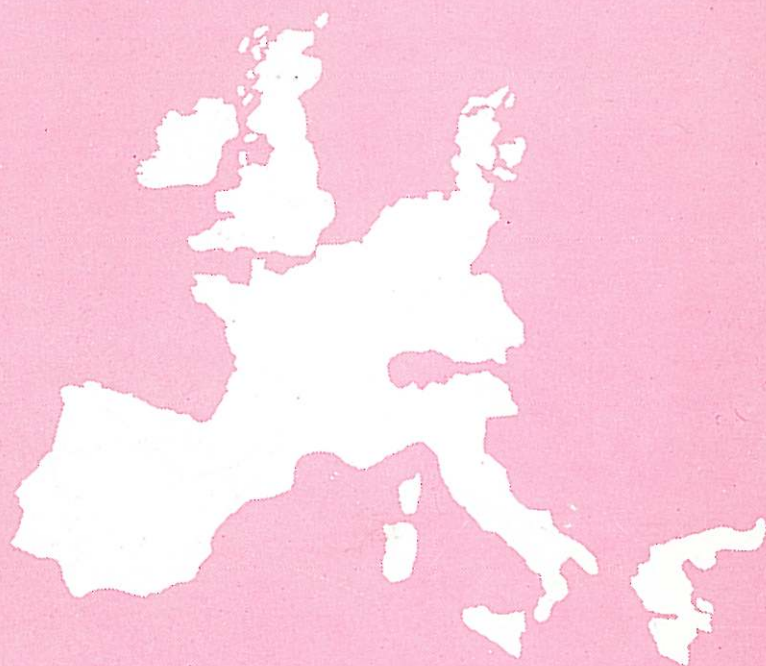


SÉRIE
ESTUDOS
EUROPEUS



2

PORTUGUESE TRANSPORT
POLICY IN AN ENLARGED
EUROPEAN ECONOMIC
COMMUNITY

Fotocomposição:

- *Mário Matos*

Secção de Offset:

- Fotografia: *Adelino Bandeira*
- Paginação e Montagem: *Adelino Bandeira*
- Transporte: *João Carlos*
- Impressão: *Joaquim Felício*

Capa:

- *Victor Ferreira*



MINISTÉRIO DO PLANO E DA ADMINISTRAÇÃO DO TERRITÓRIO
COMISSÃO DE COORDENAÇÃO DA REGIÃO CENTRO

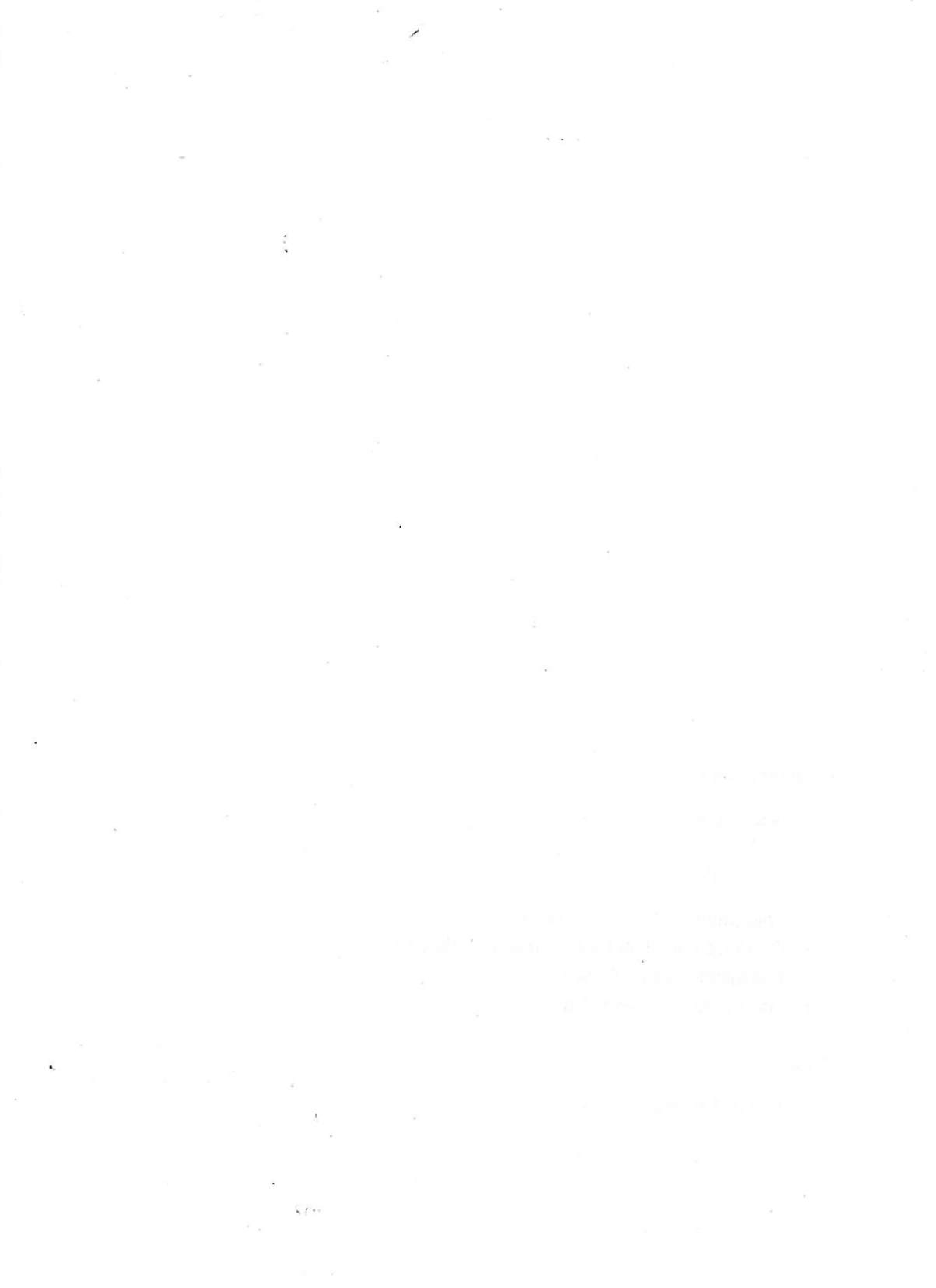
Portuguese Transport Policy in an Enlarged European Economic Community

Por: António M. Pereira Bernardo (★)

- (★) António Manuel Pereira Bernardo, licenciado em Engenharia Civil pelo IST em 1981. Master of Engineering pela Universidade Católica de Leuven em 1982/83 (Bolseiro do Ministério da Cultura Belga). Estagiário na Comissão das Comunidades Europeias na Direcção-Geral dos Transportes, (D.G. VII), presidente do «Comité des Stagiaires» e do «Comité de Liaison», de 2/84 a 10/84. Presentemente conclui um «Master of Business Administration», na Universidade Católica de Leuven (Bolseiro).

CONTENTS

Introduction	9
1. A common transport policy for the Community	11
1.1. First phase	11
1.2. Second phase	12
1.3. What has been achieved so far?	12
1.4. Future developments	13
2. The importance of infrastructure for economic development	14
2.1. The need for Community infrastructure planning	14
2.2. Infrastructure and its relationship with major economic and social sectors	14
2.2.1. Unemployment	15
2.2.2. Regional Balance	15
2.2.3. Energy consumption	15
2.2.4. Environmental protection	15
2.2.5. Social factors	16
2.3. The concept of «Community interest»	16
2.3.1. General	16
2.3.2. What type of projects are potentially of Community interest	16
2.3.3. Incorporation of «Community interest» in the evaluation of projects in the Member States	17
2.3.4. The importance of external factors	18
2.4. Financial aid from the Community for infrastructure projects .	18
2.4.1. European Regional Development Fund (ERDF)	18
2.4.2. European Investment Bank (EIB)	18
2.4.3. New Community Instrument (NCI)	19
2.4.4. EMS Interest Rebates	19
2.4.5. Specific transport instrument grant and guarantee facility	19
2.5. Long-term and short-term objectives	20



3. The Portuguese economic situation	23
3.1. General	23
3.2. Economic policies	24
3.3. Data	25
4. The Portuguese transport network in the context of Community Membership	30
4.1. Good road links for a full integration in Europe	30
4.2. Improvement of African links	31
5. Portuguese transport infrastructure	33
5.1. Present state	33
5.1.1. Road infrastructure	33
5.1.2. Railways	34
5.1.3. Ports	35
5.2. Studies about Portuguese transport infrastructure	35
5.2.1. NTP (National Transport Plan)	35
5.2.2. Portuguese Transport Infrastructure Requirements ('TRANSES)	36
5.3. Some suggestions for future studies	37
6. Needs for infrastructure developments to bridge economic and geo- graphical gaps between Portugal and EEC countries	44
6.1. General	44
6.2. The scope for improvements of Portuguese transport policy in the context of EEC	44
6.2.1. Deficits	44
6.2.2. Management	45
6.2.3. Investments	45
6.2.4. Regional policies	45
6.2.5. Coordination between transport agencies	45
6.2.6. Energy conservation and environmental protection	46
6.3. Using Community aids	46
7. Conclusions	47
Bibliography	48

Acknowledgement

The author is grateful to the following persons:

Mr. P. Lemoine, Head of Division (DG VII — C1) for the very positive help and criticism of this paper.

