to an increased use of combined transport.

2. The Commission shall assess whether the project is likely to meet its objectives as mentioned in Article 5(3) and whether it meets the general and specific objectives set out in Article 1. To this end, the Commission shall give priority to the criteria mentioned in paragraphs (3) and (4) of this Article.

3. In assessing whether the project is likely to meet its objectives, the following indicators shall be given priority and shall be measured against the applicants' own estimates:

(a) customer potential for combined transport;

(b) price and service performance (accessibility, reliability, time gains) in comparison with competing road or other services (at time of submission and after implementation of the project);

(c) envisaged receipts;

(d) cost factors (especially elements for evaluating the marginal cost of access to the infrastructure, particularly rail, for the service covered by the pilot action and any further information enabling a judgment to be made as to whether aid towards the costs of infrastructure access is justified);

(e) timetable for viability.

4. In assessing whether the project is likely to meet Community transport policy goals, the following indicators shall be given priority:

(a) traffic shift forecast (as percentage of total traffic on route or axis);

(b) effects on other transport services in the relevant market and possible new entrants;

(c) relevance of project results for other ventures, routes or market participants;

(d) benefits to environment and safety when compared with existing services.

5. The Commission shall also ensure that the submission complies with the further conditions laid down in this Regulation, namely:

(a) the consent of States on whose territory the action is carried out;

(b) the exclusion of infrastructure measures;

(c) the exclusion of research measures;

(d) a guarantee that, as from 27 June 1997, the railway undertakings taking part in the project hold a licence within the meaning of Article 2 of Directive 95/18/EC.

6. The evaluation and monitoring procedures referred to in Article 10 shall be determined by the decisions provided for in paragraph 1 of this Article.

7. These decisions are addressed to the beneficiaries and the Member States in whose territory the combined transport routes are situated.

Article 7

Committee

The Commission shall be assisted by the committee set up in accordance with Article 17(2) of Regulation (EC) No 2236/95, meeting in the composition corresponding to the transport sector.

The Commission representative shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time-limit which the chairman may impose according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the

Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith.

The Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within the time-limit referred to in the previous paragraph.

Article 8

Financial provisions

1. Financial assistance may be granted for expenditure on the implementation of actions carried out by the beneficiaries or by third parties who have been made responsible for implementation.

2. Financial assistance shall not cover expenditure incurred before the date on which the Commission received the application.

3. Commitments and payments shall be expressed and paid in ecus.

4. As a general rule, payments shall be made in the form of advances and a final payment. The first advance shall be paid once the application for financial assistance has been approved. Subsequent payments shall be made on the basis of requests for payment and taking into account progress with the project.

5. The Commission shall make the final payment after approval of an activity report on the study or other measure submitted by the beneficiary and itemizing all the expenditure actually incurred.

Article 9

Financial control

1. Without prejudice to inspections carried out by Member States in accordance with national laws, regulations and administrative provisions, to the provisions of Article 188a of the Treaty, and to inspections carried out under point (c) of Article 209 of the Treaty, Commission officials or other staff may visit the sites of supported actions to carry out spot checks.

2. If work on an action does not seem to justify some or all of the financial assistance granted, the Commission shall conduct appropriate investigations.

3. Following the investigations referred to in paragraph 2, the Commission may reduce, suspend or withdraw financial assistance for the action if the investigation confirms that there is some irregularity or that the conditions set out in the decision granting the financial assistance have not been met, particularly if there is an important change which affects the nature or conditions of implementation of the action and for which the Commission's approval has not been requested.

Article 10

Monitoring and evaluation

1. The Commission shall monitor implementation of projects during and after their completion. For these purposes it should also rely, whenever necessary, on external expertise. The time frame for monitoring after completion of the project shall be determined by the Commission in the decision mentioned in Article 6 with regard to the specific circumstances of the project. On completion of a project, and before final payment, the Commission shall carry out an evaluation of it.

2. Up to one per cent of the budget provided for in this Regulation shall be set aside for independent monitoring and evaluation.

Article 11

Report

Two years after the entry into force of this Regulation, the Commission shall submit a report on the activities carried out under it to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. The Commission shall take as much account as possible of the comments made by the other institutions on the report.

The application of this Regulation shall be evaluated in line with Commission evaluation principles. The result of this evaluation shall be available before 1 October 2001.

Article 12

Publicity

The beneficiaries shall ensure that proper publicity is given to the assistance granted under this Regulation to make the public aware of the role played by the Community in implementing these projects. They shall consult the Commission on how this is to be done.

