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FINAL REPORT BY THE EXPERT

Advice Case: Launch of a regular passenger transport, with cabotage, between Chaves and Verín

Advised Entity: Municipalities of Chaves and Verín (PT-ES)

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I. Description of the Obstacle

1.1.-Context of Eurocity Chaves-Verín (PT/ES)

The Eurocity Chaves-Verin includes two medium-sized border municipalites with a total population of 55.710 inhabitants¹, of which 44,000 are located in Chaves, and the rest in the county of Verín. This is an extensive territory of 685km2, with a low density, an aged population.

Last years there has been a strong investment in improving local road links in this territory, improving accessibility and significantly increasing the traffic flows of vehicles crossing the Spanish-Portuguese border and greater internal territorial cohesion of the Eurocity, and facilitating everyday people cross the border, to access their job, to shared municipal equipment, under the eurocitizen's card, go to weekly fairs, trade and services, among others.

Since ten years, with the aim of improving cross-border mobility, the Eurocity Chaves-Verín intends to carry out a regular passenger transport service. Thus, mobility studies, economic studies and surveys of cross-border traffic have been promoted and conclude in the following terms:

- The limitations of local transport in Chaves and Verín are manifested in the weak exploitation of the lines, which points to low quality of service, measured in number of expeditions according to the low levels of population served.
- Data on existing origin/destination flows come from national (e.g. Spanish-Portuguese observatory) or regional sources that do not integrate the cross-border domain. In the territory, a total of 71,448 trips per day of obligatory mobility (studies, employment) are estimated, of which 14% and 7% would be made by public transport, respectively in the Portuguese and Spanish part, and more than 50% by private vehicle. In 2009, the cross-border flows between Chaves and the County of Verín estimated 798 trips on working days, and 646 on weekends. These would be trips made in private vehicles, with little recurrence (only 36% are daily or 2 times a week) that would respond mainly to a purpose of leisure (30% daily and 40% weekend) and shopping / fairs.
- The insufficient cross-border demand for a regular passenger transport service, confirmed by local transport operators, is complemented by the existence of international road transport services, which cross the Eurocity, do not meet the requirements of proximity transport, but connect northern Portugal with central Europe. All this shows that the launch of a regular road service between Chaves-Verín would require public funding.

In the last 4 years, the legal and administrative framework of the passenger transport in the cross-border area has undergone a significant evolution.

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¹ 2011 Census data







On the one hand, in Portugal, the delegation by the State of the public services transport competencies to municipalities and intermunicipal cooperation bodies as transport authorities. And, on the other hand, the adaptation of legal regulation for public passenger transport services, both in Portugal and in the region of Galicia, to Regulation (EC) No 1370-2007 on public passenger transport services by rail and road.

Both circumstances have a significant impact on the cross-border scenario. In the first place, mobility actors are located at the local-regional and non state-regional level as it happened previously, which hindered the development of joint actions. Secondly, the necessary procurement of public transport services under the EC Regulation, ending extensions of previous contracts, has de facto led to a review of the planning of passenger transport services, thus opening up new opportunities for dealing with cross-border transport.

In this new context, the Eurocity is betting on a new approach to promote initiatives in favour of cross-border mobility, as aspect of economic, social and territorial cohesion. However, in view of the terms of current transportation planning, the forecasts and needs of the population, the current priority of Eurocity Chaves-Verin, is not to launch a new public transport service between Chaves-Verín, direct ou with stops, but rather to connect both transport networks, Portuguese and Spanish, coordinating existing services arriving at the border² and at the same time, to experiment with specifics actions aimed at identifying and satisfying niche mobility demands³ (e.g. shopping, leisure, health) to create a cross-border culture of the use of public transport services between citizens of the Eurocity.

This position does not mean that a new cross-border transport service is discarded at a later stage. It means that, starting from the current reality of existing and planned urban and interurban transport services, the improvement of cross-border mobility is really feasible, from the design and implementation of actions in a progressive way, integrating multiple aspects (information, promotion of the use of public transport, investments in equipment...).

Thus, in the present study and taking other cross-border experiences as a reference, the working hypothesis consisting of the connection of passenger transport networks by road, at a point located in Spanish or Portuguese territory, will be considered. In other words, the route of one of the transport lines in question goes beyond the borderline. At this connection node, the Verín-Feces and Chaves-Vila Verde da Raia/frontier lines for passenger transhipment will be coordinated. Alternativelly, on the basis of the demand analysis, the relevance of extending the above mentioned lines from Chaves to Verín or from Verín to Chaves could be suggested.

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² These are the lines between Verín-Feces and Chaves- Vila Verde da Raia/border.

³ In August 2019, the Eurocity Chaves-Verin launched, for a period of 4 months, an occasional service between Chaves and Verin on the days of fairs.







1.2.- Description of the legal and administrative obstacles

From the legal analysis of public passenger transport services, regular international passenger transport services and cross-border cooperation between Spain and Portugal as well as the study of the technical documentation of transport planning and the meetings held with local public and private stakeholders, the following legal and administrative obstacles can be concluded relating the connection and coordination between the existing lines leading to the border

a) <u>Concurrence of transport competences between several public administrations other than the promoters of the cross-border project</u>

One of the main obstacles identified in the connection and coordination between the existing lines leading to the border (hereinafter the cross-border project) is the concurrence of transport competences between several public administrations other than the promoters of the cross-border project, the Eurocity Chaves-Verín EGTC.

That concurrence results from the cumulative application of two different legal frameworks, one for local public passenger transport services and the other for international passenger transport services⁴. In both Spain and Portugal, this is due to the absence of a simplified legal regime, at European and national level, for cross-border passenger transport services. This legal heaviness is particularly evident in small cross-border projects consisting of coordination between local transport services or cross-border extension of short-distance lines.