Mr. Hugh Rees, for his encouragement, advising and kindness, throughout the stage (February/July 1984) at the Commission of European Communities (Brussels) in the Directorate for Transport.

Miss F. Willems for her good work in typing this paper.

Brussels, June 1984

Introduction

The aim of this paper is to present some ideas on the importance of Portuguese transport policy for successful integration of Portugal into the European Economic Community (EEC).

The vital role that transport infrastructure should play in order to bridge economic and geographical gaps between Portugal and EEC countries is pointed out.

The need to adapt Portuguese transport policy to better integrate into the Community transport policy, notably in regard to a: reduction of the huge deficits of transport sector; the need for a better management; choice of investment strategies; the integration of transport policies with regional planning; coordination between transport agencies and the implementation of energy and environmental policies, is discussed.

The need for Portuguese agencies to take full advantage of the different Community instruments for financing infrastructure projects is noted.

In Chapter 1, an historical overview of the implementation of the Community transport policy is presented. The first-phase (1958-1972, the Community of six) had the aim to establish a common transport market for all inland transport modes, based on market economy principles (1.1). The second-phase (1973-1981) was marked by the enlargement of the Community (to United Kingdom, Ireland and Denmark) and the necessary updating of the transport policy (1.2).

The development of the common transport policy in a historical perspective has been slow during the past two decades, many Commission's proposals are still pending at the Council of Ministers which reflects the difficulties to reach agreement between Community members, due to divergences of economic and geographical circumstances.

In practice the common transport policy has only been partially successful (1.3).

Divergences in national transport policies have had a bad effect on other economic sectors: for this reason effective application of the common transport policy is indispensable to obtain faster economic integration in the Community (1.4).

The role of transport infrastructure is discussed in Chapter 2. The Commission has concluded that the common transport policy will not achieve the objectives defined in the treaty of Rome unless it relates more to transport infrastructure (2.1).

Infrastructure projects have a major impact on primary economic and social sectors; Unemployment, regional balance, energy consumption, environmental protection, etc. (2.2).

The «Community interest» is the principal criterion for the selection of projects to be notified to the Commission (2.3). The types of projects which are potentially of «Community interest» and the need to incorporate «Community interest» in the evaluation of projects in the Member States are also discussed. External factors play an important role in the evaluation of «Community interest».

The different Community instruments to finance infrastructure projects are analysed (2.4): the European Regional Development Fund (ERDF), the European Investment Bank (EIB), the New Community Instrument (NCI), Interest Rebates (EMS) and the Specific Transport Instrument Grant.

A brief economic analysis of Portugal is presented in Chapter 3; this gives an idea of its structure (3.1) and analyses the economic policies which have been applied since 1974 (3.2).

After comparing the «development indicators» of Portugal and EEC countries it is clear that action has to be taken to attenuate these differences, notably through reducing geographical barriers by new transport links to promote full economic integration (4.1). Developing the role of Portugal as an intermediary between Africa and Europe by improving the links with its ex-colonies (4.2).

Some comments on Portuguese transport infrastructure are given in Chapter 5. The present state is described (5.1), referring to the low level of road infrastructure, the great economic problem of railways and the situation of the ports.

Two important studies about Portuguese transport infrastructure are analysed (5.2): NTP (National Transport Plan) and Portuguese Transport Infrastructure requirements (TRANSES). The conclusions drawn out from these studies are presented and suggestions for future studies are done (5.3).

In Chapter 6 the scope for improvements of Portuguese transport policy is discussed, referring to: deficits, management, investments, regional policies, coordination between transport agencies, energy conservation and Environmental protection.

Some conclusions are presented in Chapter 7; these relate particularly to: Common transport policy, the importance of infrastructure planning, the need for an improvement of Portuguese transport policy in order to integrate it in the Community transport policy and to permit a better development balance between Portugal and EEC countries.

1. A common transport policy for the Community

We will start by analysing the progress of the Community transport policy (C.T.P.).

1.1. First phase

The first phase of the implementation of the Treaty of Rome (1958-1972, the Community of six, France, Italy, Luxembourg, Germany, Belgium, Netherlands) aimed to establish a common transport market for all inland transport modes, based on market economy principles. This idea was presented in the Commission's 1961 Memorandum. National transport policies would be replaced by a single integrated transport system, with the purpose of ensuring fair competition between and within modes of transport and to eliminate transport measures which could lead to distortions in the conditions of competition in other sectors of the economy, such as trade or agriculture.

Some specific legislative proposals were presented in the 1962 Action Program with the aim of improving the policy objectives set out in the Commission's 1961 Memorandum, such as:

- gradual elimination of bilateral quotas and establishment of a Community quota to be adapted to the growth in the volume of international goods traffic by road;
- introduction of bracket tariffs for all modes of transport;
- harmonization of conditions of competition as regards state interventions, taxation, state aid and social regulation;
- setting common technical standards such as weights and dimension of vehicles;
- allocation of infrastructure costs to the users.

These measures were planned to be adopted gradually up to 1970. Unfortunately only some of them were adopted.

1.2. Second phase

The second phase (1973-1981) was marked by the enlargement of the Community (United Kingdom, Ireland and Denmark) and the Paris Summit Conference of October 1972.

The objectives remained the same as for the first phase, but some modifications had to be introduced due to the adhesion of three new Member States, with different, geographical position, transport policies and trade links.

The 1973 Communication complemented the Common transport policy set up in 1961, by introducing a number of other points such as:

- measures taking into account the interdependence between transport and other Community policies;
- the recognition of the role of public authorities in the transport sector;
- the need to develop an optimal transport network, including Community infrastructure planning and financing;
- the imputation of the costs of using transport infrastructure;
- the definition of the role of railways in the future transport system and the solution of their financial problems.

1.3. What has been achieved so far?

The development of the common transport policy in a historical perspective has been very slow during the past two decades.

Many major Commission proposals are still pending in the Council. However some measures have already been taken, relating to:

- tax matters, state intervention and social conditions;
- normalization of railway's accounts;
- elimination of special burdens imposed on the railways tending to distort inter-modal competition;
- liberalization of a number of goods transport movement by road between Member States;
- social regulations for road transport, concerning driving hours and rest periods and the introduction of the tachographs;

- technical inspection of motor vehicles;
- the establishment of an infrastructure committee with the task of facilitating the coordination of national infrastructure plans.

These are some of the most important actions already taken. However we can see the objectives of common transport policy have only partially been achieved.

A number of reasons could be given to explain this fact, but the difficulties of agreement between Community Members are mostly due to divergences of economic and geographical circumstance which lead them to different transport strategies.

1.4. Future implementation

The divergences in national transport policies have a bad effect in other economic sectors. Therefore, a common transport policy is indispensable to obtain an economic integration of the Community.

A common transport policy is not necessarily a uniform transport policy. It will take account of the different circumstances of the Member States. In each mode of transport important measures should be taken. It is important to solve the problem of railways, almost all of them presenting very huge deficits. Promoting free competition between rail and road is one answer proposed.

