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Report from the Council of Chambers of Commerce of Valencia Region to put forward the allegations at the public consultation document of the European Commission “ The Networks for the Peace and Development: Extension of the major trans-European transport axes to the neighbouring countries and regions.

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Introduction:

Finally the High Level Group (the HLG) chaired by the Commission Vice President Loyola de Palacio has put forward a report on trans-European Networks, under the title of “Networks for the peace and Development” whose main conclusions regarding our regional interest are drawn following:

- 1) **Mediterranean corridor**, mainly the section from Tarragona towards the South, **has no importance for the European Union.**
- 2) In spite of this situation, and on the grounds of the negotiation where the Countries have played an essential role, **the UE is going to invest in Spain**, and thus, Algeciras-Barcelona axe is one benefited section, using the central corridor from Madrid to Zaragoza, thus binding Lleida with Barcelona.
- 3) In the end, the Mediterranean corridor has not been granted any major function, despite its importance regarding economic terms, and what is worse; **there is a wrong definition on the maritime priorities that disregard our position on the new scenery shaped along the Motorways of the Seas.**
- 4) Taking into account that the last report of Van Miert Group focused on the connections towards the accessing Europe countries, in the title of the new plan 2005, the reference is made to certain concepts such as peace, development and relationships with the Neighbouring countries, to this picture, **the Group has undervalued the Mediterranean corridor as a bias for the division of development and cooperation with the North African countries.**

With this view, the public institutions and associations of Valencia Region have set up a process of allegations in defence of the interests of a region which is

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conditioned by the premises postulated by the Group **to be a peripheral section, damaging its economic growth and development.**

1st Question: In your opinion, do the 5 axes described by the High Level Group represent the axes of international transport correctly? If you had the opportunity, what would you add or eliminate, and why?

The allegations presented by the Council of Chambers of Commerce of Valencia Region in this report, are focused on the analysis of the southwest axe, which is built among other regions by, the European macro-region of eastern Andalusia, Murcia and the region of Valencia; **three of the most damaged regions by the proposal of the High Level Group; regions where the most important exporting area of the Iberian peninsula has been developed.**

It will be cleared in this report, the fact that the structural criteria of the trans-European Networks, already named by the Van Miert report, was to contribute to the shaping of a Domestic Market; well then, **the absence of such measures better connecting the Mediterranean corridor imply a clear brake to the European industrial development**, a corridor that produces the 1/3 Spanish GDP (Gross Domestic Product) and gatedoor of the main imports and exports of central Europe.

In this sense, and as a premise for the defence of our allegations, it is important to point out that the research made by the High Level Group **does not resolve the connections between the UE an the Mediterranean third countries** in the already mentioned South Eastern axe, which results into a serious problematic, **since it does not provide any solution for the macro-region of the Mediterranean Spanish Arc.**

The level of the proposals presented by the group chaired by Loyola de Palacio increases the **“isolationism of our enterprises”**. In view of the ECT dispositions (see art. 154.2 ECT) establishing a necessity, among other things,

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for the promotion of transport connections and the peripheral regions linking, the proposals of the Group damage the interests of the Mediterranean macro-region, identified in this report, since it has been foreseen in the same level of peripheral regions connections of this treaty.

Thus, the report, that is focused on the accession European countries, does not pay sufficient attention to the dynamics and so-much needed relations established between the Spanish south-east and the TMC (Third Mediterranean Countries), both through an accession and improvement of the infrastructures that made of the **Mediterranean corridor** one of the main exports axes of the south of Europe, which with no doubt, **constitutes one of the most important commercial areas of the Mediterranean Area.**

If we take into account all these previous considerations, several conclusions can be drawn from the reading of the Group's report, **the macro-region already defined, is, in the light of the proposals of this report, still more peripheral than before.**

This increase of peripheral condition is to the detriment of our enterprises competitiveness, for this reason, the Council of Chambers of Commerce of Valencia Region, urges to present the necessary allegations for the future growing of our enterprises, and our region has all the infrastructures to develop, grow and produce employment.