Next, the competent administrations and the scope of their intervention, according to the existing competence framework in Spain and Portugal, are detailed for the implementation of the cross-border project, an aspect that will be taken up again in the section on the roadmap. In the Spanish legal system, the municipalities of the Region of Galicia are competent for passenger public transport in accordance with Law 7/1985 of local regime bases⁵ and Law 5/1997 regulating the local administration of Galicia⁶ The provision of passenger public transport competence is carried out in accordance with the legislation of the State and the Autonomous Community, without any simultaneous attribution of the same competence to another public administration (article. 25.3,5 Law 7/1985).Thus, Municipalities, which, in relation to traffic in their respective territorial areas, have powers to plan, organise, coordinate, control, inspect and sanction local public passenger transport services⁷. However, the provision

⁴ According to Article 2.1 a) of European Regulation 1073/2009 establishing common rules for access to the international market for coach and bus services market, the cross-border project is international transport, that is to say, a journey made by a vehicle whose points of departure and destination are situated in two different Member States, with or without transit through one or more Member States or third countries.

⁵ Article. 25.2.g) competence of "traffic, vehicles parking, mobility and urban collective"

⁶ Article. 80.2 m) competence of "passenger public transport". The Autonomous Community of Galicia has exclusive competence in matters of organization and local legal system in accordance with article 27.1 Organic Law 1/1981 of the Legal Statute of Galicia

⁷ Article 72 first b) Law 2/2017 on fiscal, administrative and management measures







of urban public transport is an obligatory service in municipalities with more than 50,000 inhabitants (articles 80, 81, 86 of Law 5/1997). In the municipality of Verín, with a population of 14,600 inhabitants, there is therefore no obligation to provide an urban collective transport service, so existing urban and interurban transport services are planning, coordinated and provided at the county level.

Legally speaking, the creation or extension of an urban collective transport service in a municipality of less than 50,000 inhabitants is provided according to the legal coordination of services mechanisms between the municipality and the regional government of Galicia and their management, depending on the existing circumstances and needs, may lead either to the extension of interurban services in the municipality or, failing that, to the processing of the municipal administrative inquiry establishing or extending urban transport⁸.

In relation to the object of study, corresponds to the Autonomous Community of Galicia, the exclusive power⁹ of road transport with full itinerary in the Autonomous Community). This power includes the legislative, regulatory and executive issues on terms laid down by law. In particular, the Government of Galicia (hereafter Xunta of Galicia) exercises the powers of planning, ordering, coordination, control, inspection and sanction of the public transport services of autonomous scope.¹⁰

In Galicia, as a result of above-mentioned competence there is **an autonomous regulation** related to public passenger transport services composed of different provisions¹¹ **completed by other state regulations**¹², for example, in the area of regular public passenger transport for general use, and because its supplementary application¹³.

This is completed, in the field of public transports, with other competences of development and execution of the legislation of the State in the matter of contracts and administrative concessions¹⁴ in the scope of the autonomous community and the promotion and planning of the economic activity of Galicia¹⁵.

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⁸ Law 5/1997, Law 6/1996 on the coordination of urban and inter-urban road services, Law 2/2017 on fiscal, administrative and planning measures

⁹ Article 27.8, 37.2 Basic Law 1/1981 of April 6 of the Autonomy Statute of Galicia

¹⁰ Article 72 first Law 2/2017 on fiscal, administrative and management measures

¹¹ Law 6/1996 on coordination of urban and interurban services in Galicia, Law 5/2009 on urgent measures for the modernization of the public transport sector in Galicia, Law 10/2016 on urgent measures to update the public transport system in Galicia and the Public Transport Plan of Galicia, Law 2/2017 on fiscal, administrative and management measures

¹² Law 16/1987 on the organisation of inland transport and its implementing regulations, Royal Decree 1211/1990, insofar as certain precepts constitute basic legislation in accordance with second final provision, so, they are enacted in development of the exclusive competences of the State, and therefore apply throughout the national territory.

¹³ In the area of exclusive competences of the Autonomous Community of Galicia, the preference for the application of autonomic law and the supplementary nature of state law is recognised in the absence of autonomous right (art. 38 of Organic Law 1/1981).

¹⁴ Article 28. 2 Basic Law 1/1981

¹⁵ Article 30, exclusive competence in accordance with the bases and ordering of general economic activity and general state planning







In addition, to complete the framework of competences of the Community of Galicia with regard to passenger transport, in the cross-border field, we must refer to the **Treaty of Valencia on cross-border cooperation between territorial entities of Spain and Portugal of 2002.** This Treaty legally articulates, through the technique of inter-administrative agreements, the legal regime for the development of institutionalised cooperation actions between the territorial, Portuguese and Spanish entities included in Article 3. Between these territorial entities are the Autonomous Community of Galicia, its provinces and its municipalities.

These entities may sign cooperation agreements within the scope of their competences, which are recognised in their respective internal law, and which respond to a common interest. ¹⁶ On the contrary, the Treaty itself expressly excludes certain competences ¹⁷. In any case, the limits of such institutionalised cross-border cooperation are to be found in respect for treaty provisions, European and national laws and the international commitments assumed by Spain and Portugal. ¹⁸

The scope of cooperation actions, in accordance with Article 5, may be wide-ranging, from the concertation of initiatives and decision-making, the promotion of studies, plans and projects, to the realisation of investment projects, the management of infrastructures and equipment and the provision of services of public interest. In order to achieve such cooperation actions, agreements, among others, may include the direct establishment of legal obligations¹⁹, the conclusion of contracts with third parties or the creation of cross-border cooperation bodies.