In road transport, an increase in traffic moving under Community authorisations should be undertaken. The establishment of a compensation system for transit countries, the removal of obstacle to speedier frontier crossing and a pricing system for international road haulage are some proposals to be pursued.

In the infrastructure field, a Commission proposal to give aid to infrastructure projects of Community interest is being discussed in the Council. The elaboration of a master plan of infrastructure links of Community interest by the Infrastructure Committee is planned.

The Common transport policy should take into account the negotiations with certain third countries in transit questions and liberalization of combined transport.

Energy and environmental considerations will play a very important role in the Common transport policy.

2. The Importance of Infrastructure for Economic Development

2.1 *The need for Community infrastructure planning*

The Commission has arrived at the conclusion that the common transport policy will not achieve the objectives defined in the Treaty of Rome unless it relates more to transport infrastructure. This view is based on the following points (10):

- the international traffic between Member States has developed faster than national traffic and has a special need for Community level planning;
- the growing interdependence of networks makes it almost impossible to consider each State as an isolated planning entity;
- infrastructure plays a very important role in transport operations;
- the difficulties which national authorities have to face with the financing of infrastructure projects, which sometimes have a great Community interest and therefore justify action at a Community level;
- the impact of transport infrastructure on major economic and social sectors.

Since the 1960's the growth of traffic between Member States has been more rapid than the growth of domestic traffic. Therefore a Community infrastructure network has to be developed. The Community interest will be added to the national criteria.

2.2. *Infrastructure and its relationship with major economic and social sectors*

In general transport infrastructure projects require large investments which lead to a major impact in economic and social policies. Some of the effects are difficult to quantify, however we will focus on the most important aspects:

2.2.1. Unemployment

The development of transport infrastructure in the Community can play an important role in decreasing unemployment. More labour will be needed in the industrial sectors concerned, such as: construction, equipment and transport vehicle. Also other sectors which are dependent on them will benefit through the multiplier effect.

2.2.2. Regional Balance

The Community still presents great regional imbalances. Economic activity is mostly concentrated in the wealthy regions situated close to the centre of the Community. This can lead to a gradual impoverishment of the less well equipped peripheral regions handicapped by distance. This problem will be even more important after the adhesion of Portugal and Spain. In order to overcome this an appropriate internal network of communications and the provision of good links with the main centres in the Community, are necessary.

2.2.2. Energy Consumption

Due to high prices and occasional restrictions of energy supplies (oil), it is very important that Community infrastructure policy takes into account the energy factors. For this reason infrastructure planning should be closely linked with the energy policy of the Community. Information campaigns for energy saving look to be valuable and policy actions such as: trying to decrease the distance between residential areas and work places, encouragement of combined transport could be included as part of general planning.

2.2.4. Environmental protection

The Community is aware of the importance of an environmental policy. The effects of infrastructure are not always beneficial, especially on the environment of the regions. These negative effects should be taken into account in the cost/benefit evaluations of the projects and good design and good planning can very often enable the elimination or reduction of these problems.

2.2.5. Social factors

The consequences of a good infrastructure are not exclusively economic as has been shown. Infrastructure contributes to social well being, to the improvement of living standards and working conditions.

2.3. The concept of «Community Interest»

2.3.1. General

The Council of 20 February 1978 (12) refers to «Community interest» as the principal criterion for the selection of projects to be notified to the Commission (10).

Currently there are infrastructure projects in the Member States which could be of great impact at the Community level but which can't be undertaken due to the lack of financial resources of the Member States. In these cases the intervention and aid of the Community is necessary.

The objective is to evaluate projects, so that national interest will be considered together with that of the Community. However, it is important to note that it is not easy to translate Community interest into a quantifiable form and that national and Community interests do not necessarily converge.

In the calculation of «Community interest» two main aspects should be taken into account: a) Direct interest b) Macro economic objectives.

a) Direct interest is related to intra-community transport considerations. Attention is chiefly centered upon traffic flows and to the impact of these flows on neighbouring countries.

b) Macro economic objectives refer to the achievement of overall Community, such as: reduction of energy consumption, regional balance, industrial development, environmental protection, etc.

2.3.2. What types of projects are potentially of Community interest?

The first article of the proposal for a Council Regulation on support projects of Community interest in transport infrastructure (5 th July 1976) lists the categories of projects likely to be financed (10):

- projects to be undertaken in the territory of a Member State the failure of which to be undertaken creates a bottleneck in the Community;
- Cross-frontier projects which are not sufficiently viable to pass the threshold, based on available resources, where a Member State would be willing to intervene;
- projects which facilitate the standardisation of equipment and synchronization of work on the Community communications network.

Looking at the categories described above we can see that:

- 1) Projects should be capable of meeting accepted economic criteria necessary for adoption when Community interest is taken into account.
- 2) Acceptable projects will be likely to present substantial benefits for international traffic or to contribute to the success of the Community policies.

2.3.3. *Incorporation of «Community interest» in the evaluation of projects in the Member States*

The evaluation methodology of a transport infrastructure project is composed of the following main aspects (10):

- 1) An assessment of costs, both construction and maintenance;
- 2) the traffic flows involved, for larger projects including generated traffic;
- 3) the calculation of the change in operating costs for users;
- 4) the time savings expressed in money terms;
- 5) the accidents savings;
- 6) the external effects.

A discounted rate of return is calculated after the quantifications of these aspects in money terms.

In order to transform a national interest evaluation to a Community interest, some factors have to be added such as:

- a) An examination of the impact of the projects in the other Member States.
- b) An assessment of the projects impact on Community policies, like: regional, energy, environmental, etc.
- c) A distribution of user benefits by the State of origin of the users.

However we should note that to make this possible there has to be a certain convergence between national approach and Community one in important areas, such as:

- Time horizons
- Scenarios (i.e. the socio-economic background)
- Value of benefits
- Rates of discount.

2.3.4. *The importance of external factors*

External factors are those which are not directly quantified in money terms but can be very important for «Community interest» like: noise, pollution, regional employment, industrial development, energy consumption, etc.

The Commission has recommended the Member States to take these factors into account in the cost/benefit analysis of projects.

2.4. *Financial aid from the Community for infrastructure projects*

This section is aimed to give a general idea about the different financing instruments of the Community for infrastructure projects (8), (9).

2.4.1. *European Regional Development Fund (ERDF) — Grant facility*

Projects financed from the ERDF must fall within the framework of each country's regional development program. The ERDF may contribute between 20% and 40% of the investment cost of the project.

2.4.2. *European Investment Bank (EIB) — Loan facility*

The IEB (Luxembourg) is the EEC's banking institution. The members of EIB are the Member States who each contribute a certain proportion of the Bank's Capital.

The EIB borrows funds from the capital markets and lends, usually at fixed rates, on a non-profit making basis towards the capital cost of projects.

These loans are mostly oriented to:

- helping develop less favoured regions
- modernisation of old industries or/and the creation of new activities
- serving a common interest of several Member States or the EEC as a whole.

The EIB normally does not finance more than 50 per cent of the project cost. The term is usually between 7 and 12 years, but exceptionally can be 20 years.

The EIB requires security for its loans in the form of a guarantee from either the state, a public authority, a major bank or a large organization associated with the project.

2.4.3. New Community Instrument (NCI) — Loan facility

The NCI or Ortoli facility was first created by Council Decision in 1978. The E.C. may borrow up to 1000 m in ECU's on behalf of the E.E.C. Since 1978 two further Council Decisions have been adopted increasing the Commission's borrowing powers under the NCI by 1000 m in ECU's (1982) and 3000 m in ECU's (1983).

The loans are intended to support investment projects, such as:

- Infrastructure projects which are associated with the development of productive activities, which contribute to regional development or which are of Community interest, such as telecommunications, information technology, and transport including the transmission of energy.
- The rational use of energy, the replacement of oil by other sources of energy in all sectors and infrastructure projects facilitating such replacement.

Funds borrowed by the Commission for use under this facility are deposited with EIB. Once the Commission has decided upon the eligibility of a particular project, the EIB decides whether to grant the required loan. The terms are similar to the ones provided directly by the EIB.