Article 13

Duration

The granting of financial assistance for combined transport under this Regulation shall be authorized from 1 January 1997 to 31 December 2001. By 31 December 2001 at the latest, the Council, acting on a Commission proposal in accordance with the provisions of the Treaty, shall decide as to the continuation of that financial assistance after that date.

Article 14

Entry into force

This Regulation shall enter into force on the third day following that of 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.

Done at Brussels,

For the Council
The President

ANNEX TO THE COMMUNICATION

A. DESCRIPTION OF PACT 1992 - 1995

1. In four years, PACT funded 65 projects on 22 routes, with 11 including road/rail, five an inland waterway section and six a sea crossing. 17 concerned only Community territory (including Austria, Sweden and Finland) and five involved a section outside, through Switzerland, Norway or the countries of Central and Eastern Europe (Poland, Czech Republic and Slovenia). The projects were led by public (ministries, rail networks), semi-public (autonomous ports, whether inland or sea) or private bodies (combined transport operators, chambers of commerce). In 1995, the Commission received 57 projects applying for funding totalling almost ECU 20 million of which it was able to grant only ECU 4.1 million under the PACT budget heading and ECU 0.4 million under the heading for actions linked with third countries.

List of pilot routes already funded (1992-1995)

No	Year	Route	Modes	Type of PACT
1	1992	Northern Europe - Italy - Greece via Brindisi/Patras	rail - sea - road	studies + action
2	1992	Germany - France - Spain - Portugal via Port Bou/Cerbère	rail - road	studies + action
3	1993	France (Le Havre) - Central Europe	rail - road	studies + action
4	1993	Nordic countries - continental Europe	rail - sea - road	studies + action
5	1993	Netherlands - Austria (Rotterdam - Vienna)	inland waterway - road	action
6	1993	United Kingdom - Belgium - Germany - Italy	sea - rail - road	action
7	1993	United Kingdom - (Glasgow - Folkestone) Continental Europe via Channel Tunnel	rail - road	studies
8	1993	Germany - Poland (Hanover - Poznan)	rail - road	studies
9	1993	Ireland - United Kingdom - Continental Europe	sea - rail - road	studies
10	1993	Netherlands - Switzerland (Rotterdam - Basle)	inland waterway - road	studies
11	1994	Germany - Italy (Munich - Verona)	rail - road	action
12	1994	Netherlands - France (Rotterdam - Lille)	inland waterway - road	action
13	1994	Belgium - Germany (Zeebrugge - Aachen)	rail - road	action

14	1994	Netherlands - Belgium (Rotterdam - Antwerp)	inland waterway - road	action
15	1994	Germany - France - Spain - Portugal via Irun Atlantic route)	rail - road	studies + action
16	1994	Ireland - United Kingdom - Germany (Rostock - Dresden)	sea - rail - road	studies
17	1995	Germany - Franco-Spanish frontier (Koblenz - Perpignan)	rail - road	studies + action
18	1995	Germany (Dresden) - South-East Europe	rail - road	action
19	1995	France - Belgium (Lille - Antwerp)	inland waterway - road	action
20	1995	Finland - Sweden (Port of Turku)	sea - rail - road	action
21	1995	Spain - United Kingdom via Channel Tunnel	rail - road	action
22	1995	Northern Europe - Germany - Austria - Slovenia (Ljubljana)	rail - road	studies + action

2. The content of the projects on these routes was very varied, corresponding to the wide range of situations and user demands. Thus, on certain routes the concept of quality proved to be the most important, which led to measures to promote the development of advanced computer technologies. For example the French company CNC (Compagnie Nouvelles de Conteneurs) is currently testing the installation on several thousand of its load units (containers, swap-bodies and semi-trailers) of a badge which then allows those consignments to be monitored and is adapting its terminals on the Le Havre-Central Europe route to take equipment for the automatic reading of those badges. This is a first in Europe, since hitherto this technology had been tested only on the wagons and for the specific needs of the railway networks, whereas this system is operated by a combined transport company on the basis of its own user needs; the Commission funded 30% of the necessary investments for this project, but on condition that the latest computer standards are observed to ensure compatibility with future developments of the system and keep access to these technologies open to other operators. Of all the projects funded, a few examples are given below.

<u>Germany/Benelux - Italy - Greece</u>
Via Milan - Bari - Brindisi - Patras

3. This project was launched in 1992 as one of the first two PACT routes. The partners in the project are Uniontrasporti, which forms part of the association of Chambers of Commerce, the companies of UIRR, the Ferrovie dello Stato, Assointerporti (association of Italian interports) and Combimare (Italian transport company), the national technical university of Athens (NTUA), Greek Railways and Greek consultants ADKTriton, Impetus and FORTH (Crete regional foundation for research and technology). Since 1994, Greek shipowners have been involved in the project. The German combined transport company Kombiverkehr participates indirectly in the project through the UIRR (Rail/Road International Union) and German railways are represented by the Italian Ferrovie dello Stato.