Thus, we understand that consolidating the domestic market implies linking the Centro European infrastructures, and obviously it is also of utmost importance, from the point of view of the Neighbouring Policy to expect that the infrastructures serve as a base for the development of the South-Eastern countries.

In order to support these recommendations it is necessary to indicate the following economic data that highlight **the importance of the economy in the**

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Valencia Region, having an important position in the already mentioned Spanish Mediterranean Axe Arc.

Economic information of the Valencia region: % in respect to the total national.

Valencia Region	Total national
Nº Entreprises: 315.214	10,70%
Population: 4.326.708 inhabitants	10,30%
GDP: 69.382 Millions Euros.	9,80%

Source: NIE and Valencia Chamber of Commerce.

As it can be analysed, the Valencia Region enjoys an economic position, a growth of exports that places it in the second rank of Spanish exporters; **this is a consideration not taken into account in the priorities of the Group's plan.**

In the following table, distributed by sectors, it is reflected the volume of exports of the Valencia Region. It is important to emphasize that the **60% of these exports have the European Union its destiny**, and regarding the whole peninsula, **Valencia Region covers the 10% of the exports made to the UE.**

To this picture, the development of infrastructures for the transport of goods **is vital in terms of our enterprises' competitiveness.** And what is more, the lack of alternatives, of intermodality connection and the fact that the railway networks, linking the corridor to the centre of Spain and Catalonia, are not clearly defined, imply a great obstacle that not only damages the Internal Market, **but also affects our growth and the compromises took in the Lisbon agenda.**

EXPORTS VALENCIA REGION TO EUROPEAN UNION. January-November 2005

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	WEIGHT (Miles de Kg.)	VALUE (Millions de euros)
TOTAL EXPORTS	3.853.939	6.318.088
Main export goods	WEIGHT (Miles de Kg.)	VALUE (Millions de euros)
AGRICULTURAL FRUITS	1.357.117	988.701
CERAMIC PRODUCTS	486.406	43.753
MOTOR VEHICLE	371.530	2.629.871
VEGETABLES AND LEGUMES	315.542	208.749
STEEL AND IRON	236.818	110.201
WOOD AND MANUFACTURE	110.096	112.088
FERTILIZER	109.114	16.602
PREPARATION FOR LEGUMES AND VEGETABLES	100.260	86.812
MALTA, STARCH	83.128	22.901
SURGICAL FURNITURE	55.695	220.155
WOOD PASTE	53.103	3.682
CROPS	48.784	15.319
PLASTIC MATERIAL AND ITS MANUFACTURES	46.462	115.141
STONE MANUFACTURES, PLASTER AND OTHER SIMILAR MATERIALS	38.220	21.062
GLASS AND MANUFACTURES	36.496	69.079
NUCLEAR ENGINE	29.595	396.990
SALT, SAFFRONE	27.611	7.643
IRON AND COAL MANUFACTURE	26.691	63.276
PAPER AND CARDBOARD	25.653	30.155
PLANTS	21.161	22.315

Source: Valencia Chamber of Commerce.

As regards with the logistics cost and as it can be seen in the following table, **the lack of connecting infrastructures with the South of the European Union, constitute a high prize to be paid for the Valencia industrial sectors.**

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	LOGISTICS COST
General	~2,9%
Industrial Sector	3,7%
Building industry	10%
Textile	8,4 %
Ceramic	8 %
Motoring	7,1 %
Nourishment	6,5 %
Chemist	4,7 %

Source: Boston Consulting Group.

In importance order, these productive sectors cover the **45% of the logistic consumer and the transport of Valencia Region**: construction (10% logistic cost), textile (8, 4% logistic cost), ceramic (8% logistic cost), industrial motoring (7,1 % logistic cost) y nourishment (6,5 %).

To sum up, it can be stated that the enterprises of the Valencia region **fall into a logistic cost of 2,9%, and if we analyse the industrial sector, this figure increases up to 3,7%.**

Besides the industrial network, which varies among sectors, **depends also on the imports made from central Europe**. In the following table, it can be seen the Imports volume of the most principal productive sectors.