2.4.4. European Monetary System (EMS) interest rebates

Interest rate subsidies, reducing the effective interest rate by 3 per cent, are available on some EIB and NCI loans made to the «less prosperous» members of the Community who are also members of the European Monetary System (EMS), Italy and Ireland. The total value of the rebates is fixed.

2.4.5. Specific Transport Instrument Grant and Guarantee Facility

This is an E.E.C. assistance, which may not exceed 70% of the cost subsidies or interest rate rebates on EEC loans.

For projects to be eligible for support they must contribute towards a common transport policy in one or more of the following areas:

- Elimination of transport bottlenecks.
- Improvement of rail transport on routes important for long distance traffic.
- Improvement of links between outlying member countries.
- Improvement of trans-shipment facilities between intra-Community modes of transport.
- Modernisation of the inland waterway systems.

2.5. Long-term and short-term objectives

There are two main long-term objectives (5):

- 1) Definition of a network of major links of Community interest and evaluation of investment needs.
- 2) Research into criteria of the choice of investment and cost/benefit analysis.

As short-term objectives we can refer to:

- Elimination of bottlenecks likely to hinder traffic between Member States.
- Identification and examination of projects of Community interest.
- International links between major centers.
- Links with peripheral regions.
- Links affected by the accession of new Member States.
- Links overcoming natural obstacles.

EXAMPLES:

Appraisal of priority type projects (for 1984)* in terms of various value systems

A. In terms of objectives put forward by the Commission in its reduction of 9 August 1983, Art. 5:

OBJECTIVES	PROJECTS					
	1.	2.	3.	4.	5.	6.
	Shankill-Bray by-pass	Nurnberg station	London orbital (M 25)	Rail access to Harwich port	Development of the Lys	Dordrecht bridge
a. removal of bottleneck	X	X	X	X		X
b. transit load reduction through improved rail network (combined trans.)		X				
c. improvement of links between peripheral countries and the rest of the Community	X					
d. improvement of land-sea axes	X		X	X		
e. modernization of inter- national inland waterways					X	X

FIG. 2.1,

B. In terms of criteria resulting from the work of the «Transport Questions Group».

Scope

Projects which guarantee, within the framework of developing a harmonious and balanced infrastructure network, a positive socio-economic return for the Community and comply with one of the following criteria:

- removal of notorious bottlenecks within the Community;
- improvement of major links between member States.

Technical criteria used by the Commission to evaluate projects in terms of the above:

Criteria	Projects				
	1.	2.	3.	4.	5.
a) volume of traffic (rate of saturation)	actual: 21 300 forecast 2000: 36 500 veh./day	actual: 3 500 wagons/day forecast: 5 800 wagons/day	forecast in veh./day: Section A: 50-70 000 Section B: 80-120 000	in one year (10.82 to 9.83): passengers: 724 000 Freight: 334 000 t.	1981: 4.4 M.t. 2000: 7.9 M.t. 1985: 18 000 boats 2000: 24 900 boats
service level (xx)	poor to average	poor to average	poor to average	very unsatisfactory	poor to average very insatisfactory
b) percentage of inter-national traffic	(x)	35%	(x)	70% passengers 90% freight	81% 98%
c) level of dependance of the country (region) concerned on the axis under examination	+50%		70% of cross-channel road haulage		

(x) Non significant rate due to situation (urban).

(xx) Classification based on 1979 Battelle report entitled «Appreciation criteria and coordination measures».

FIG. 2.2.

3. The Portuguese Economic situation

3.1. General

Portugal in an E.E.C. candidate, the adhesion is expected for January 1986. Portugal has already some links with E.E.C. countries, most of its commerce is done with them. Exports, imports, tourism and emigrants remittance come mostly from E.E.C. (Fig. 3.1).

Important political, social and economic changes occurred in Portugal after the revolution of 1974. The decolonization (independence of African colonies), the nationalization of industrial and service sectors, the agrarian reforms and the liberalization of labour laws and the oil crisis, were the background of these transformations.

A sudden return of Portuguese citizens from the African colonies increased the labour force available as well as the drop in demand of foreigner workers in Europe as a consequence of Worldwide recession, caused serious problems of unemployment.

Due to nationalization the public sector became the predominant force of the economy. Industries like cement, iron and steel, arms, petrochemicals, fertilizers, transportation, and lines, and shipping as well as banking and insurance were nationalized. In general these enterprises are over-sized and of competitive, having some impact on the budgetary deficit and external debt.

Agriculture still plays an important role in the economy, employing 28% (FIG. 3.2.) of active population, again this underdeveloped, some structural problems like poor cultivation and low productivity as well as climatic conditions (draught) lead Portugal to import almost 50% of its food supplies and in deed it affects trade balance (FIG. 3.3.).

Fishing also needs to be developed. The government set up a five years plan, starting in 1982 to revitalize this industry, improving the possibilities for high-sea fishing, fishing-factory ships, etc.

Some other plans have been applied in order to modernize the industrial sector which employs 36% (Fig. 3.2) of the active population. The most important industries are: textiles, footwear, leather, wood industries, cork,

ceramics, shipbuilding and ship repairing, these last two being the only important heavy industries existing.

Tertiary sector employs 35% (Fig. 3.2) of the labour force, it represents 50% of the Gross Domestic Product (G.D.P.), especially due to tourism, which is one of the most important «revenues».

Portugal is not rich in natural resources. The main minerals are: Pyrites, tungsten, uranium, nonferrous metals, hematite and magnetite. In terms of energy sources (Fig. 3.8), more than 50% is hydroelectricity but Portugal has to import almost 3/4 of its energy supplies which is a serious problem for the economy. The development of nuclear energy using Portuguese uranium is planned, however this development is subject to dispute by many sectors of the society.

3.2. Economic policies

The Portuguese economy as already noted, was affected by the changes operated in 1974. Several economic policies were applied after that time. We can distinguish four periods:

Period 1974-1976, which is characterized by an increase in domestic demand. Salaries rose at higher rates than productivity, causing inflation. Public expenditure also increased, mostly to improve social security systems and to satisfy public needs which had not been taken into account, until that time. Importations started in a large scale, credit to private and public sectors expanded. Several loans were granted to public enterprises and «protective prices» for basic consumer goods were set up.

This led to a huge external deficit. In order to overcome this situation, the economic policy changed in 1978-1979.

By this time the currency was devalued, some restrictions on credit were imposed, interest rates were raised, salary increases were limited and some prices liberalized. Some of these measures were taken following the advice of I.M.F. (International Monetary Fund).

The positive effects of this restrictive policy were attenuated by the second oil crisis (1979) and the drought in 1980, which worsened the balance of payments.

Some other restrictive measures were applied in 1981; public expenditure was controlled, subsidies were reduced, interest rates were raised again and the controlled prices for consumer goods were lifted. The growth of salaries dropped. However, the external debt continued to expand due to official borrowing abroad and a large imbalance between exports and imports.

An austerity program for stabilizing the economy had to be applied in 1983. The escudo was again devalued in order to, improve the competitiveness of Portuguese products, promote tourism and emigrants' remittance. But, on the other hand it led to rise import costs.

This program is composed by short-term measures to redress external conditions and by long-term measures for a complete recovery, encouraging investments and savings.

Again, this program was required by I.M.F. to grant its Financial aid. Some data about Portuguese economy is show in the next pages.

Fig. 3.1.

Foreign Trade (1980 as %)		
Geographical areas	Imports	Exports
European Community	38.9	54.6
EFTA	7.5	13.8
United States	10.7	5.7
State-trading countries	2.3	2.0
Old Escudo area	1.0	5.2
Others: Middle East, Spain, Latin America, Africa, etc.	39.6	18.7
	100.0	100.0

Source: INE, Portugal

Fig. 3.2.

Civilian Employment by Sector of Activity 1980				
Country	Agriculture	Industry	Services	Total
Germany	6.0	44.8	49.2	100.0
France	8.8	35.9	55.3	100.0
Italy	14.2	37.8	48.0	100.0
Netherlands	4.6	32.0	63.3	100.0
Belgium (a)	3.0	34.8	62.2	100.0
Luxembourg	6.3	38.4	55.3	100.0
United Kingdom	2.6	38.0	59.4	100.0
Ireland	19.2	32.4	48.4	100.0
Denmark (a)	8.3	30.2	61.5	100.0
Greece	30.3	30.2	39.5	100.0
EUR 10	8.0	38.3	53.6	100.0
Spain	18.8	36.1	45.1	100.0
Portugal	28.6	36.1	35.3	100.0

(a) 1979

Source: EUROSTAT

Fig. 3.3.