The partners undertook to develop a new combined transport service by rail/road/sea improving the quality of service. The project succeeded in introducing one shuttle train a day in both directions at a competitive price compared with transport entirely by road. It began in 1992 with a feasibility study. Following the conclusions of that study, the partners decided to launch a second experimental phase in 1993/94 which involved testing the validity of the project by launching a service of an inferior quality to that planned in the long term, but with less capital expenditure. This involved the use of existing trains and of a combined (passengers/goods) vessel between Brindisi and Patras and "pioneer" customers. The service has operated from 1994 with rented equipment in order to limit the risk and for renewable periods of two months, with a journey time of around 16 hours between Milan and Brindisi. .

The encouraging results from this experimental phase prompted the partners in the project to go on to a third, more advanced phase: introduction of a direct train between Milan and Brindisi, changes to shipping timetables with the aim of using a freight-only vessel between Brindisi and Patras, investments in transshipment and computer equipment. This phase began in 1995. That same year the partners moved to one direct train a day and are considering extending the service further. The Commission financed 50% of the feasibility study and 30% of most actions in the second and third phases. An extension of the route to Crete is also being studied, with 50% funding from the Commission.

Northern Europe - France - Spain - Portugal

4. Initially, the route from Germany to the Iberian peninsula, via the eastern frontier of the Pyrenees (Port Bou), was launched.

The first phase finished in October 1993 and consisted mainly of the development of certain infrastructures. At Port Bou, a new gantry crane was installed which improved the quality of the service by significantly reducing transshipment times from one train to another - made necessary by the switch from French to Spanish gauges - and increasing transshipment capacity by 35%. Management in the terminals was also improved by installing a computer system for greater coordination of loading, transit and unloading operations. The project also covered the purchase of wagons specially adapted for combined transport, the introduction of electronic billing and ticket reservation services and a series of complementary studies on improvement of service quality on the route.

The second phase involved investment to eliminate the final obstacles to transport on this route as well as a study on the link up of the various communication services between the four transport operators on the route to improve communication between operators and provision of information to customers and users of combined transport.

The partners in the project are: Spanish (RENFE), Portuguese (CP) and French (SNCF) railways, UIRR combined transport companies, ICF (Intercontainer - Interfrigo) and the CNC.

The Commission 30% cofinanced the innovative measures and 50% cofinanced the feasibility studies.

In 1995, the route saw the advent of two new projects, one Spanish and the other Portuguese, testing bimodal techniques (use of road semi-trailers specially reinforced and adapted to be placed directly on a rail bogie to form a wagon) adapted to the change in gauge between France and Spain.

5. In 1994, a second corridor was added, using the Atlantic arc, from Benelux to Spain via the western frontier of the Pyrenees (Hendaye). This project involved the granting of 50% subsidies for a study on the black spot of the frontier crossing and 30% subsidies for measures to improve the capacity of the Hendaye-Irun frontier complex.

The project partners are the Belgian, French, Spanish and Portuguese railways together with the two main French combined transport companies (Novatrans and CNC).

6. A third corridor was launched in 1995, between Germany and south-east France to continue subsequently to Spain. This is another bimodal project but using a different technique from the others. In order not to favour one bimodal technique over another, with them all being new to the market, the Commission decided to give equal assistance to any viable project aimed at testing one of these techniques in Europe on a commercial basis. The partner in the project is a German company, ITINERA.

Alps crossing
Munich - Verona

7. Pursuant to this principle, PACT also aided a project run by another German company (BTZ) to develop a third bimodal technique between Munich and Verona. This project is important in that it covers a route where road traffic is severely restricted and where consequently it is necessary to find complementary solutions to classical combined transport which are more geared to traditional road transport enterprises; bimodal transport allows them to keep their road equipment and avoids the construction of terminals for transhipment onto rail.

Other technological innovation projects

8. PACT also seeks to aid the commercial development of new techniques. In 1993, it aided the Piggyback Consortium (an association of enterprises interested in using the Channel Tunnel) to develop new equipment adapted to the Channel Tunnel and to loading gauge restrictions on UK railways, while maintaining sufficient loading capacity to remain competitive.

   Similarly, apart from bimodal techniques already used, PACT has since 1995 also aided the installation of computerized and modular transhipment systems in Germany in order to test the commercial viability of these new technologies.