IMPORTS- Comunidad Valenciana-UE. January-November 2005

	WEIGHT (Miles de Kg.)	VALUE (Millions de euros)
TOTAL IMPORTS	4.770.788	7.119.046
Main import goods	WEIGHT (Miles de Kg.)	VALUE (Millions de euros)
COAL AND IRON	1.730.535	718.720
SALT AND SAFFRON	841.040	56.521

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WOOD AND ITS MANUFACTURES	573.291	190.022
CROPS	556.063	72.768
PAPER AND CARDBOARD	436.897	234.337
PLASTIC MATERIALS AND ITS MANUFACTURES	355.585	569.426
MOTOR VEHICLE	318.883	2.136.452
MINERAL COMBUSTIBLE	315.212	81.456
GLASS AND ITS MANUFACTURES	136.503	93.194
LEGUMES AND VEGETABLES	107.712	32.136
NUCLEAR ENGINE	106.333	1.137.080
INORGANIC CHEMICAL PRODUCTS	95.466	83.027
EADIBLE FRUITS	93.231	97.360
ORGANIC CHEMICAL PRODUCTS	92.366	181.845
IRON AND COAL MANUFACTURES	76.706	130.563
MILK AND DAIRY PRODUCTS	66.288	127.722
FERTILIZERS	65.318	15.706
CERAMIC PRODUCTS	61.852	66.112
INDUSTRIAL CHEMICAL PRODUCTS	59.209	178.541
PLASTER AND STONE MANUFACTURES	51.802	47.158

Source: Valencia Chamber of Commerce.

This way it can be concluded that **the lack of infrastructures implies a discrimination of the products in this European macro-region, at the same time our increasing peripheral aspect restricts our growth**, whilst this same region has experienced a spectacular development and growth during the last years, mainly due to the good use of the structural European funds.

After so many years investing in our economies, and after evaluating the response made by our enterprises to this great challenge, **Is the European Union going to disregard the Mediterranean south macro-region?**

To the view of these considerations, we must answer back **that the Group's Report has discriminated an important axe for international transport**, being one of the major consequences the **inability to continue growing in a region whose economic potential is one of the most dynamics of Europe.**

It is for this reason, and once stated the existing gap in the macro-region of the Mediterranean Spanish Arc, that the following proposals should be included in the Group's plan:

REGARDING ROAD TRANSPORT

1) **The road transport of higher capability along the Mediterranean Spanish corridor**, that goes from Algeciras until the frontier with Spain, just as it has been proposed in the Project Axe Kiev-Lisbon, that took advantage of the Mediterranean corridor to link the macro-region with the centre of Europe through the way already included in the Group's proposals, Barcelona-Perpignan.