Foreign Trade by Principal Commodities (% shares)			
Exports	1977	1979	1982
Agricultural prod. and processed prod.	16.3	13.9	11.6
Mineral products, ceramics, glass, clay and manu. products	6.0	6.9	8.0
Chemicals and related products	4.9	5.6	5.5
Wood and cork products	17.9	16.1	14.8
Textiles and textile manu., footwear and leather products for garments and dressing, etc.	29.7	33.5	33.3
Ordinary metals and their products	4.9	6.0	4.5
Machinery and transport equipment	14.8	12.0	13.1
Other products, combined	5.5	6.0	9.2
<i>Imports</i>			
Agriculture prod. and processed prod.	18.3	16.9	14.3
Mineral products	16.2	20.2	27.7
Chemicals, plastics and related prod.	13.2	13.8	10.8
Furs, hides, wood and paper	3.6	3.2	3.1
Textiles	8.4	7.5	6.1
Ordinary metals and metal products	10.0	8.3	7.4
Mechanical machinery and devices	17.1	17.7	17.7
Transport equipment	8.7	7.4	8.4
Other products, combined	4.5	5.0	4.5

Source: BANCO DE PORTUGAL, Indicadores Economicos 1977-1982, Lisbon.

Fig. 3.4.

	Balance of Payments (Million dollars US)				
	1978	1979	1980	1981	1982
Trade balance	-2,408	-2,632	-4,206	-5,194	-4,853
Exports	2,379	3,550	4,575	4,088	4,119
Imports	4,787	6,182	8,781	9,282	8,972
Services	-53	104	-45	-544	-1,047
Tourism	431	695	859	777	611
Transport	-129	-114	-194	-147	-282
Income from capital	-329	-437	-612	-975	-1,223
Other services	-26	-40	-98	-199	-153
Unrequited transfers	1,635	2,476	3,000	2,888	2,661
Emigrants' remittances	1,671	2,455	2,931	2,832	2,599
Current balance	-826	-52	-1,251	-2,850	-3,239
Long and medium term capital transactions	758	813	1,404	1,853	2,192
Private	249	462	1,000	1,357	1,550
Public	509	351	404	496	642
Basic balance	-68	761	153	-997	-1,047
Short-term capital, errors and omissions	228	594	705	848	1,137
Balance of non-monetary transactions	160	1,355	858	-149	90

Source: BANCO DE PORTUGAL, Indicadores Economicos, 1977-1982, Lisbon.

Fig. 3.5.

Trade Balance			
Developments in the trade balance (in million ECU)			
Year	Exports	Imports	Balance
1977	2271 (1)	4125	-1854
1978	2149 (1)	3830	-1681
1979	2594	4519	-1924
1980	3298	6196	-2898

(1) Including non-monetary gold

Source: EUROSTAT: Balance of payments-overall data 1969-1980, Luxembourg 1981.

Fig. 3.6.

Macro-Economic Table (Million Port. Escudos)						
	1977 %	1981 %	Yearly growth rates at 1977 prices			
			78/77	79/78	80/79	81/80
At origin:						
GDP	100	100	3.4	6.6	4.1	0.5
Agriculture, hunting, forestry and fishing	11.9	8.5	5.9	21.5	0.3	-13.9
Mining and quarrying	—	—	—	—	—	—
Manufacturing	26.6	30.0	5.5	7.4	5.7	1.6
Electricity, gas and water	1.9	1.6	1.7	6.3	-20.5	-11.1
Construction	7.7	7.6	12.7	-4.9	7.9	3.7
Services	49.5	50.7	1.4	5.2	4.6	2.9
Import duties	2.4	1.6	-21.5	-15.3	4.9	11.6
At destination:						
Private consumption	72.0	69.6	-1.7	0.9	2.9	2.4
Public consumption	14.0	14.9	4.3	8.9	3.7	2.9
Total consumption	86.0	84.5	-0.8	2.3	3.0	2.5
Gross fixed capital formation	26.5	31.3	7.1	-1.1	10.5	5.1
Inventories variation	2.5	3.3	2.4	105.3	23.7	-30.6
Domestic demand	115.0	119.0	1.1	3.8	5.7	1.4
Exports	18.5	26.8	11.1	30.2	7.6	-3.4
Imports	33.5	45.8	-0.2	11.5	11.6	0.6
Net external balance	15.0	19.0	13.9	18.2	21.6	9.6
Statistical discrepancy			3.4	6.6	4.1	0.5
GDP	(625,835) (1,465,443)					

Source: OECD National Accounts, 1983.

Fig. 3.8.

Energy Estimates (MTDE)	1979	1985	1990
Demand for energy	11.3	17.1	22.9
Production of energy including hydro and geome tric imports of coal	3.3	3.9	4.2
imports of oil	2.6	2.6	3.1
	0.3	1.4	3.8
	9.9	13.0	16.0

Source: International Energy Agency

Fig. 3.7.

Development Indicators	Portugal
Per capita:	
GDP dollars, 1981	2.520
Energy consumption, 1980	1.822
Steel, kilos, 1978	153
Newsprint, kilos, 1978	3.38
Proteins intake, gram. diam. 1977-80	85.1
Calories supply as % of daily needs, 1980	129
Per thousand inhab.:	
Motor vehicles, number of 1978	118
Telephone sets, number of 1977	120
TV sets, number of 1976	76
Physicians, number of 1980	1.85
Hospital beds, number of 1977	5.29
Literacy rate (%) adults, 1980	78

Source: World Bank, World tables 1982, Washington; UN Statistical Yearbook 1979-80, New York; FAD Production Yearbook 1981, Rome.

Fig. 3.9.

Demographic area

Population (million)	9.8
Annual growth (%), 1975-81	0.9
Birth rate (%), 1980	16.4
Death rate (%), 1980	9.9
Infant mortality rate (%), 1980	26.0
Life expectancy (num. of years), 1975:	
Men	65.09
Women	72.86
Demographic density (inh/sq/km), 1981	108
Urban population (%), 1980	31
Econ. active population (%), 1980	46.6
Area (th/sq/km)	92

Source: UN Statistical Yearbook 1979-80, New York; World Bank World tables 1982, Washington; I.L.D. Yearbook of Labour Statistics 1981, Geneva.

4. The Portuguese transport network in the context of Community membership

4.1. *Good road links for a full integration in Europe*

After the brief economic analysis in Chapter 3, it is clear that the adhesion to E.E.C. is very important to Portugal. From the E.E.C. viewpoint there should be also an interest in the portuguese accession, since one of the objectives of the Treaty of Rome, was to build up a stronger Europe without regional imbalances. It might seem rather «utopic», but it is not, if there is solidarity and understanding.

It is important to compare the «development indicators» (Fig. 4.1) of Portugal and E.E.C. countries to realize that something should be done to attenuate these differences, to improve Portuguese economy in order to rise living standards. In wich way?

Firstly, the commercial links between Portugal and E.E.C. should be increased. Portuguese products have to arrive to European markets without any barriers, neither economic nor geographical.

Economic barriers can be abolished when the accession is done. They are mostly customs-duties which decrease the competitiveness of the products.

Geographical barriers are very important due to the situation of Portugal on the edge of Europe. In order to overcome this, goods links with European centres are necessary, mostly road links, but also railways and good maritime connections. This is the way of promoting free movement of people and goods. Besides this, is has important repercussions in other sectors of the society, such as: cultural, social and political.

There will be a greater cultural exchange, due to an easier access to new ideas, new technologies. People will travel more permitting a development of tourism with the respective advantage for the balance of payments (entry of foreign currency).

In terms of social sectors, membership plays an important role, because the improvement of Portuguese economy will permit to rise living standards, and having better social organization as well as welfare systems.

To build up one Europe as a «whole» we certainly need the same political system for all member states, it means a Democracy. E.E.C. has also a political role to play, in defending democratic ideals and the freedom of citizens. For Portugal is very important to be a part of such an organization, with a strong democratic background.