Linking up of isolated or peripheral regions

9. The programme was designed to cover the whole of Europe and in particular to link up peripheral or isolated regions. One of the most ambitious projects concerned Greece and involved the establishment of safe, high-performance links with the rest of the Union (cf. point 3). Another pilot route connected the Nordic countries to Germany via Jutland on the initiative of the Danish company NTU in collaboration with the railways. The project is continuing.

   In 1995, PACT received a fresh impetus to integrate the new Member States. By way of example, mention may be made of the project between Finland and Sweden which lays particular stress on improving intermodal capacity at Turku (Finland).

Combined waterway transport

10. The aim of PACT is to promote the development of combined transport but this is not restricted to rail/road, quite the contrary. Since 1993, the programme has financed a number of projects using the inland waterways.

Netherlands - Germany - Austria
Rotterdam - Vienna route

The first project was launched in 1993 and continued in 1994 and 1995. The aim is to develop a combined road/inland waterway transport service between Rotterdam and a number of ports along the Rhine and Danube. The objectives of the project are to offer a low cost but high quality service and to increase the use of inland waterways in combined transport. The partners are the Rhine inland waterways transport companies.

Netherlands - Belgium - France
Rotterdam - Lille route

Launched in 1994 by the port of Lille, this project has been a great success and is progressing as planned. It has been possible to use existing boats of medium capacity which shows that even these vessels can operate combined transport on infrastructures judged too small at the outset. The conditions for success were the remarkable reliability of the service and the fact that the port of Lille, a public body, bore the initial risks; the port has undertaken to transfer the service to the private sector as soon as it becomes profitable.

11. Another interesting example is the Rotterdam/Antwerp/Renory project, launched on the initiative of a Belgian company specializing in the packaging and transport of metallurgical products which decided to invest in intermodal transport, so far successfully. This shows that PACT can be a useful tool for small and medium-sized enterprises by helping them to gain access to a market which is significant but too risky given their limited capital resources.

12. In 1995, the Commission published a comprehensive brochure on all the projects funded. An updating covering 1995 projects is being prepared and will come out in mid 1996.

B. EVALUATION OF THE PACT PROGRAMME SO FAR

1. Introduction

13. For PACT to be continued on a legal basis in 1997 an internal evaluation was undertaken by the Commission services with a view to improving Community pilot actions in general. In order to plan follow-up initiatives, the purpose of this assessment is to determine the overall effectiveness of PACT so far and to indicate possible measures for improving pilot actions.

2. Assessment

14. Due to constraints on time and resources, the assessment has examined actions almost exclusively by comparing the project contracts with the reports submitted by the contractors to the Commission. Another problem of the assessment has been that, due to the experimental nature of PACT, no *specific objectives* were formulated for the pilot actions. Projects were selected and monitored essentially on the basis of the *general objectives* of Commission Decision 93/45/EEC.

15. The assessment has examined a representative sample of 22 project contracts (comprising 14 pilot actions and 8 renewed contracts) out of a total of 77 contracts completed during the period 1992-1996. The sample is described below.

16. The sample covers 10 major axes: Greece-Italy (3 projects), Germany-Italy, Germany-Spain, UK-Germany-Italy, Rotterdam-Austria (inland waterways), Rotterdam-Liege (inland waterways), Germany-Baltic Sea-UK, UK-Channel tunnel, UK-Ireland, Nordic connections (Denmark-Sweden-Norway);

It represents 22 contracts out of a total of 77 in the period 1992-1996, that is 28%;

It represents contracts worth a total of ECU 2 833 124, that is 21% of the total budget from 1992-1996;

The sample includes 12 studies and 10 innovative schemes;

The 9 innovative schemes (receiving a 30% contribution) account for ECU 1 671 735, that is 59% of the sample in terms of value;

Studies (receiving a 50% contribution) represent 41% of the sample in terms of value.

3. Results

17. On the basis of the available information, the results of the assessment can be summarized as follows:

18. Only one of the 14 examined pilot actions produces unsatisfactory results, both in terms of unclear methodology and vague results. All other projects have been largely consistent with the general objectives and meet the conditions set out in their contracts;

19. Pilot actions appear to have gathered useful information on the feasibility of measures to organize transport chains and in describing measures to improve the organization of specific combined transport operations;

20. 10 of the 14 projects appear to have led to follow-up actions or studies; only three seem to have had no or very little follow-up; one data-gathering exercise (study) was not intended as an incentive action;

21. All projects appear to have raised the awareness of the examined intermodal options among transport decision-makers through promotion campaigns or publications related to their projects; this has been particularly evident in the PACT project meetings with the Member States' representatives.