Ultimately, the Spanish Constitution confers on the **State Administration** various powers affecting the organisation and legal status of passenger transport services in a cross-border territory. By way of illustration, the following should be highlighted: international relations (149.1.3), the bases of economic activity planning (art 149.1.13), commercial legislation (art 149.1.6), road, traffic and motor vehicle transport (art 149.1.21), basic legislation on administrative contracts (art 149.1.18) or inland transport which passes through the territory of more than one Autonomous Community (art 149.1.21).

The territorial criterion is an essential element in the system of distribution of inland transport competences between the State and the Autonomous Communities. In this way, the Autonomous Communities have exclusive competences in the transports that are developed in

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¹⁶ Article 4.2

¹⁷ Article 5.3. expressly excludes the following attributions from the agreements: a) normative and public security powers, b)the control powers of territorial bodies and entities and the sanctioning powers, nor the powers that have been delegated to them, without prejudice to the fact that, in the case of a body with legal personality that assumes the joint provision of a public service, the body assumes the exercise of the regulatory and sanctioning powers inherent to the provision of the service; (c) the power to extend its effectiveness to regional or local authorities which have not signed the agreement.

¹⁸ Article 4.3

¹⁹ In other words, those relationships of a mandatory nature for the provision of services, the performance of public works, supplies or other activities of common public interest, without the need to enter into contracts with third parties.







their territory and beyond it, the planning is exclusive of the State as confirmed by the jurisprudence²⁰

In relation to this study, we must take into account, the state legal framework of passenger transport defined by Law 16/1987 of Land Transport Regulation and Royal Decree 1211/1990 approving the Regulations on the Organisation of Land Transport. These provisions regulate the legal status of inland transport (road and rail) under the jurisdiction of the State, the coordination of powers between public administrations responsible for transport, as well as other aspects inherent in other titles of competence, applicable to inland transport²¹. Which, among other matters, these provisions regulate certain aspects, such as international passenger services²² developing the European Regulation 1073/2009 establishing common rules for access to the international market for coach and bus services market.

This issue is limited to refer to international agreements or European regulation two aspects: a) international transport services that run partially through Spanish territory using vehicles not registered in Spain b) access to the international market for coach and bus services and cabotage transport. And additionally, to attribute competence to the **Directorate General of Land Transport of the Ministry of Public Works for the attribution of the authorising titles to Spanish companies to carry out international transport,** including the Community licence, without prejudice to the fact that the companies must previously have the corresponding transport authorisation to carry out the partial sections in Spanish territory.

In **Portugal**, the framework of competences of municipalities is set out in **Law 75/2013 on the legal regime of local entities**, which attributes to municipalities, for the promotion and safeguarding of the interests of the population, competences in transport and communications²³. In the specific field of transport, **Law 52/2015 about the legal framework for the public transport passenger services²⁴** has introduced a substantial reform in the passenger transport system, given that municipalities are constituted as transport authorities for municipal public passenger transport services, and Intermunicipal Bodies (hereinafter CIM) as transport authorities for intermunicipal public passenger transport services, which develop integrally or mainly in their geographical area (Annex article 6).

Law 52/2015 recognises that municipalities and inter-municipal communities have the right of association for the joint provision of the passenger transport services within their competence (articles 6, 7), as well as the power to delegate their competences (municipalities may delegate to CIMs and metropolitan areas and CIMs may delegate to other public entities). All or part of the powers of the transport authorities are delegated to other transport authorities or public

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²⁰ SSTC 86/1988,180/1999

²¹ In accordance with Second final provision, matters related to public contracts, commercial legislation, procedural law, etc

²² Law 16/1987, Title III Chapter V arts 106-109 and RD 1211/1990, Title IV Chapter IV arts 144-155

²³ Articles 2c) and 3 attribute functions of consultation, planning, investment, management, prior control and inspection.

²⁴ Constitutes the framework to the planning, organisation, operation, allocation, supervision, investment, financing, dissemination and development of the public passenger transport service by road, inland waterway, rail or other guided systems, including the system of public service obligations and their respective compensation. Certain transports are excluded such taxis, school services, etc







entities through inter-administrative contracts²⁵. When this delegation affects municipalities, CIM and metropolitan areas also apply to the provisions of Law 75/2013.

As a result of this regulatory reform, the Comunidade Intermunicipal Alto Tamega (CIM Alto Tamega), made up of 6 municipalities (Boticas, Chaves, Montalegre, Riberia do Pena, Valpaços, Vila Pouca de Aguiar) has become the Transport Authority. In accordance with its statutes and applicable legislation on the local and transport system, and after delegating the transport powers of municipalities partners, it is responsible for the municipal and intermunicipal public passenger transport services, with the following powers:

- a) Organisation, planning, development of networks and public service lines for passenger transport as well as equipment and infrastructures.
- b) Exploitation with own resources or allocated by operators by means of a public service contract or authorisation.
- c) Determination of public service obligations
- d) Investments and financing of public services
- e) Approval of tariffs
- f) Promotion of planning instruments

In the Portuguese system of distribution of competence in the field of transport, It should also be borne in mind that the CIM, guarantees action between the municipalities and the state administration²⁶

With regard to the Valencia Treaty on cross-border cooperation between Portuguese and Spanish territorial authorities, it should be pointed out that the CIM Alto Tamega, in so far as Portuguese territorial entities provided for in Article 3²⁷, may conclude institutionalised cross-border cooperation agreements within the scope of its powers, both in relation to transport services, under the legal terms mentioned.

At **State level**, without prejudice to other powers exercised by the State in the field of land transport²⁸, Law 52/2015 itself expressly confers on the **State**, the powers as a transport authority for certain public passenger transport services²⁹ including international services and

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²⁵ The contracts are sent to the IMT, I. P Instituto da Mobilidade e dos Transportes Terrestres for prior legal verification and publicity (article 10).