4.2. Improvement of African links

Portugal has had very close relations with African countries over many centuries, not just as a colonizer but, actually there are very important cultural links. This can be remarked by the good integration of Africans in Portuguese society. After the independence of the ex-colonies (1974-75) the relationship between Portugal and its ex-colonies worsened due to the «scars of colonialism». Lately a great effort has been made from both parts for a new approach, in order to increase technical and cultural exchange.

In fact, we can be sure that Portuguese people have a deep knowledge about the African situation, mentality, social organization and needs. This explains the «exodus» of many Portuguese technicians to Angola, Mozambique and Guine. Also the investments that some Portuguese have been doing there.

Fig. 4.1.

<i>Gross Domestic Product (GDP) at Market</i>	
<i>Prices per Capita</i>	
<i>1980 — ECU's</i>	
Denmark	9326
Germany	9582
Luxembourg	9054
France	8739
Netherlands	8534
Belgium	8510
United Kingdom	6712
Italy	4971
Spain	4061
Ireland	3738
Greece	3024
Portugal	1753

(1) ECU — European Unit of Account

(1 ECU = 0,56 £ in March 1982)

Source: EUROSTAT (Statistical Office of the European Communities)

As already stated, Portugal is not a very industrialized country, but African countries need mostly «intermediate industries», to satisfy basic needs, not the most advanced technologies. In this way, Portugal is the perfect «partner» for them. Besides this, there is another important argument, we speak the same language, Portuguese.

Following this reasoning, Portugal can play an important role being an intermediary between Africa and Europe, giving the possibility to African countries to send their products to European markets, in preferential conditions. But we will arrive again to the same conclusion that is: Good road links between Portugal and European centres are very necessary.

Fig. 43

TABLE 43
Foreign trade of Portugal (1950-1954)

Year	Exports (Mill. Esc.)	Imports (Mill. Esc.)
1950	1000	1000
1951	1000	1000
1952	1000	1000
1953	1000	1000
1954	1000	1000

5. Portuguese transport infrastructure

5.1. Present state

In order to analyse transport infrastructure development, it is important to take a brief look at the present state of the sector. Primary attention will be given to road infrastructure, since it is the dominant mode of transport for both passenger and freight. Some general information about railways and ports will be also given.

5.1.1. Road Infrastructure

Portuguese road infrastructure is in general inadequate for modern transport. Many roads do not have the capacity for existing traffic volumes, car speed and truck sizes and weights. Overall roads do not have the necessary geometric and structural dimensions. Most roads are narrow (90% of roads between five and winding. By passes and climbing lanes for slow vehicles are very rare. Improvements in width and intersection layout are very important, to solve congestion problems and to reduce accidents (Fig. 5.1) (The number of accidents relative to the amount of traffic, is three times as high as in France and West-Germany and one-and-a-half times as high as in Spain and Greece). Road maintenance has been insufficient during the past and is based on labour-intensive methods, sometimes using inappropriate surfacing techniques, with little mechanization, therefore with low productivity.

The J.A.E. (Junta Autonoma de Estradas), an autonomous governmental agency, is the responsible for the administration of approximately 21,500 km of national roads. J.A.E.'s planning unit G.P.P. (Gabinete de Planeamento e Programação) has been revising the now out of date Road Plan (1945) making important improvements. In this revised Plan the national road network is divided in «Main Roads» (R.N.F. — Rede Nacional Fundamental) and «Secondary Roads» (R.N.C. — Rede Nacional Complementar).

The «main roads» link the most important urban centres and are composed of nine main itineraries, three in the N.-S. direction and six the W.-E. direction (see Fig. 5.2.).

The «secondary roads» network is composed of thirteen itineraires, four in N.-S. direction and nine in W.-E. direction.

The G.P.P. has concluded that the national road network is too large. In order to ensure a better management, they proposed to reduce the size of the network and to transfer 10,000 km of the national network to the regional road one, under the administration of regional authorities.

In terms of percentage of national income, the expenditure on roads in the last decade is lower than in other European countries. In the 1970-1980 period the expenditure on highways was between 0.3-0.6 per cent of the G.D.P., which is half of the average in E.E.C., during the same period (see table 5.3).

The governmental expenditure on road construction and maintenance was in 1979 only 28% of the taxes paid by road users (3).

Due to the poor state of roads, users spend too much in cars maintenance, fuel consumption and new vehicles purchase. The improvement of road infrastructure has an overwhelming importance in reducing these expenditures.

5.1.2. Railways

Portuguese railways (CP — Caminhos de Ferro Portugueses), is chiefly a passenger railway (Fig 5.4, 5.5). The most important lines are in suburban areas of Lisbon and Porto and along the West corridor between these two cities. In other areas it has low use.

Freight traffic is low due to the predominance of short distances and is essentially limited to: fertilizers, manufactured goods, cement and mineral ores (table 5.4).

Only a part of the main lines are well developed, with double-track, electrified and using automatic block-signalization (3). Several bridges should be strengthened and the overall freight system needs to be completely reviewed and, if shown to be justified, modernized.

A renewal of passenger and freight vehicles seems to be important due to their age (3). Track maintenance has been improved and in a general way, rail infrastructure are reasonable.

The problem is basically economic (Fig. 5.6.). Staff productivity is low, most of the lines have a very low use, facts combined mean that the CP operates with very large deficits (table 5.6.).

5.1.3. Ports

The main ports are Lisbon, Leixões (Porto) and Sines (fig. 5.7.). Lisbon and Leixões are multipurpose ports and Sines is exclusively an oil port intended to serve to the industrial complex of Sines which appears to be eccentric to the presente situation of industrial development.

The productivity in the island's ports of Madeira and Azores is very poor. Improvements in cargo-handling technology are necessary as well as some investments in superstructure and equipment in Lisbon's port (3).

However in general infrastructure of the ports is sufficient, in some cases a better administration should be established.

A national port plan has been prepared by Portuguese authorities; this discusses whether investments in the future should be done in the major ports or in minor ones.

5.2. Studies about Portugueses Transport infrastructures

Two important studies will be discussed in detail.

5.2.1. N.T.P. (National Transport Plan)

This is a very complete study commissioned by Portuguese authorities from external consultants.

It analyses the different national policies in the transport sectors, makes some suggestions about investments and provides computerized models to use in transport planning.

The most important issues of Portuguese transport policy are discussed, such as:

- The amount of investment in the road network;
- the situation of Portuguese railways;
- the Master Plan for Portuguese Ports.

NTP consultants listed some of the priorities, like: (3)

1) measures to reduce the burders on the transport enterprises of social-political obligations;

- 2) measures to encourage enterprise to make better use of resources;
- 3) investment in renewal and replacement of assets;
- 4) smaller projects with high and certain benefits that can be implemented without delay; and
- 5) bigger projects, the benefits of which are less certain and will take longer to materialize.

5.2.2. Portuguese Transport Infrastructure requirements

This study was commissioned by E.E.C. from TRANSES (Transport Economic Advice and Research Bureau of Netherlands). The objective of the study was to provide information about the needs for transport infrastructure in Portugal which would arise after the accession of Portugal to E.E.C.

It analyses the present situation of Portuguese transports, including one scenario for the year 2000. Describes future socio-economic developments and from them draws out some conclusions about the needs for transport infrastructure.

Considers one scenario with an annual growth rate of G.D.P. of 5.2% (1979-2000).

Four infrastructure strategies are evaluated:

- strategy 1 — Development of a domestic motorway system
- strategy 2 — Development of a regional road system serving the main regional centres
- strategy 3 — Development of a main domestic railway system
- strategy 4 — Fundamental improvement of the road and rail connections between Portugal and the E.E.C.

All these strategies include improved international land connections between Portugal, Spain and the E.E.C., mostly strategy 4.

After a macro-economic, cost-benefic analysis strategy 4, seemed to be the most favourable. However strategy 2, should not be evaluated just in terms of traffic flows, it should be part of a regional strategy, where some other costs and benefits should be taken into account. This might change the final results of the evaluation.