22. The main impediment to the development of combined transport remains the comparatively lower transport price of road haulage; technical and organizational issues are less problematic;

23. One feasibility study (No 13) has had a decisive impact on the prospects of introducing piggyback services in the UK - this could imply a major boost to combined transport on a national and European scale;

24. In general, innovative schemes (including funding of equipment) have produced more tangible results than feasibility studies and - as could be expected - have been more successful in actually developing intermodal traffic;

25. Due to the focus on specific operations, innovative schemes cannot always provide conclusions for the development of combined transport in general;

26. The final project reports vary greatly in volume, structure and content (e.g. reports range in length from 5 to 250 pages);

27. Project monitoring procedures were occasionally complicated by unforeseen changes in railway operations or transport (road haulage) prices;

28. On the whole, the projects contain a wealth of complementary information which is potentially very useful for the development of new services. At present, however, this information remains confidential and cannot be used by the market.

29. In terms of general objectives, the success of pilot actions can be summarized as follows:

GENERAL OBJECTIVES

Information to establish usefulness of Community policy?

3 projects N/A
3 projects correspond fully to criterion
5 projects correspond partly to criterion
3 projects do not correspond to criterion

Information on the feasibility of measures to organize transport chain?

1 project N/A
8 projects correspond fully to criterion
5 projects correspond partly to criterion
0 projects do not correspond to criterion

GENERAL OPERATIONAL OBJECTIVES

Measures to improve the operation/organization of transport chains?

0 projects N/A
9 projects correspond fully to criterion
5 projects correspond partly to criterion
0 projects do not correspond to criterion

Measures to enhance co-operation of operators in the logistics chain?

1 project N/A
6 projects correspond fully to criterion
7 projects correspond partly to criterion
0 projects do not correspond to criterion

Economic viability and competitiveness against road haulage?

0 projects N/A
7 projects correspond fully to criterion
4 projects correspond partly to criterion
3 projects do not correspond to criterion

Incentive of the PACT project?

2 projects N/A
7 projects correspond fully to criterion
4 projects correspond partly to criterion
1 project does not correspond to criterion

4. Conclusion

30. Given the fact that the programme lacked specific objectives, the lack of independent data available on the impact of PACT as well as the fact that impacts inevitably take time to materialize, it is at present difficult to pronounce authoritatively on PACT's effectiveness. However, the current programme is experimental in nature, and a significant number of projects do seem to have had encouraging results. Many pilot actions appear to have gathered useful information on the feasibility of measures to organize transport chains in combined transport. Several pilot actions also appear to have led to follow-up actions or studies, and there is a general sentiment that the programme has raised the awareness of the combined transport options amongst decision makers.

31. In order further to enhance the development of combined transport and to build upon the encouraging results of PACT, the Commission therefore proposes to launch the pilot actions for a second period, albeit with a number of modifications regarding project selection and evaluation. The main recommendations are the following:

32. The monitoring system of PACT needs to be further developed on order to allow Commission services to obtain independent information on project outputs and impacts;

33. The general objectives for future pilot actions should be supplemented by a set of specific, verifyable objectives against which individual actions can be assessed.

34. Different selection and evaluation criteria (deliverables) need to be developed for feasibility studies and innovative schemes to take into account the very different nature of these types of projects;

35. Criteria for selecting feasibility studies should be sufficiently narrow to ensure that results are as applicable (operational) as possible; it is worth considering a further reduction of the proportion of funds allocated to feasibility studies in relation to innovative schemes;

36. Contracts should include terms of reference for final reports (structure of reports, need for executive summary) - differentiated according to feasibility studies and innovative schemes;

37. Contracts for feasibility studies need to specify whether data is merely collected (data compilation study) or also analysed and evaluated;

38. Contractors need to specify if the services/systems under study are open to other operators or limited to their own business;

39. Contractors examining joint-venture opportunities should ideally provide an assessment of the commercial risks for the different partners involved;

40. Pilot actions running for several years require an on-going monitoring of the market in order to prevent potential conflicts with competition rules (e.g. with emerging operators or services not receiving PACT assistance).

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Action programme to promote the combined transport of goods.

2. BUDGET HEADING INVOLVED

Heading B2-7060.

3. LEGAL BASIS

Article 75 of the EC Treaty. Council Resolution of 31 October 1990 on Community action to promote the development of combined transport routes.

Council Regulation (EEC) No .... (attached proposal).

4. DESCRIPTION OF OPERATION

- To substantially improve the competitiveness of combined transport services on major European routes.

- This programme takes over the main points of the existing pilot actions, launched in 1992, and due to end in 1996.

4.1 General objective of operation

For several years, the Commission has pursued a policy of promoting intermodal transport. As regards goods transport, measures to encourage those modes or combinations of modes representing the best option for the Community, i.e. taking account of social as well as economic costs, are being taken.