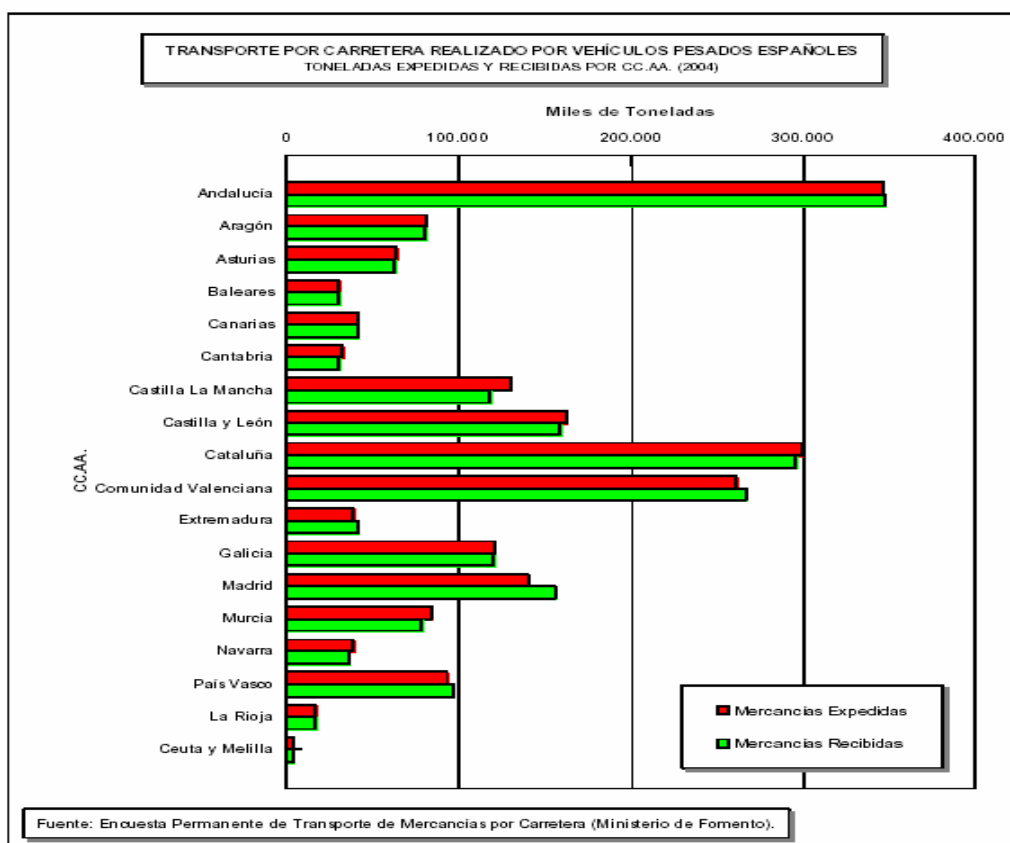
This proposal, **for the road transport**, implies the unfolding of the existing road which is presented as insufficient.

It is also true that the White Paper of Transport puts forward a considerable saturation of the road transportation, **which is mainly reflected in Centre Europe and not in the Mediterranean Spanish corridor**.

In order to highlight the importance of this project for our economy, we should emphasize **that most of the exports and imports on the Valencia region are realised by road transport (approximately 65%)**.

As it can be seen in the following table, **the Valencia Region, Murcia Region, Andalusia and Catalonia**, are four regions that belong to the Mediterranean Spanish Arc, and **hold up the heaviest transport in Spain, both for its exports and imports activity**. This saturation of road infrastructure, that means, the increasing of lorries transport in our macro-region, **provokes a new bottleneck that requires, not only the development of a railway transport and intermodality, but also a new bet on road transport, thus releasing the ton volume that holds up the only road transport of central Europe**.

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Nevertheless, this is not the only indicator taken as a base for our argued proposal, as it can be observed on the above mentioned table. **The Valencia Region is the third Spanish Region producing tones / square kilometres on international transport: 4.490 millions of tn-km received and 6.523 tn-km delivered.**

Furthermore, as it can be observed in the table, the other two regions producing more tn-km in international transport are Andalusia and Catalonia. Both regions being part of the Spanish Mediterranean Corridor macro-region, as it has already been said.

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TRANSPORTE TOTAL

Tabla 6.4 Toneladas-kilómetro producidas según tipo de desplazamiento por Comunidades Autónomas

Comunidad Autónoma	(Millones de Tn-km)							
	Tipo de desplazamiento						Recibido	Expedido
	Transporte intrarregional			Transporte interregional		Transporte internacional		
	Total	Intra-municipal	Inter-municipal	Recibido de otras CC.AA.	Expedido a otras CC.AA.			
TOTAL	51.880	6.099	45.781	103.147	103.147	28.449	34.199	
Andalucía	12.532	1.229	11.303	14.082	10.562	2.780	6.570	
Aragón	1.526	274	1.251	5.709	5.990	1.297	1.171	
Asturias, Principado de	1.206	225	981	2.672	3.271	374	488	
Baleares, Illes	591	145	446	113	18	5	.	
Canarias	1.026	171	854	37	37	.	.	
Cantabria	405	48	356	1.650	2.437	433	316	
Castilla-La Mancha	2.766	353	2.414	6.473	8.131	931	1.022	
Castilla y León	4.590	441	4.150	8.646	9.082	1.329	1.428	
Cataluña	9.295	681	8.614	14.755	16.808	7.481	6.600	
Comunidad Valenciana	6.967	673	6.294	12.693	11.659	4.490	6.523	
Extremadura	839	158	681	2.778	1.730	238	405	
Galicia	3.715	367	3.348	5.934	6.404	990	1.374	
Madrid, Comunidad de	2.391	642	1.749	12.447	10.101	3.943	1.328	
Murcia, Región de	1.455	365	1.090	4.465	4.582	1.018	3.941	
Navarra, C. Foral de	542	85	457	2.559	3.067	704	985	
País Vasco	1.887	198	1.689	6.801	7.787	2.170	1.938	
Rioja, La	123	18	105	1.256	1.472	250	111	
Ceuta y Melilla	25	25	-	76	8	16	.	