²⁶ Article 2 f) Law 75/2013

²⁷ Municipality associations and other structures that integrate municipalities operating in the NUTS III geographical area, as defined by Portuguese national law

²⁸ Two state entities are involved in the land transport sector: a) The Autoridade da Mobilidade e Dos Transportes, an independent administrative entity for the regulation, promotion and defence of competition in the maritime-port and mobility sectors of land, river and maritime transport. Its competences of mobility, land transport and infrastructures are defined in art. 5.2 Decree Law 78/2014 of the Statutes of Autoridade da Mobilidade e Dos Transportes and b) Instituto da Mobilidade e dos Transportes (IMT I.P), the body in charge of the functions of technical regulation, authorizations, coordination, inspection and planning of the land, river and respective infrastructures transport sector in accordance of Decree Law 77/2014.

²⁹ Article 5, such national services, heavy rail services, in the metropolitan areas of Lisbon and Oporto, express services...etc







also, subsidiarily, in all situations not covered by the attributions and powers of the other transport authorities³⁰

With regard to international transport services, **Decree Law 3/2001** is the framework regulation for passenger transport, which regulates access to the profession and access to the transport market, developing certain aspects regulated in Regulation EC 1073/2009 establishing common rules for access to the international market for coach and bus services. Thus, article 18.1 makes the provision of regular passenger transport services between Portugal and an EU country subject, which partly pass through Portuguese territory, to the **prior authorisation of the Instituto da Mobilidade e dos Transportes (IMT, I.P.), a** state public entity, unless otherwise provided in a bilateral or multilateral agreement.

Finally, the **European grouping of territorial cooperation Eurocity Chaves-Verin**, promoter of the cross-border project, a public law entity domiciled in Spain, in accordance with the convention of constitution and statutory provisions (articles 8, 9 and 10) is specifically entrusted with the *promotion of cross-border relations*, the promotion of *convergence* between the two cities and the *combination of efforts and resources*, through joint planning and management and promotion of the use of equipment, services and infrastructure existing in the territory and the establishment of mechanisms for the management and revaluation of the territory, capable of fixing and attracting population, creating and consolidating employment dynamics and guaranteeing the fixation of productive investments;

With regard to public passenger transport, Article 9.2 i) provides, during the first three years of activity, within the main functions inherent in the management and implementation of programmes, subprogrammes or initiatives covered by Community funds the implementation of a public transport line between the main urban centres of the Eurocity....

Therefore, this determination does not constitute a delegation of powers of a transport authority with regard to passenger transport services. It must be understood as an initiative or project to be developed within the scope of its functions relating to the management and implementation of activities covered by Community funds.

In view of these considerations regarding the competences provided for in Spanish and Portuguese law, we can conclude:

- The planning, definition and implementation of the cross-border project, starting from the
 public transport lines Verin-Feces and Chaves Vila Verde da Raia corresponds, as transport
 authorities, to the Xunta of Galicia and the CIM Alto Tamega, within the framework of a crossborder cooperation agreement.
- The qualification of the cross-border project as an international transport requires, for the provision of the passenger transport service, the authorisation of the competent state entity, the Instituto da Mobilidade e dos Transportes (hereafter IMT) in Portugal or the Directorate-General for Inland Transport (hereafter DGTT) in Spain.

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³⁰ In particular, with regard to interregional public passenger services, on a transitional basis, in the absence of agreement between the competent authorities in accordance with Article 9.3.







b) Absence of cross-border coordination in the planning and provision of passenger transport services

The planning of the existing passenger transport systems on the territory of the Eurocity Chaves-Verin is the responsibility of the competent transport authorities in accordance with the provisions of national law.

The planning instruments for public passenger transport services which have been approved or are being drawn up, based on the principle of territoriality applied to transport and in the absence of experience in managing transport on a cross-border scale, do not include any provision for coordination or cooperation in those areas closing the border, which could contribute to a rationalisation of resources or an improvement in the coverage of services. This is a non-existent reality in planning. As a result, it obviously does not exist in the provision of passenger transport services either

Last November 2018, The Xunta of Galicia approved a **Public Transport Plan**, which is the planning instrument for the regular public transport services under its competence as well as the coordination of the set of public transport services that are developed in the Autonomous Community³¹.

In relation to the public transport network, the plan includes both services and territories potentially affected by future public awards, the types of public awards envisaged such as assumptions and conditions for the integration of regular public transport services for general and special use. The development of the Plan's public transport services is carried out by means of the corresponding approved draft services³²

The project for the exploitation of public transport in the County of Verín (XG 614) was adopted in a resolution dated 25 March 2019 and includes the territorial area made up of 14 municipalities in the province of Ourense with a population of 152,547 inhabitants. This territory includes, on the one hand, a zonal area that includes the services provided to the region of Verín (Castrelo do Val, Cualedro, Laza, Monterrei, Oímbra, Riós, Verín and Vilardevós) and the services provided outside these municipalities, which are considered linear services. The exploitation project is the management instrument for the public tendering of transport services.

The exploitation project includes several lines that connect Verin with Feces, core population of Verin border with Portugal. Thus

- XG61421 Feces (Vaquería-Marquesiña)-Verin EA
- XG61437 Feces Abaixo-Verin
- XG61438 Feces Abaixo-Verin
- XG61439 Feces de Cima-Verin
- XG61446 Verin-Feces Abaixo
 Relevant elements of the Plan:
- Estimated county flows in 2019 of 6142 (excluding schoolchildren)

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³¹ Law 10/2016, of 19 July, on urgent measures to update Galicia's public transport system, Law 2/2017, of 8 February, on fiscal, administrative and planning measures

³² Article 2, Law 10/2016







- Negative demand growth estimates over 10 years
- Integration of special, school transport services that are provided as a general use with reservation of places for certain users, which allows the territorial coverage and capillarity of transport services provided to be extended.
- Forecast of certain services on demand, especially in route headers where demand is lower or in seasons of low demand
- Improvement of territorial connectivity, interconnections between modes of transport and centres of attraction and travel generation.