It is now acknowledged that different types of transport are not uniform in terms of the costs they entail for society; it is also clear that a return to the real cost of transport will have to be done in stages. This implies that the shift towards those modes which are least harmful to the environment is based on measures, both regulatory and, above all, financial, which make those modes more competitive with roads and more attractive to the user.

The general objective of this programme is therefore to contribute to the increased use of combined transport as a sustainable mode. To meet this general objective, the proposal is for Community action to improve the competitiveness of combined transport vis-a-vis road, especially concerning service quality and price, and to improve access to combined transport for enterprises.

4.2 Duration of operation and arrangements for its renewal

Five years (1997-2001). Before the end of the period, the Council must decide on whether to terminate or renew the programme.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory
5.2 Differentiated
5.3 Type of revenue involved: none.

6. TYPE OF EXPENDITURE OR REVENUE

- Subsidy for cofinancing with other sources in the public and/or private sector up to a maximum rate of 50%.

- Should the operation prove an economic success, is there provision for all or part of the Community contribution to be reimbursed? No.

- Will the proposed operation cause any change in the level of revenue? No.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation (link between individual costs and total costs):

- feasibility studies: cost of study - 50% funding;

- innovative measures: estimate based on hypothesis of a maximum contribution of 30% to total eligible costs (excluding new infrastructures and research actions) of demonstration actions.

Experience shows that the cost of proposed projects can vary greatly. Some projects required a funding of less than ECU 20 000, as they aimed only at improving existing services or installations. Other projects, such as setting up new services with compatible equipment and technology, including feasibility studies, asked for assistance of sometimes several million ecus. The average subsidy disbursed over the years 1992 to 1995 was around ECU 200 000 per project. The mix of small and large project changes from year to year and is thus difficult to predict. Nevertheless, some conclusions can be drawn from the experience with the existing programme in estimating the required budget.

- The number of applications has increased from year to year since 1992; with increasing emphasis on intermodality both in politics and in the commercial sector all over Europe, it is likely that the Commission will receive an ever growing number of projects. This should also lead to a higher number of eligible projects.

- Access to rail infrastructure is being liberalised. It is therefore to be expected that more businesses will try to start combined transport operations. As start-up costs, especially investment expenditure and infrastructure access charges, are high and may even be prohibitive for small and medium enterprises, an increased demand for funding should follow.

- There is a growing reticence on the part of railroad operators to invest in new intermodal rolling stock. Further, some of the existing rolling stock is technically obsolete. Combined transport operators will therefore increasingly need to invest in this kind of expensive equipment.

- A substantial number of new intermodal techniques and technologies is being developed under the current R&D framework programme. Extra funding will be needed to turn the results of this research into commercially viable operations.

7.2 Breakdown into individual elements of operation

For the reasons mentioned in 7.1. above, it is difficult to predict the sums which will be alloted to specific types of projects. However, certain predictions may be made at this stage concerning the development of the different types of measures funded, as defined in Article 4 of the Regulation. The ranking and the percentual allocation (average 1997-2001) foreseen is as follows:

1. *Investment in intermodal transport equipment*: increasing importance, as railways are less willing to invest in this equipment, and combined transport operators will have to fill this gap; on the other hand, given the relative smallness of the programme's budget and the relative magnitude of costs per item, the budget must not be swallowed by this type of expenditure to the detriment of measures which are equally useful (25%).

2. *Costs of access to rail and inland waterway infrastructure;* increasing importance, as experience shows that access charges are for the time being on a high level. With railways turning into commercial operations, access charges are likely to remain high (20%).

3. *Investment in transshipment facilities*; constant importance, as improved transshipment facilities play an important role in improving service quality of combined transport and the smooth interconnection of modes (15%);

4. *Commercial operation of techniques, technologies or equipment previously tested and approved, in particular under European research programmes;* constant importance; transport research has been given a boost under the Fourth R&D framework programme, and more techniques are available to be proven in the market; on the other hand, a certain consolidation of application of research is necessary in order not to endanger the competitiveness of new and still fragile technologies (15%).

5. *Measures relating to logistics, staff training and advertising of the programme covered by this Regulation;* constant funding, although the dissemination of programme results may become more prominent than hitherto (15%).

6. *Feasibility studies*: decreasing importance, with the possible exception of some Eastern European routes (9%);

7. *External monitoring*: necessary to ensure the good management of the programme (1%).

