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REPORT

From:	General Secretariat of the Council
To:	Council
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Subject:	Fourth Railway Package Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL repealing Regulation (EEC) No 1192/69 of the Council on common rules for the normalisation of the accounts of railway undertakings - General approach

I. INTRODUCTION

1. On 31 January 2013, the Commission transmitted the above-mentioned proposal to the European Parliament and to the Council. The proposal is a part of the so-called fourth railway package, containing five other legislative proposals.
2. The sole objective of the proposal is to repeal Council Regulation (EEC) No 1192/69 on common rules for the normalisation of the accounts of railway undertakings.

3. The Regulation proposed to be repealed provides for rules on compensation for certain exceptional costs and benefits of railway undertakings. This particular arrangement was necessary in the 1960's when national railway undertakings undertook actions on behalf of the state or another public authority. The Regulation sought to establish more equal market conditions between the rail sector and other modes of transport, as these activities resulted in exceptional costs and benefits for rail undertakings.
4. Regulation (EEC) 1192/69 lists in its Article 3 those railway undertakings whose accounts may be normalised. Following the accession of Croatia, there are 40 named undertakings on the list.
5. However, with the opening of the railway market and the separation of railway transport operations from infrastructure management Regulation (EEC) 1192/69 has become obsolete and incompatible with Union legislation. Furthermore, four of the fifteen classes of compensation were adopted as a temporary measure and their application was already terminated in 1971 and 1973, depending on the class.
6. According to the impact assessment of the Commission, there are four Member States that are still using the provisions of the Regulation for compensations of the order of 100 million euro annually. Some three quarters of these compensations cover costs for level crossings and could be addressed in the context of Directive 2012/34/EU establishing a single European railway area. The remaining quarter is essentially pension costs. These compensations, where still necessary and compatible with Union law, could be dealt with more opportune Union provisions.
7. The European Parliament has concluded its first reading of the proposal on 26 February 2014. The Parliament considered that the repeal of Regulation (EEC) No 1192/69 should be postponed by two years.
8. The Presidency therefore considers that the proposal to repeal Regulation (EEC) 1192/69 is justified as proposed by the Commission in document ST6015/13.

II. WORK WITHIN THE COUNCIL

9. The Working Party on land transport has examined the proposal on 11 and 18 November 2014. No Member State opposed the principle of repeal. However, certain Member States (DE, DK, HU) wished to postpone to entry into force of the repeal at least until the transposition of Directive 2012/34/EU. COM opposed such postponement, considering that it is not needed.
10. The Working Party on land transport took note of the Commission presentation on the impact assessment of the repeal in its meeting on 11 November 2014.
11. The Permanent Representatives Committee endorsed the proposal in its 2520th meeting on 26 November 2014.
12. Since alternative measures still exist for the relevant compensations the Presidency considers that there is no reason to postpone the repeal.

III. OUTSTANDING ISSUES

13. UK maintains a parliamentary scrutiny reservation on the proposal.
14. The recitals of the proposal have not been examined yet. This should be done once the general approach is endorsed.

IV. CONCLUSION

15. The Council is invited to adopt a general approach on the Commission proposal as presented in document 6015/13.