The Public Transport Plan of Galicia, is limited to the territory of the Autonomous Community³³ and does not incorporate any provision of cross-border scope. This is due to the lack of regulation in the legal state³⁴ and autonomous framework on transport on the cross-border issue. In spite of this, the regulation foresees the mechanisms to implement transport services not foreseen in the planning. This provision could be of interest for the incorporation into the already approved planning of cross-border exploitation projects.

Thus, the Regional Ministry responsible for Transport in Galicia may agree to the creation of transport services not foreseen in the plan³⁵, which are coherent with its general planning and which are proposed to be implemented with a limited duration, either to satisfy specific transport demands, or to validate innovative mobility solutions, or to experiment, limited in time or territory, with alternatives not initially foreseen in transport planning

In relation to the **CIM Alto Tamega**, as a transport authority, it is competent to plan and coordinate existing or planned passenger transport services in its respective geographic area, as well as to guarantee the articulation of the transport services of its competence with the transport services of other transport authorities in adjacent geographic areas and with the rail (heavy and light), river, road and express transport services that cross or are provided in the geographic area of its competence³⁶.

This forecast responds to the possibility of shared competences between several Portuguese transport authorities (as municipalities and CIM) and because the CIMs guarantee the actions between the municipalities and the central administration's services in the field of mobility and transport. By analogical application, that reference to the adjacent geographical areas of the planning, which obviously refers to areas of the territory of Portugal, could be articulated, in the field of planning and provision of cross-border services between the transport authorities concerned.

At present, the CIM Alto Tamega is preparing the **Plan for the restructuring of the public passenger transport network**, an instrument for planning future tenders for municipal and inter-municipal transport services. From the meetings held with the leaders of the CIM Alto Tamega, it is concluded:

³³ In accordance with the territorial scope of exercise of its powers set out in the Statute of Autonomy (art. 37)

³⁴ In particular on programming, planning and organisation of the transport system (articles 15,16 Law 16/1987 and article 25 Royal Decree 1121/1990).

³⁵ Article 73.two Law 2/2017

³⁶ Article. 13.1 and 2 Law 52/2015







- Maintenance of current municipal and intermunicipal lines, including the Chaves- Vila Verde da Raia/border, currently provides 5 daily services, in each direction.
- Interest in studying in the future the planning of cross-border initiatives, in particular the
 coordination between the Verín-Feces and Chaves-Border services, a Chaves-Verín-Ourense
 connection, and a connection with the future La Gudiña station, on the Madrid-Ourense highspeed railway line.

As in Spain, Portugal's law is not aware of regulatory provisions regulating the incorporation of the cross-border dimension in passenger transport planning instruments because in them there is no legal concept of cross-border transport, only that of international transport as we have noted above.

c)Unequal level of coverage and low use of transport networks at cross-border level

The municipalities of Chaves and Verín have common characteristics such as the dispersion of the population in a rural environment, ageing of the population, dominance of the private vehicle and low use of public transport on journeys...etc. However, the greater concentration of population in the municipality of Chaves and the existence of urban transport services (two lines), places it with a wider passenger transport network in terms of population coverage, denser in terms of frequencies and services than the municipality of Verín and its county.

This unequal reality between the two public passenger transport networks, the forecasts of the socio-economic development of the territory of Verin County or the integration of different types of services, as factors taken into account in transport planning, constitute an additional obstacle to the articulation of cross-border initiatives in favour of cross-border mobility on the part of the competent bodies. This is because it would be necessary or at least appropriate, as has been demonstrated at other European borders, to have a structured and integrated local system in order to be able to tackle, from appropriate conditions, the cross-border scale of transport.

d)<u>Insufficient knowledge of the administration of the legal framework for cross-border</u> cooperation and its potential in relation to the management of public transport services

From local and regional administrative instances, the development of cross-border initiatives for the transport of passengers by road is exclusively contextualised in relation to the European regulation of EC Regulation 1073/2009 in relation to access to the international market for bus services, and the conditions the provision of regular international passenger services throught the authorisation of competent state entities, both in Spain and Portugal.

This approach, correct but partial, is based on **insufficient knowledge or experience of the** potential for action offered by the legal framework for cross-border cooperation between Spanish and Portuguese territorial entities in relation to the coordination of decisions and the implementation of joint actions for the promotion and management of public services.

That fact is confirmed by other factors:

• The practice of local experiences developed, in accordance with the Treaty of Valencia refers, to a large extent, to the creation of cooperation structures, with or without legal personality for







the development of promotion, study and boost actions of general scope³⁷. In other words, institutionalised cross-border cooperation has not yet reached a level of coordination of decisions between competent bodies, in sectoral areas, which have an impact on the planning or management of public services.

- In the field of public transport services, this insufficient knowledge can be understood by historical competence of the Portuguese State in relation to transport services until the recent reorganisation of competences in favour of municipalities and CIMs.
- The creation of new cooperation structures, as Chaves-Verin Eurocity, has served to boost and promote cross-border projects but, for the time being, has not made yet it possible to strengthen formal cooperation between the competent transport authorities.
- The legal framework for cross-border cooperation, articulated in bilateral instruments (e.g. Valencia Treaty) or European Regulations (e.g. Regulation 1082/2006 on the European Grouping of Territorial Cooperation (EGTC) continues to be a minor legal scope. Proof of this, is the absence of translation, the specificity of the Treaty's cross-border legal regime, in general or sectoral regulations, state or autonomous administrative rules (e.g. transport) both in Spain³⁸ and in Portugal. This legal setup explains the insufficiency of cross-border knowledge and culture in those bodies.