ECU million

Breakdown	1997	1998	1999	2000	2001	Total
Investment in equipment	2.0	2.0	1.8	1.8	1.15	8.75
Cost of acces to infrastructure	1.0	1.5	1.5	1.5	1.5	7.0
Investment in transshipment facilities	1.25	1.0	1.0	1.0	1.0	5.25
Commercial operation of R&D	1.25	1.0	1.0	1.0	1.0	5.25
Logistics, staff training and dissemination of results	1.0	1.25	1.0	1.0	1.0	5.25
Feasibility studies	0.8	0.75	0.6	0.5	0.5	3.15
External monitoring	0.07	0.07	0.07	0.07	0.07	0.35
Total	7. 37	7.57	6.97	6.87	6.22	35.0

7.3 Schedule to be filled in for multiannual operations

ECU million

	1997	1998	1999	2000	2001	2002	Total
Commitment appropriations	6.0	7.5	8.0	7.5	6.0		35.0
Payment appropriations	5.4	6.5	7.2	6.3	5.8	3.8	35.0
1997	5.4	5.0					
1998		1.5	3.4				
1999			3.8	3.6			
2000				2.7	4.3		
2001					1.5	3.8	
TOTAL	5.4	6.5	7.2	6.3	5.8	3.8	35.0

8. PLANNED ANTI-FRAUD MEASURES (AND RESULTS OF THEIR IMPLEMENTATION)

- Committee made up of representatives of Member States to select proposals and evaluate the results;
- payment of subsidy in three stages, each one conditional upon completion of the previous phase;
- controls possible at all times by the Commission and the Member States;
- evaluation at the end of each action, where terms of reference of contract are measured against achievements of projects.

9. ELEMENTS OF COST EFFECTIVENESS ANALYSIS

9.1 Specific and quantifiable objectives; target population

- Specific objectives:

  - to increase the competitiveness of combined transport both in terms of price and service quality vis-a-vis road;

  - to promote the use of advanced technology in combined transport;

  - to improve access to combined transport for enterprises, regardless of their size; this will increase competition in the supply of combined transport services and thereby also give a boost to its competitiveness.

  - Target population: The target population comprises combined transport operators (including railways) and economic operators (public and private) wishing to become involved in intermodal transport.

9.2 Grounds for the operation

- Need for Community financial assistance: Community assistance is necessary for a number of reasons:

  - the routes are trans-European;

  - as part of the opening up of markets and freedom of access to railway networks, Community action is essential to ensure equal treatment of all operators whatever their nationality;

  - financial assistance is needed to compensate during a transitional period for the disadvantage of modes of transport which are more environmentally friendly than roads, in terms of taking account of costs of infrastructure use and social costs for the Community (particularly environment and safety);

  - the 1992-96 trial phase (pilot actions) has shown that effective measures fall into four categories: investment in transport equipment and transshipment facilities, commercial development of new technologies, aid towards infrastructure access costs and logistical and training measures.

- *Choice of ways and means*

  * Advantages over possible alternatives (comparative advantages). The programme provides an easily accessible way for combined transport operators to improve their competitiveness vis-a-vis road. Since the knock-on effect of measures and the dissemination of results is an important part of the programme, it should contribute to a shift to a more sustainable transport system with a relatively small budget. There is therefore a very good ratio between means and ends. The programme should also contribute to give the Commission useful information of what is working in the market place. Ultimately, this will feed back into a general policy for intermodal transport, which is practicable and addresses concrete problems. The political information value of the programme is therefore an important element for affirming its advantages.

- Criteria for selection of projects: the projects funded must meet the general objective of increased use of combined transport through attaining a series of specific objectives, which are mentioned in 9.1.

In this connection, the following criteria are taken into account:

(a) customer potential for combined transport;

(b) price and service performance (accessibility, reliability, time gains) in comparison with competing road or other services (at time of submission and after implementation of the project);

(c) envisaged receipts;

(d) cost factors (esp.elements for evaluating the marginal cost of access to the infrastructure, particularly rail, for the service covered by the pilot action and any further information enabling a judgment to be made as to whether aid towards the costs of infrastructure access is justified);

(e) timetable for viability;

(f) traffic shift forecast (as percentage of total traffic on route/axis);

(g) effects on other transport services in the relevant market and possible new entrants;

(h) relevance of project results for other ventures/routes/market participants;

(i) benefits to environment and safety when compared with existing offer.

- Main factors of uncertainty which could affect the specific results of the operation.

  Traffic forecasts, price of competing mode, (road), change of regulatory environment.

9.3 Monitoring and evaluation of the operation

- Performance indicators:

  Traffic shift, prices and transport times.