Fuente: Encuesta Permanente de Transporte de Mercancías por Carretera, 2004
D. G. de Programación Económica, Ministerio de Fomento

MARITIME TRANSPORT

2) It is necessary to define clearly **the Port of Valencia as a European coastal traffic port** due to its routings with the North of Africa, to be developed **short distance transport between the ports of our region is developed:** (Castellón – Alicante – Cartagena and Almería) and the euro-mediterranean motorway of the seas transport between the euromediterranean with the North of Africa and the Mediterranean riverbed of France and Italy.

The Port of Valencia has the first position on the national ranking of containers traffic and one of the best five in the Occidental Mediterranean Sea. Besides the ports of Alicante and Castellón have heavily improved their records on the last years. According to tones, this is the importance related to our ports.

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Valencia's Region Ports Trafic (2005)	Port of Alicante	Port of Castellón	Port of Valencia
General Goods	1.65 mill. Tones.	1.1mill. Tones.	32.9 mill.Tones.
Goods in Bulks	1.8 mill. Tones.	12.1 mill. Tones.	7.6 mill. Tones.
Total	3.5 mill. Tones.	13.2 mill. Tones.	40.5 mill.Tones.

Sources: Ports of the State and own elaboration.

The SSS (maritime costal traffic or cabotage) is an alternative to the road network system with a big impact on medium distances, because it **reduces the costs around a 20% of the total price in most of the cases**. The SSS, in any case, becomes viable in further than 600 km distances and it becomes profitable over 1500 km distances.

To be successful, a line of SSS needs a big volume of loading. It is necessary to combine a high volume of loading (profitability) with a high frequency to be able to compete with the road network system (quality service). To conclude with the criteria upon is based the Group study, it's necessary to establish a relationship between waterways and the intermodality (Multimodal transport), many times mentioned across this Paper.

An intense commercial traffic is held between the ports of Valencia Region and the third Mediterranean Countries, where a big number of business interests exists, as well as with Central Europe and the Enlargement Countries. They have become the gate of entrance and exit of the goods produced in Valencia Region which are sold worldwide.

In the following tables are shown the details of the commercial traffic held by the Valencia's ports and the different groups of countries:

Traffic of goods of Valencia's Port by countries:

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Imports in tones

○ Tunisia	27.825
○ Morocco	109.326
○ Algeria	45.269
○ Total Magreb Middle East	182.420

Exports in tones

○ Tunisia	79.066
○ Morocco	196.359
○ Algeria	164.722
○ Total Magreb Middle East	440.147

Source: Port of Valencia:2004.

Traffic of goods in Castellon's Port by countries:

Imports in tones

○ Russia	1.573.000
○ Ukraine	1.010.000
○ Nigeria	974.000
○ Turkey	814.000
○ Libya	636.000

Exports in tones

○ Tunisia	312.000
○ Algeria	261.000
○ Italy	230.000
○ United States of America	142.000
○ Turkey	126.000

Source: Port of Castellon, 2004.

Traffic of goods in Alicante's Port by countries:

Imports in tones

○ Turkey	347.149
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○ Egypt	191.840
○ Italy	103.962
○ France	50.064
○ Morocco	20.862

Exports in Tones

○ USA	189.557
○ Algeria	56.226
○ Morocco	22.486
○ Libanio	6.008

Source: Port of Alicante, 2004.