The most important conclusions drawn from this study, are:

- 1) The present state of Portuguese road infrastructure is in general poor, due to shortage of capacity, low geometric standards and insufficient maintenance.
- 2) Rail services are poor, have a low travel time resulting in low traffic volumes. low revenues and large deficits.

3) The poor international land accessibility of Portugal is the main reason that 90% of its present trade with the European Community is handled by sea. This situation will change with the accession of Portugal to E.E.C., being then the road transport the most important.

4) Only a strong regional economic policy can bridge the differences between the littoral and interior part of Portugal in the future.

5) Rail traffic will grow faster than road traffic.

6) There will be an increase of domestic passenger traffic due to an increase in car ownership.

7) The growth of international freight and passenger transport will depend mostly on the improvement of infrastructure networks.

8) There is a need for rapid investments in the roads of the littoral part of Portugal in order to avoid the formation of bottlenecks.

This study is very interesting since it gives a detailed idea about the needs of Portuguese transport infrastructure in a situation of maximum growth. However some points should be revised or changed, such as:

- Just one scenario was used and it seems very optimistic, with an annual growth of G.D.P. of 5.2%. Using other scenarios the evaluation of the strategies could give different results.
- It does not seem likely that the growth in rail traffic will be greater than that in road traffic.
- The reference road network (1987) needs to be clarified in terms of realistic construction assumptions.
- The investments suggested seem very low, since they do not take into account the costs of maintenance.
- Moreover the study should be supplemented with some regional strategies.

5.3. Some suggestions for future studies

Portugal is a country characterized by great regional imbalances. An industrialized area along the littoral and less developed regions in the interior. In order to have a full integration in the E.E.C. these imbalances should be attenuated. Therefore, it is very important to do some studies taking into account regional planning strategies. The Portuguese authorities have been aware of the problem and some studies for the Northern part of the country have already been done.

The role of the Commission (Directorate for Transport and Directorate of Regional Policy) can be very relevant in sponsoring some of these studies. This applied not only for the northern part of the country but also for other less developed areas.

Fig. 5.1.

<i>Road Traffic Accidents in Portugal</i>				
<i>Year</i>	<i>Traffic Accidents</i>	<i>Fatalities</i>	<i>Injured</i>	<i>Fatalities per million inhabitants</i>
1970	31,082	1,417	28,657	168
1973	39,521	2,086	32,357	247
1974	38,942	1,961	30,557	226
1975	45,985	2,676	40,576	294
1976	42,398	2,520	35,605	275
1977	44,018	2,198	36,454	233
1978	47,412	2,227	37,247	227
1979	50,710	2,241	38,982	227

Source: For accident data: INE, Estatísticas dos Transportes e Comunicações, September 1981; World Bank, Transport Sector Memorandum.

MAIN ROADS

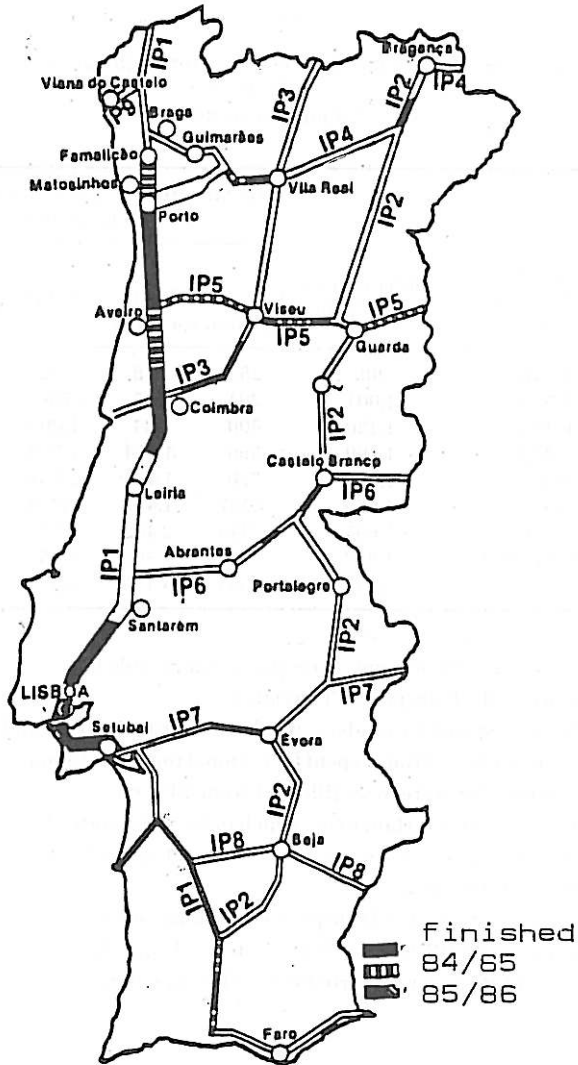


FIG. 5.2.

Fig. 5.3.

Road User Charges and Expenditures for Highways in Portugal
1972-1978
(in million escudos)

Year	Receipts from Road User Charges (a)	Contributions to FETT (b)	Expenditures on National Highways, 1970-1980 (current prices)				
			Current (million escudos)	Capital (million escudos)	Total	Total (US\$ mn)	Total as % of GDP (1)
1972	4,716	905	254	538	792	29	0.3
1973	5,570	1,001	291	445	736	30	0.3
1974	6,195	1,120	400	694	1,094	44	0.3
1975	7,472	1,199	566	1,154	1,720	66	0.5
1976	8,561	1,210	720	1,421	2,141	71	0.5
1977	10,925	1,605	1,357	1,417	2,774	73	0.4
1978	12,134	1,697	1,245	2,482	3,727	85	0.5
1979	14,500-14,800 (d)	1,887	952	3,306	4,258	87	0.4
1980	n.a.	n.a.	1,691	5,115	6,807	136	0.6

(1) GDP at current market price.

(a) Import duties on vehicles and spare parts not included.

(b) Fundo Especial de Transportes Terrestres.

(c) To get the total spend for roads, expenditures for local roads and city streets should be added at a level of about 10% of funds spent for national roads, and about 700-800 million escudos per year for the Lisbon-Porto freeway (BRISA) from 1974 on.

(d) Data not available for certain items which in 1978 accounted for 13% of total. Lower limit assumes these items remained at same level in 1979, and upper limit assumes they grew in same proportion as total of other items.

Sources: INE, Estatísticas dos Transportes e Comunicações for road user revenues, JAE for expenditures on roads, and IBRD for exchange rates and GDP data. JAE (IBRD for exchange rate and GDP data); World Bank, Transporte Sector Memorandum.

Fig. 5.4.

Passenger Traffic on Portuguese Railroads
(1973-1979)

Year	Passengers (million)			Passenger-km (million)				
	Suburban	Intercity	International	Total	Suburban	Intercity	International	Total
1973	—	18.9	—	117.3	—	1,853	—	3,225
1974	—	21.3	—	126.8	—	2,134	—	3,618
1975	—	23.1	—	128.4	—	2,116	—	3,848
1976	168.3 (a)	22.8	0.6	191.7 (a)	2,967	2,147	121	5,235
1977	172.8 (a)	23.3	0.6	196.7 (a)	3,069	2,063	112	5,243
1978	166.7 (a)	23.3	0.5	190.5 (a)	3,016	2,044	101	5,161
1979	184.9	25.2	0.6	210.7	3,282	2,239	113	5,635
Growth Rate								
1976-79	3	3	-4	3	3	1	-2	2

(a) Includes traffic from the Cascais Line taken over by CP in January 1977; in 1977, this line carried 58 million passengers (1,084 million passenger-km).

Sources: 1973-1975 data: CP Gabinete de Planeamento e Estudos Economicos; 1976-1977 data: Estatísticas dos Transportes e Comunicações; World Bank, Transport Sector Memorandum.

Fig. 5.5.

*Freight Traffic on Portuguese Railroads
(1973-1979)*

	Ton. (a) (million)			Ton-km (a) (million)			
	(b)	(c)	(a)	(b)	(c)	(a)	(b)
1973	—	—	4.7	—	—	864	184
1974	—	—	4.5	—	—	919	204
1975	—	—	3.3	—	—	754	228
1976	3.1	0.4	3.4	764	90	854	251
1977	3.4	0.3	3.7	813	72	885	242
1978	3.6	0.3	3.9	865	67	932	242
1979	3.2	0.2	3.4	812	59	872	258
Growth Rate							
1976-79	1	-15	0	2	-13	1	

(a) Including company freights.