³⁷ According to the information study "Cross-border cooperation carried out by Spanish territorial entities", Secretary of State for Public Administrations, 2016

³⁸ Article 118 of Law 40/2015 on the legal status of the public sector, relating to the legal status of consortia created by public administrations or entities in the institutional public sector, is practically the only provision that refers to the possibility of using this legal status "for the management of public services, within the framework of cross-border cooperation agreements in which Spanish administrations participate, and in accordance with the provisions of the international conventions ratified by Spain in this area".







Indication of the Legal /Administrative Dispositions causing the Obstacle

As explained in the previous section, the main obstacles encountered in the implementation of the Chaves-Verín project are primarily of a territorial and socio-economic nature (low demand justifying the creation of a new regular public service) and of an administrative nature (concurrence of transport authorities and administrative procedures in Spain and Portugal, lack of cross-border culture and experience in public management between transport authorities). From a legal perspective, two are the main legal obstacles identified would affect the cross border project.

a) In relation to the creation of a new public transport service between Chaves-Verín with cabotage, as defined by promoters, the main legal obstacle is the Article 15 of Regulation (EC) No 1073/2009 of 21 October 2009 establishing common rules for access to the international market for coach and bus services, which excludes cabotage "of transport services meeting the needs of an urban centre or conurbation, or transport needs between it and the surrounding areas"

This is the only existing exception, given that cabotage is allowed for other types of services, such as special regular services, provided that they are covered by a contract concluded between the organiser and the carrier, occasional services and regular services provided by a carrier not resident in the host Member State in the course of a regular international service. In such cases, account must also be taken of the laws, administrative and regulatory provisions which, in accordance with Article 16 of the Regulation, are applicable to the service, corresponding to the host country.³⁹

Regulation EC 1073/2009 has direct legal effects, both in Spain and Portugal although that provision refers back to national law for certain issues as stated above. Consequently, the legal obstacle identified, i.e. the exclusion of cabotage on regular international urban services, is situated in European law and not in the national law of Spain and Portugal. Therefore, in the event that the regular public passenger transport service between the two municipalities of Chaves and Verín, without cabotage, would not apply the exception of Article 15.

In this respect, it is necessary to take into account, the proposal of the commission COM (2017) 647 final to modify the regulation 1073/2009, delimiting the conditions of refusal or establishment of conditions to the international regular transport according to that the distance is less or equal, greater than 100Km. In particular, it proposes to refuse an international service of less than 100km, in addition to the conditions of regulatory non-compliance (art. 8c 2a,b,c), that it may compromise the economic stability of a public service contract (art. 8c 2d)

³⁹ Article 16.1 refers to the application of the legislation of the host country with regard to the conditions of the transport contract, the weight and dimensions of the vehicles, the requirements for the determination of categories of passengers, driving time and rest periods and VAT on transport services. Article 16.2 for regular cabotage services refers to the legislation of the host country in relation to the requirements of authorisations, tender procedures, locations to be served, regularity, continuity, frequency and itineraries.







circumstance which should be accredited by the regulatory body on the basis of an objective economic analysis.

In addition, in the direction of the Commission's proposal, it could be asked to what extent cabotage could not be applied to journeys of less than 100lkm when the entities that provide urban or interurban public transport services in a territory are the same entities with transport competences that promote or intend to develop a cross-border service on the basis of those services.

In view of the socio-economic considerations that could lead to the creation of a regular public passenger transport service between Chaves and Verin, the Eurocity has prioritised working hypothesis consisting of the connection of passenger transport networks, at a point located close to the border and coordination of services for the transhipment of passengers or alternatively, the extension of Verín-Feces line until Chaves and Chaves-Vila Verde da Raia/frontier line until Verin, in a more advanced phase .

b) The absence of a specific European regime for cross-border transport services.

Article 25 of Regulation 1073/2009 foresees "Member States may conclude bilateral and multilateral agreements on the further liberalisation of the services covered by this Regulation, in particular as regards the authorisation system and the simplification or abolition of control documents, especially in border regions.

In the case of Spain and Portugal, this provision has not found practical application. This, together with the lack of transposition into national law of a legal regime for cross-border cooperation, highlights the need to adopt a specific regime for cross-border transport, integrating the international aspect and the aspect of proximity services, providing legal certainty and security.

This lack of European regulation of cross-border services means that any cross-border project, however simple it may be at the operational level (e.g. the connection of transport networks at a point close to the border for the coordination of services or the extension of a line beyond the border) requires a concurrence of public administrations (local/regional) and administrative procedures, which is disproportionate, or at least discouraging, any action in favour of cross-border transport. However, if we take into account that the local authorities, which are responsible for services, do not always have the human and/or material resources to deal with cross-border complexity.

To confirm this consideration, by way of example, the administrative procedures to be completed by the Chaves-Verin project are detailed below:

Drafting of a cross-border cooperation agreement project for the connection and coordination
of the Verin-Feces and Chaves-Vila Verde/frontier lines between the competent Department of
Transport of the Xunta de Galicia and CIM Alto Támega and approval by the central







administration, the Secretary of Territorial Policy in Spain and Agência para o Desenvolvimento e Coesão, I.P. (AD&C)⁴⁰ in Portugal.

- Administrative approval of extension of the line concerned by cross-border extension.
- Application to the national authority for authorisation for the international carriage of passengers by the transport operator to whom the line to be extended has been awarded
- Modification of the public contract applicable to the previously awarded transport service, by the competent Transport Department of the Xunta de Galicia or CIM Alto Támega, which is the subject of the cross-border extension.

