

COMMISSION DECISION

authorizing Special Tariff Nos 208 and 219 of the Italian State Railways

(Only the Italian text is authentic)

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 80 thereof;

Having regard to the Protocol on Italy annexed to that Treaty;

Having regard to Tariff Nos 208 and 219 of the Italian Railways (FS) in their current versions, as laid down in *Decreto di legge* No 9 of 25 January 1940, promulgated as Law No 674 of 13 May 1940, concerning powers in respect of the introduction, amendment and discontinuance of goods rates on the FS, and in subsequent decrees enacted under that Law;

Having regard to the views expressed by the Italian Government in the course of the consultations held by the Commission in Brussels on 13 November 1961 in accordance with Article 80 (2);

I

Whereas Special Tariff No 208 of the Italian State Railways (FS) applies to the carriage of compressed hay and straw from all stations on or the south of the Italian Railways' Rome-Pescara line or in Sardinia to all stations within a distance of not more than 500 km; whereas it operates to the advantage of producers and users of these products within the region to which its scope is confined; whereas the purpose of the tariff is to encourage the transport of hay and straw from southern Italy, which produces a surplus of these products, to central Italy, where production does not meet local needs; whereas, as compared with the general tariff, it gives reductions of either 9.5 % or 16 % according to the weight of the load;

Whereas FS Special Tariff No 219 applies to the carriage of firewood from all stations on or to the south of the Italian Railways' Rome-Pescara line or in Sardinia to all stations situated over certain minimum distances away; whereas it operates to the advantage of the forestry industry in southern Italy and of undertakings producing firewood there; whereas

nearly 25.5 % of the total Italian production of firewood is provided by the southern Italian forestry industry, and chiefly by that of Calabria, which figures among the economically least-developed regions of Italy; whereas the consumption centres lie mainly in the north of the country; whereas in consequence the average distance carried for products covered by this tariff exceeds 900 km; whereas as compared with the general tariff, this tariff gives reductions varying between 2.5 % and 18 % according to the distance carried and to the weight of the consignment;

Whereas the volume of goods carried by the FS under these tariffs in the financial year 1960/61 amounted to 45 635 metric tons and 11.5 million metric tons/km in respect of Tariff No 208, and 39 967 metric tons and 36.9 million metric tons/km in respect of Tariff No 219;

Whereas the FS receive compensation out of State funds equal to a substantial proportion of the loss in revenue arising from the operation of the said Tariffs;

II

Whereas, without prejudice to the applicability to Tariff Nos 208 and 219 of Article 80, the Italian Government has submitted in accordance with that Article – in case the Commission should consider it to be applicable – an application for authorization to retain in operation FS Special Tariff Nos 208 and 219;

Whereas Tariff Nos 208 and 219 apply to the carriage of goods within the Community, which includes a Member State's domestic traffic; whereas these Tariffs must be regarded as State-imposed measures within the meaning of Article 80 (1), since they are laid down by national laws and regulations; whereas the tariffs constitute support for the agricultural industry in southern Italy corresponding to the objectively measurable difference between rates under the normal tariffs and those under Special Tariff Nos 208 and 219; whereas this support is given to specific industries, namely agricultural undertakings situated on or to the south of the Rome-Pescara line or

in the Italian islands; whereas, bearing in mind the object of Article 80, agriculture must be regarded as being an industry within the meaning of paragraph 1 of that Article; whereas in consequence Tariff Nos 208 and 219 come within the scope of Article 80 (1);

Whereas it is not even claimed that Tariff Nos 208 and 219 are tariffs fixed to meet competition within the meaning of Article 80 (3);

Whereas it is therefore for the Commission to decide, in accordance with Article 80 (2), on the application submitted by the Italian Government for authorization, in so far as this may be required, to retain in operation Tariff Nos 208 and 219;

III

Whereas the Italian Government puts forward the following arguments in support of its application:

FS Tariffs Nos 208 and 219 form part of the 'Green Plan' drawn up by the Italian Government in order to develop agriculture in southern Italy; the aim of the Plan, which is directed towards a progressive improvement in production and conditions of sale in this economic sector, is in accordance with the Treaty, as are all the economic and social consequences arising from the Plan;

The two tariffs are necessary to enable the carriage to and distribution in northern and central Italy of hay, straw and firewood originating in the underdeveloped areas of southern Italy; these products have a low initial value and transport costs bear heavily on them; without this support their sales would fall drastically, to the detriment of the producer areas; restriction or total removal of transport capacity for these products, through discontinuance of the two tariffs, would inevitably lead to a considerable disturbance of the agricultural and forestry economy of southern Italy.

These tariffs, together with other special tariffs and a series of measures in widely varying spheres, contribute to the development of the underdeveloped regions of Italy; the aim is, through modernization of agriculture in these areas, together with progressive industrialization, to raise the standard of living to the average obtaining in Western Europe; this is not merely an economic task but also a social task of the utmost importance, the political aspects of which should not be overlooked; to abolish or amend these tariffs is not at present possible, since they are indissolubly bound up with the other measures in a carefully thought-out system of mutually complementary and interacting aids; the attainment of these objectives would be jeopardized if the Italian Government were prevented from employing all means hitherto at its disposal to resolve the problem in a field where the success of such means can be ensured only by their coordinated and simultaneous application;

IV

Whereas in examining Tariff Nos 208 and 219, as required by Article 80 (2), the Commission must take account both of the considerations expressly set out in that provision, and also of the general objectives stated in Articles 2 and 3 of the Treaty, as interpreted in the light of the Preamble thereto, and also, in this instance, of the provisions of the Protocol on Italy; whereas it is clear from these texts that harmonious economic development in the Community as a whole entails a reduction both in the disparities between its various regions and in the relative backwardness of the less favoured regions, of which southern Italy is one, and that it is for the Community's institutions to employ the means and procedures at its disposal under the Treaty to facilitate the Italian Government's implementation of its ten-year plan for economic expansion directed *inter alia* at that region; whereas the Commission should have these considerations in mind when examining transport rates and conditions to which Article 80 (1) applies, since paragraph 2 of that Article requires it to take account in particular of the requirements of an appropriate regional economic policy and of the needs of underdeveloped areas;

Whereas investigation shows that the area to which Tariff Nos 208 and 219 apply falls within the underdeveloped areas of southern Italy covered by the *Cassa del Mezzogiorno* programme for economic expansion, development of employment opportunities and improvement of living standards; whereas the importance of agricultural production to the implementation of this programme is not disputed; whereas, bearing in mind the geographically remote situation of southern Italy, it is reasonable that the aid necessary to that region should cover the carriage of goods and hence Tariff Nos 208 and 219 appear to be a form of support appropriate to the objectives in view;

Whereas Tariff Nos 208 and 219 as now in force have not been shown to affect competition as regards agricultural produce in a manner not justified by the needs of the underdeveloped area in question;

Whereas there is no evidence from the examination carried out in accordance with Article 80 (2) that Special Tariff Nos 208 and 219 have any deleterious effects on competition between the different modes of transport within the meaning of that provision;

Whereas for the foregoing reasons the continued application of Tariff Nos 208 and 219 may be authorized;

Whereas, while granting authorization for an indeterminate period, the Commission retains the power to amend or revoke such authorization if it finds, of its own accord or at the request of a Member State, that authorization is no longer justified,

HAS ADOPTED THIS DECISION:

Article 1

Application of the Italian State Railways Special Tariff Nos 208 and 219, as in force on 13 November 1961, is hereby authorized with effect from 1 January 1962.

Article 2

This Decision may be amended or repealed if the Commission, acting of its own accord or at the re-

quest of a Member State, finds that it is no longer justified.

Article 3

This Decision is addressed to the Republic of Italy.

Done at Brussels, 16 February 1962.

For the Commission

The President

W. HALLSTEIN