(b) CL — car-load traffic.

(c) LCL — less than-carload traffic.

Source: 1973-1975 data: CP Gabinete de Planeamento e Estudos Economicos; 1976-1979 data: Estatísticas dos Transportes e Comunicações; World Bank, Transport Sector Memorandum.

Fig. 5.6.

*Deficits of Portuguese Railways 1973-80
(million escudos)*

	1973	1974	1975	1976	1977	1978	1979	1980
CP deficit	717	1,280	3,132	4,116	5,394	5,59		
Government compensation	608	766	2,367	3,402	4,733	5,955		
Shortfall	109	514	765	714	661	359		
Accumulated shortfall	109	623	1,388	2,102	2,763	2,404	2,611	

a) Estimated, September 1981.

Source: CP. World Bank, Transport Sector Memorandum.

Fig. 5.7.

Port Traffic, 1976-79

(000 tons)

	1976	1977	1978	1979	Average Annual Growth Rate (%)
Lisbon					
Unloaded	9,546	9,822	9,917	11,653	7
incl. petroleum containers	(4,999) (391)	(4,478) (412)	(4,358) (335)	(5,261) (364)	2 -2
Loaded	1,644	1,462	1,461	2,127	9
incl. petroleum containers	(299) (323)	(300) (336)	(260) (309)	(604) (382)	26 6
Total	11,190	11,284	11,378	13,780	7
incl. petroleum containers	(8,298) (714)	(4,778) (748)	(4,618) (644)	(5,865) (746)	3 2
Leixoes and Douro					
Unloaded	6,296	6,985	6,293	5,557	-4
incl. petroleum containers	(4,092) (175)	(4,347) (216)	(3,850) (219)	(2,898) (212)	n.a. 7
Loaded	2,867	3,080	3,285	1,771	-15
incl. petroleum containers	(1,874) (189)	(1,977) (204)	(2,180) (240)	(246) (280)	n.a. 14
Total	9,163	10,065	9,578	7,328	-7
incl. petroleum containers	(5,966) (364)	(6,324) (420)	(6,030) (459)	(3,144) (492)	n.a. 11
Sines					
Unloaded (petroleum)	—	—	—	6,195	n.a.
Loaded (petroleum)	—	—	—	5,432	n.a.
Total				11,627	

Source: World Bank, Transport Sector Memorandum.

6. The Need for infrastructure development to bridge economic and geographical gaps between Portugal and E.E.C. countries

6.1. General

As explained in Chapter 4, it is clear that a full and successful integration of Portugal into the European Community can only take place if the present transport barriers between Portugal and the E.E.C. can be removed.

Portuguese infrastructure is generally of low quality, which leads to relative high costs of transport and it influences international trade position.

Improvements of the international accessibility of the main Portuguese centres by land, should be of high priority in order to implement trade contacts.

6.2. The scope for improvements of Portuguese transport policy in the context of E.E.C.

6.2.1. Deficits

As in the majority of public enterprises, the main problem in the public transport sector is the «high deficits».

There are four main reasons (3):

- a) Undercharging of services. In general the tariffs are not enough to pay costs of operation.
- b) Transport agencies are overstaffed and due to the existing labour laws, is very difficult to engage or fire employees.
- c) Special rates to particular groups are practiced and the government does not pay any compensation to transport enterprises for that.
- d) Many transport agencies have deficient economic and financial structure.

Therefore several measures should be taken to reduce the huge deficits (mostly in C.P.), by making a better planning and management.

6.2.2 Management

A better planning and an improved operational management in the transport sector can have very important consequences in other sectors of the economy. The high cost of transport can be attenuated and the funds needed to subsidize deficits can be used in other public matters. In the same way the competitiveness of agricultural and industrial products can be raised due to lower transport costs.

6.2.3. Investments

This is a very important point, to choose in what type of projects investment should be done. The investment in big projects «very prestigious», sometimes with uncertain benefits should be avoided. More attention should be paid to alternative projects of smaller size which are able to solve medium-term needs. More effective maintenance practice should be done.

6.2.4 Regional policies

The implementation of an efficient regional policy is very important. The accessibility of the most deprived areas have to be improved in order to raise the living standards of the population and to decentralize economic activities.

The construction of transport infrastructure together with industrial investments might be an important initiative to develop certain regions, especially the North-East, which is one of the least developed in Europe.

6.2.5 Coordination between transport agencies

The coordination between several transport departments is the only possibility to achieve a good planning. Until 1981, infrastructure planning was done by two different ministries, which did not help to achieve an optimal planning.

This has changed and today there is an attempt to improve the relationship between different transport agencies, defining the role of each one. It is important to stress the role of the G.E.P. (Gabinete de Estudos e Planeamento de Transportes e Comunicações), which is the responsible for multimodal transport planning, developing general planning strategies for the transport sector. We should defer the work by G.E.P. in preparing the National Transport Plan.

All the contacts in the field of transports, between E.E.C. and Portuguese authorities are centralized on G.E.P.

6.2.6. Energy conservation and Environmental protection

These matters are particularly important in developed countries, however it is worthwhile to include them in Portuguese transport planning. Especially to quantify its importance in the cost/benefit analyses of projects.

Portugal spends very much on oil. An improvement of the state of roads, the elimination of the bottlenecks as well as some energy saving policies can be extremely important.

6.3 Using Community aids

We have already discussed in Chapter 2, the role played by the different E.E.C. financing instruments (ERDF, EIB, NCI, EMS, Specific Transp. Inf. Grants).

However, a sensibilisation of Portuguese transport agencies about the objectives of the different Community aids seems very important, in order to be able to make a full use of them.

After the accession of Portugal to E.E.C., important infrastructure projects of great Community interest, should be presented for E.E.C. appreciation.

7. Conclusions

In this chapter we will present the most important conclusions of this paper, which refer to:

1) The common transport policy is very important for the Community to achieve a full economic integration. However, there is a need for future actions to be better planned with greater emphasis on costs and benefits.

2) The role of infrastructure planning to achieve the objectives of the Treaty of Rome in the context of common transport policy.

3) The concept of «Community interest» and the incorporation of «Community interest» in the evaluation of infrastructure projects in Member States.

4) The role of the different Community instruments for financing infrastructure projects and the importance for transport agencies to be aware of them for a full use.

5) The need to develop Portuguese transport infrastructure to bridge economic and geographical gaps between Portugal and E.E.C. countries.

6) The importance of the improvement Portuguese transport policy to integrate it in the common transport policy of the Community.

With this paper the author hopes to have contributed to make clearer the importance of Portuguese transport policy for a full integration in E.E.C.

Bibliography

- (1) Progress towards a Common Transport Policy — Inland Transport (Communication from the Commissions to the Council) COM (83) 58 final, Brussels, 9th February 1983.
- (2) The European Community's transport policy (European Documentation — November 1983).
- (3) Transport Sector Memorandum (World Bank June 7, 1982).
- (4) Portuguese Transport Infrastructure Requirements — Final Report TRANSES (November 1983).
- (5) A transport network for Europe (Bulletin of the European Communities) 8/79 — Outline of a policy.
- (6) Le Portugal et la Communauté Européenne (Europe Information) Avril 1982.
- (7) Investment in Europe's Future (European Investment Bank 1983).
- (8) Finance for a fixed channel link (May 1984).
- (9) Finance from Europe — a guide to grants and loans from the European Community (June 1983).
- (10) Community Assistance for Transport Infrastructure: The evaluation of «Community Interest» for decision making. (Report from the Commission to the Council) COM (81) 507 final Brussels 16th September 1981.
- (11) Revisão do Plano Rodoviário — Junta Autónoma de Estradas — Gabinete de Planeamento e Programação (1980).
- (12) OJ L 54 of 25-2-1978 — Council Decision.

COMPOSTO E IMPRESSO
NA SECÇÃO DE OFFSET DA
COMISSÃO DE COORDENAÇÃO
DA REGIÃO CENTRO
AGOSTO 1986

Tiragem: 500 exemplares