A proposal aimed at simplifying this cumulative procedural situation, in relation to cross-border public transport services promoted by local/regional transport authorities, could include the following aspects:

- Eliminate for public services the national authorisation or replace it with a prior communication or validation of conformity, in the same terms as currently applicable, to cross-border cooperation agreements.
- Elimination of the cabotage exception for cross-border urban or interurban public services, due to the coincidence of transport authorities for existing services and proposed services.

Another consequence of a lack of European regulation on cross-border services is the absence in national provisions of this reality in all aspects of public management. An example of this is the provisions regulating the content and scope of public transport plans, both Portuguese and Spanish⁴¹, in which there is no cross-border scale, in order to guarantee the right of accessibility for citizens in cross-border territories.

This aspect is relevant insofar as the public transport plans of Galicia and the CIM Alta Tamega, as well as the exploitation projects, determine, at an operational level, the scope of tenders and therefore the offer of public transport services.

The incorporation of the cross-border scale in transport planning would have positive effects on the cross-border scale, in terms of greater knowledge of transport systems, an improvement in territorial planning integrating

 41 In Spain, Articles 15-16 Law 16/1987, Article 25 Royal Decree 1121/1990, Article 73two Law 2/2017. In Portugal, Article 13.1,2 Law 52/2015

⁴⁰ Decree Law 140/2013,results from the merger of three public entities: the Financial Institute for Regional Development, I.P. (IFDR), the Management Institute of the European Social Fund, I.P. (IGFSE) and the QREN Observatory Mission Structure.







III. Description of a Possible Solution

In the light of the analysis of the identified economic, administrative and legal obstacles and taking into account the competence organisation of the passenger transport system and the territorial context and cross-border cooperation, the following roadmap for the realisation of the cross-border project is proposed, in particular the extension of the Chaves-Border and Verín-Feces transport services beyond the border, their physical connection and coordination.

The proposed roadmap for the implementation of the cross-border project, from a legal point of view, is articulated on the integration of 3 legal frameworks: a) Cross-border cooperation between territorial entities between Spain and Portugal; b) European and national (Spanish and Portuguese) regulations on international road passenger transport; and c) European and national (Spanish and Portuguese) regulatory framework on the legal regime and procurement of public passenger transport services.

The roadmap proposal is developed in 2 phases:

a)Phase 1: Definition, agreement and legal formalisation of the cross-border project

Firstly, in view of the options proposed by the Eurocity Chaves-Verín, it is necessary for the competent transport authorities, the Department competent of Transport of Xunta of Galicia and the CIM Alto Támega, to define the scope of the cross-border project of interest to both parties, on the basis of an analysis of the technical, economic and administrative-procedural issues.

In particular, the key at this stage is definition and agreement on the technical arrangements for the extension and/or connection and coordination between public services, on the economic cost (investment and/or operation) and coordination of the procedural arrangements for implementation.

Secondly, a draft cross-border cooperation agreement should be drawn up in accordance with the provisions of the Treaty of Valencia, which should include at least certain aspects as detailed below:

- Identification of the signatory parties: In accordance with the distribution of competences analysed, the agreement should be signed by the Xunta of Galicia and the CIM Alto Tamega.
- Scope of activity and object as agreed between the parties: connection of lines, extension of one
 or more lines, creation a new service...
- The convention itself is the common instrument with legal effects in both countries, without the need for the creation of an entity with or without legal personality. Given that the signatory parties assume different technical, administrative and economic obligations to be performed in their territory inherent to the execution of the project, they may envisage the creation of a coordinating committee dedicated to informing and monitoring the progress of the procedures and the decisions to be taken or any other matter deemed to be of interest in relation to the cross-border project.
- The law applicable to the convention and the forms of conciliation
- The procedure for amending any elements of the agreement
- Terms and early termination system







Ultimately, once the draft agreement has been agreed upon, it is processed for prior communication and control before State Secretary for Territorial Policy, Ministry of Territorial Policy and the Civil Service in Spain and Agency for Development and Cohesion, I.P in accordance with the provisions of domestic law⁴². Once the draft convention has been validated by both States, it is signed by the parties and officially published for legal effect in both countries.

b)Phase 2: Adaptation of the project to international passenger transport regulations

The cross-border project must be brought into line with international road transport regulations. To this end, the transport operators awarded the line/s affected by the cross-border project, on the Portuguese or Spanish or both sides⁴³, must apply to the competent state entities (DGTT of Public Works Ministry, IMP. IP), the mandatory authorisation provided for in Regulation 1073/2009 in the terms set out in national legislation⁴⁴

Since the cross-border Chaves-Verin project falls within the scope of regular public services, subject to public service obligations, the selection of the transport operator is conditioned on selection and award on a prior public tender process by each of the competent transport authorities in accordance with the European regulatory frameworks⁴⁵ and national⁴⁶ public procurement regulations.

According to the timming of the tenders foreseen in the planning processes both in Galicia and in the Alto Támega area⁴⁷, to Chaves-Vila Verde da Raia and Verin-Feces lines, the completion of the cross-border project would be at a stage subsequent to the award of those lines⁴⁸. And in that case, the contracting entities authorities should proceed to a modification of the existing public contracts to incorporate the cross-border section under the conditions and in the manner defined in the applicable law⁴⁹

⁴² In Spain, Royal Decree 1317/1997, on prior communication to the General State Administration and official publication of cross-border cooperation agreements between Autonomous Communities and local entities and foreign territorial entities. In Portugal, Decree-Law No 161/2009, which establishes the legal regime applicable to cooperation agreements.

⁴³Depending on whether the project finally approved includes the extension of a line for connection to the transportation system beyond the border or includes the extension of an existing line on each side of the border.