Moreover, the port of **Alicante has a daily ongoing line of passengers with Oran**. This is another example that Waterways are a real alternative to road network system ones. There is **an extraordinary communication axe promoting passengers transport**.

In order to run and develop a Waterway being Valencia's Region as one of its main axes, it's necessary, on the one hand, to be promoted trough the public funds, as part of the criteria of sustainability, and on the other hand, to **promote the transnational cooperation. In that sense, through the Council of Chambers of Commerce of the Region of Valencia we encourage the Spanish, French and Italian states to take this possibility into account**.

The maritime transport, as a great complement of our region of the railway and road network system, could be a new connection with the third Mediterranean Countries and as well, it could be the end of a sensation of isolation, that it seems we have after reading the Paper, **changing the peripheral situation of our business into a new opportunity for our economy: by strengthen commercial tie with the North of Africa, through on the one hand, running the European Neighbourhood Policy ;and on the**

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other hand by continue growing in the Internal Market framework, increasing the exports volume at the same time that the Lisbon Agenda is ongoing and without forget the reinforcement of the criteria of sustainability of the European transport network

AIR TRAFFIC TRANSPORT

3) It is necessary the enlargement of the Airport of Valencia and Alicante with both second runways and to improve the Airport of Castellon, which is actually under construction.

The airports of Valencia's Region need to find a solution for their congestion as the road network system did, as it was exposed on the Transport White Paper. On the rate of goods, Valencia's airport handles a highlighted position as it can be seen on the below mentioned table of the national goods ranking.

Airports	Goods (Tn) Year 2004
Madrid	337.050
Barcelona	81.908
Vitoria	43.683
Valencia	12.169
Zaragoza	9.160
Málaga	6.811
Alicante	6.035

Source: General Direction of Aviation. Spain.

It is important to highlight that Valencia's airport is building a new loading terminal that could duplicate, even triplicate the capacity of tones/loaded to 30.000 tn/year. This is another sample of **betting on sustainability of the infrastructures in the Spanish Mediterranean Corridor.**

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Taking into account that analysing the traffic of goods, the Airport of Valencia has been improved and enlarged; thus the implementation carried out in the Airport of Castellon, from which a natural would gate the production of the very important ceramic industry of the region; it cannot be omitted the **dimension of passengers traffic covered by Alicante's airport on a national scale.** (See the below table)

PASSENGERS TRAFFIC: TOTALS OF THE MAIN SPANISH AIRPORTS JANUARY 2005 – DECEMBER 2005 (provisional)

	TOTAL OF PASSENGERS
MADRID-BARAJAS	41.589.635
BARCELONA	26.951.006
PALMA DE MALLORCA	21.225.364
MALAGA	12.609.091
GRAN CANARIA	9.569.149
ALICANTE	8.780.346
TENERIFE SUR	8.361.090
LANZAROTE	5.310.577

Source: web page of AENA

To this view, the Council of Chambers of Commerce of Valencia Region **supports the building of a second runway for Alicante's airport**, being the main gate of entrance for the tourism of our region.

Thus, the Council of Chambers of Commerce of Valencia's Region bets on the decision of Group of Experts to consider **the Region of Valencia as a big Hub**, a big entrance gate of passengers and goods to Europe allowing and promoting the development of our productive industries and the tourism-services sector. It is important to highlight at this point, that commerce, tourism, transport and communications constitute the 50% of our regional GDP¹.

RAILWAY TRANSPORT

¹ Source: Instituto Valenciano de Estadística y Contabilidad Regional. December 2002.

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4) The High Speed Railway Line connecting the centre of Spain with East Coast + The High Speed Line of the Mediterranean Corridor, from Almería to Tarragona an the European.

The high speed railway has become the most viable medium term alternative to the road network system, being a necessary bet to help in the decongestion of the roads network system.

The Spanish East Coast has claimed for a long period of time the High Speed railway for the two corridors previously announced, the central one and the Mediterranean one. In that sense, and considering the bet on the interoperability as one of the bases of the Paper, the high speed railway network of the above mentioned corridors is one of the main necessities for our productive net and for the passenger's movements between the centre of the Iberian Peninsula and the Mediterranean corridor.