- Details and frequency of planned evaluations:

  - Observation of the impact of the new pilot service on the transport market;
  - External evaluation through independent expert;
  - Possible on-spot checks through anti-fraud expert of the Commission;
  - Annual *ex-ante* evaluation by the decision-making committee of national experts (Article 7 of Regulation);
  - Evaluation at the end of each annual instalment of aid for each action;
  - Overall evaluation of the programme through a Commission report to Parliament and the Council which will form a basis for the revision of funding priorities by the Commission.

10. ADMINISTRATIVE EXPENDITURE (PART A OF THE BUDGET)

The actual mobilization of the necessary administrative resources will be determined by the annual Commission decision on the allocation of resources, having regard in particular to the additional staff and amounts that will have been granted by the budget authority.

Additional requests may under no circumstances prejudge the decision to be taken by the Commission on the allocation of resources.

10.1 Effect on the number of posts

Types of post		Staff to be assigned to management of the operation		Of which		Duration
		Permanent posts	Temporary posts	By using existing resources within the DG or department concerned	By using additional resources	
Officials or temporary staff	A	1		1		5 yrs
	B	1		1		5 yrs
	C	½		½		5 yrs
Other resources						
TOTAL		2½		2½		5 yrs (1996-2001)

10.2 Overall financial impact of additional human resources

	Amounts	Method of calculation
Officials Temporary staff Other resources (give budget heading)		
Total		

The annual cost of staff assigned to the management of the operation from existing resources is ECU 250 000 (2.5 officials, or ECU 1 250 000 for the five-year period.

10.3 Increase in other operating expenditure arising from the operation

Budget heading (No and title)	Amounts	Method of calculation
A - 2510	104 250	Cost for period of 5 years: average cost per participant (government expert) for one meeting = ECU 695 Estimated cost of 1 further annual meeting:(*) 1 (meeting) x 30 (number of participants) x ECU 695 (average cost) = ECU 20 850
A - 1300	100 000	Cost for 5 yrs: 12 to 15 missions per year for 1 or two persons
Total	204 250	

(*) It is planned that this committee will meet twice a year. Hitherto there was only a group of experts which met once a year, the costs of which were charged to Article A-250.

IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

Title of proposal: Proposal for a Council Regulation concerning the granting of Community financial assistance for actions to promote combined goods transport.

The proposal

1. The proposal aims to establish a programme of financial assistance for actions to promote combined goods transport. The objective is to increase the use of combined transport. It therefore seeks to set up combined transport services which are trans-European, economically viable once the start-up phase is over and competitive in terms of quality with transport entirely by road. The action follows on from the Council Resolution of 30 October 1990 on setting up a European combined transport network and meets the expectations voiced by businesses in the high level group on combined transport which comprises representatives of the Member States and of European associations involved in intermodal transport (including users).

   As the idea is to launch trans-European projects consistent with the development of the trans-European combined transport network, the proposed action has to be carried out at Community level. In order to test the validity of this programme, the Commission carried it out on a trial basis from 1992 to 1996.

   Only action at Community level makes it possible to coordinate the projects, launch them at trans-European level, ensure that firms are able to develop effective cooperation with partners from other States and develop new techniques on a commercial basis at European level.

The impact on business

2. Who will be affected by the proposal?

   - Firms engaged in transport by rail, road, inland waterway or sea;
   - Businesses using transport services;
   - Managers of intermodal terminals;
   - Manufacturers of transport or transhipment equipment;
   - Designers and manufacturers of new technologies.

   A significant proportion of these operators will be SMEs.

3. *What will business have to do to comply with the proposal?*

   There is no compulsion. If a firm wishes to propose a project, it will simply have to follow the application procedures.

4. *What economic effects is the proposal likely to have?*

Positive effects on the comparative utilization of transport modes.

Positive effects for all the businesses mentioned above, except those continuing to use only road transport.

5. *Does the proposal contain measures to take account of the specific situation of small and medium-sized firms (reduced or different requirements, etc.)?*

No. The procedure for participating in the programme was deliberately left flexible in order not to disadvantage SMEs compared with larger firms.

Consultation

6. The following organizations had been consulted before the launch of the previous programme:

UIRR (International Union of Combined Road/Rail Transport)

CCFE (Community of European Railways)

UNIFE (Union of European Railway Industries)

UNICE (Union of Industrial and Employers' Confederations of Europe)

UINF (International Union for Inland Navigation)

CCNR (Central Commission for the Navigation of the Rhine)

ECSA (European Community Shipowners' Association)

Their opinion was favourable, with a reservation from UNIFE which did not want the programme to adversely affect transport entirely by road. However, assistance for the development of combined transport as an alternative to road transport is one of the key elements of the common transport policy, reaffirmed by the Council in its Resolution of 30 October 1990 and by the Commission in its transport White Paper.

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