⁴⁴ In Spain, Articles 106-109 Law 16/1986 on the organisation of land transport and articles 144-155 Royal Decree 1211/1990. In Portugal, Article 18 Decree Law 3/2001.

⁴⁵Directive 2014/24 on public procurement, Directive 2014/23 on concession contracts and Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road

⁴⁶ In Spain, Law 9/2017 on public sector contracts, Law 31/2007 on procurement procedures in the water, energy, transport and postal services sectors. In Portugal, Code of Public Contracts

 $^{^{47}}$ Public transport contracts must comply by 3/12/2019 with the provisions of Regulation 1370/2007 on public passenger transport services by rail and road.

⁴⁸ In another time context, local public service tenders dedicated to local lines, would have included the cross border section (e.g.: Itinerary, costs, requirements and obligations in relation to international transport ...). In this case, the operation of the cross-border section starts once the state authorisation of the international service has been obtained and not necessarily at the start of the local transport service.

⁴⁹In Spain, Articles 202-207 Law 9/2017 on public contracts provide that the modification of public contracts during their validity can only be modified in 2 cases: a)When this has been provided for in the specifications of particular administrative clauses, under the terms, forms and conditions, with a maximum of twenty per cent of the initial







IV. Pre-Assessment of whether the Case could be solved with the European Cross-Border Mechanism

The European mechanism for overcoming legal and administrative obstacles as set out in the Commission's proposal (COM(2018) 373 final), in the sense of offering voluntary mechanisms to the competent authorities, to make it possible to carry out cross-border projects applying the rules of one Member State in the neighbouring Member State, does not apply in the present case under consideration to the connection and coordination between Chaves-Vila Verde da Raia and Verin-Feces transport lines.

Thus, on the basis that the legal provisions which hinder it, in the terms set out above, are situated in Community law, in particular Regulation 1073/2009 which excludes cabotage on regular urban services as part of an international service and lack of legal statute of cross-border transports, and not in the national laws of Spain and Portugal.

In this respect, in both cases, the regulations, in view of their normative hierarchy and direct application, refer to the application of European law and limit themselves to regulating aspects of an administrative and procedural nature. Consequently, in this specific case, the European mechanism would not be applicable.

V. Other Relevant Aspects to this Case

Despite the legal and administrative complexity that the previous sections have shown for the development of cross-border transport services, some progress has been made in the cross-border context of Spain, which may help Chaves-Verin project. In particular, this is the first experience of institutionalised cross-border cooperation for the connection and coordination of cross-border transport services recently developed on the French-Spanish border, located in Hondarribia-Irún-Hendaye conurbation. The project, supported by a cross-border cooperation agreement⁵⁰ between transport authorities⁵¹, includes the extension of two French intercities

⁵¹ The Town Council of Irún and the Syndicat des Mobilités Pays Basque Adour

price. In any case, such modifications cannot alter the overall nature of the initial contract. b)Exceptionally, when it is necessary to make a modification that is not provided for in the specific administrative specifications, or that is provided for but not in line with the previous point, the modification may only be made in three specifics situations: additional services, unforeseeable circumstances and non-substantial modifications, additionally conditioned with several requirements.

In Portugal, Articles 311-315 Public Contracts Code, regulate contractual modifications either due to abnormal or unforeseeable alteration of the circumstances of the contract or for reasons of public interest resulting from new needs or new circumstances. In both cases, depending on different causes, limits of between 25% and 10% of the contract price and the requirement to publish the amendments are envisaged. Article 454 establishes the regime and limits for contractual modification in the event of additional services.

⁵⁰ Published in BOE no. 196 of 14 August 2018







transport lines in Spanish territory completed by coordination with the rest of inland services (bus, rail)

This experience may help other Spanish regions, as Galicia, bordering Portugal to address and articulate legal and operational solutions in response to the demands, expectations and specificities of cross-border territory transport.

This experience makes it possible to formulate some practical conclusions, of particular interest to this study:

- The promotion of the approach of cross-border cooperation between transport authorities in order to make them aware of the legal and organisational reality on each side of the border and to bring this reality closer to planning and management.
- Address whether cross-border cooperation can provide answers in terms of optimisation and synergies of transport supply and resources to meet existing challenges (ageing, low public transport use, demand reduction forecasts....) and/or identify new transport dynamics, either due to the technological evolution of the sector (e.g., implementation of shared service platforms on demand, etc.) or due to the attraction and interest generated by urban environments (e.g., Orense with respect to Chaves and its region) or infrastructure projects (e.g., improvement of accessibility of the region of Chaves to the Madrid-Orense High Speed Line...).

VI. References and Appendix/Appendices if any

This legal report is based on the applicable European, Spanish (national and regional) and Portuguese regulatory framework and on the existing documentation of interest to the cross-border project, as well as studies in particular:

- Traffic data from the cross-border observatory Spain-Portugal 2009 and 2014
- Study on the implementation of public transport in the Eurocity Chaves-Verin, Eixo Atlántico 2009
- Chaves-Verin regular transport line study, Eurocity Chaves-Verin, 2013
- Study for the establishment of a general-purpose regular transport line between the town of Verín in Orense and the Portuguese town of Chaves, Socitransa, 2012.
- Action Plan for Sustainable Urban Mobility in the Intermunicipal Communities of Alto Tamega 2016
- Project to restructure the public passenger transport network in Alto Tamega, 2019
- Municipal Road Network Action Plan, Alto Tamega, 2015
- Public Transport Plan of Galicia, Xunta de Galicia, 2018
- Verin County Exploitation Project (XG 614),2019
- Cross-border cooperation carried out by Spanish territorial entities, Secretary of State for Public Administrations, 2016

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