Summary of the proposals done by the Council of Commerce Chambers of Valencia Region:

- 1) **The road transport of higher capability along the Mediterranean Spanish corridor**
- 2) Definition of **Valencia's port as a European coastal traffic or cabotage port.**
- 3) Development of the **short distance transport between the ports of our region.**
- 4) **An Euromediterranean Motorway of the Sea with the North of Africa**, developing the coastal traffic routings with the Mediterranean riverbed of France and Italy.
- 5) In relation with the air transport: **the enlargement of Valencia's airport with a second runway, the building of the Castellon's**

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airport for goods mainly, and the second runway as well for Alicante's airport.

6) The High Speed Line of Railway connecting the centre of Spain with the East Coast + the High Speed Line for the Mediterranean Corridor, from Almería to Tarragona.

2. - The Paper of the High Level Group has highlighted a several number of measures namely "horizontal subjects". Are these measures the most important ones? Do the recommendations of the Group help to solve these difficulties?

There is no doubt that, these horizontal actions help and support the administrative and legislative harmonisation, and they definitely will encourage the improvement of the traffic among countries.

The Council of Chambers of Commerce of Valencia's Region wants to highlight especially all the horizontal measures focusing on homologation documents referring to goods, transport and fiscal and customs procedures.

The Port Authorities of Valencia Region was the first in Spain setting up the port community, a system of electronic transmission of documents through port agents, the Authority and Customs, which is very agile and efficient. In that sense, we homologated documents should be widely used, to standard administrative processes and telematic transmissibility.

Through the actions that have to be reinforced and prioritized, we shall find those related to the frontiers and the intermodality of transports.

Last, but not least, it's a requirement the full support to the traffic security measures proposed, enlarging this proposal to all kinds of transport: maritime, air, railway etc.

3. - Transport infrastructures funding are a puzzle. Which would be the best way of funding implementation of these axes and the “horizontal measures”? Which would be the role of the private sector and the users?

Taking into account that Valencia Region will suffer an abrupt cut-off of funds from the cohesion European Funds of and EFRD, nevertheless, the support of the RTE-T budget line could be an incentive to promote the cooperation needed between the national administration level and the regional one.

In any case we have to be realistic in relation with the European public funds.

However and even if the selection criteria of prior projects have not been focused on the impact and the economic viability, the Council of Chambers of Commerce of Valencia Region is sure that the project's importance on which we bet in this Paper will bring and attract private capital.

We are so sure of the general public interest on these projects, that the Region of Valencia claims for the economic viability and synergies on the productive, tourist and exports activities, because in this scenery the European Union would bet on the Spanish Mediterranean Arch, **and Public-Private Association (APP) would be created**; as efficient instruments for building and actively working of the demanded infrastructures.

The APPs proposal tries to facilitate the private participation creating the adequate legislation for the Members States. This is one of the greatest “collateral challenges” of the High Level Group Paper.

4.- For the implementation and the coordination of the recommendations, the Paper refers to a memorandum or an international treaty. Can these instruments help to attain the objectives? If not, how could be assured the implementation and coordination actions?

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The Council of the Chambers of Commerce of Valencia Region aims at claiming the active role played by several regions and the European regional cooperation groups establishing EU future connections and those involving the EU and abroad.

We are aware of the difficulties negotiating with such a wide range of territorial unities within the EU, but once settled these basis, those related to regional participation on debate forums, the traditional instrument of Bilateral Agreements and International Treaties; we consider the best legal framework to handle these subjects in relation with the development of agreements with non-communitarian states.

5. - The group has proposed to integrate the existing agreements and memorandum in a coherent framework. Is it necessary for that goal to set up an international treaty?

As it has been pointed out in this paper, the gradually organisation of the legislation under a clear and coherent legal framework is nowadays, a necessity if we want a competitive and efficient transport network and European connexions throughout the UE and abroad.

From these point of view it would very desirable the harmonisation legislation and the establishment of fair clear norms on transport and frontiers between our neighbour countries of the European Union.