COMMISSION DECISION

of 11 October 1979

authorizing Special Tariff No 201 of the Italian State Railways

(Only the Italian text is authentic)

(79/873/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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 the said Treaty,

Having regard to the Commission Decision of 16 February 1962 authorizing Special Tariff No 201 of the Italian State Railways [1],

Having regard to the opinions expressed by the Member States concerned in the consultations held by the Commission pursuant to Article 80 (2) of the EEC Treaty,

I

Whereas, independently of the abovementioned Decision of 16 February 1962, whereby Tariff No 201 in favour of the Mezzogiorno was authorized for an indefinite period, the Commission also authorized seven other tariffs relating to that Region; whereas the period of validity of three of these tariffs was limited until 31 December 1965, and the other four were abolished in 1976/77;

Whereas in all these Decisions the Commission reserved the right to amend or repeal the said Decisions if it found that they were no longer justified;

Whereas the support tariff in question constitutes an aid which, because it affects production and marketing costs, should be discontinued pursuant to the Council resolution of 25 May 1971 [2] on the new guidelines for the common agricultural policy; whereas the Commission has re-examined this tariff;

Whereas during the consultative meetings the Italian Government

— emphasized that the economic and social situation in the Mezzogiorno necessitated the maintenance of the tariff for the reasons put forward in 1962,

— acknowledged that the aids granted so far in the form of support tariffs had not led to the desired results and that it could not be claimed that the tariffs themselves had had any effect on the structures of the sectors receiving aid,

— stressed that, because the tariff reductions granted were so small, they could in no way distort competition in the markets for the products concerned, nor had they caused any disturbance in competition between modes of transport,

— accepted that the effects of the support tariffs in favour of the Mezzogiorno were primarily psychological, but pointed out that their abolition in the current economic and social circumstances would have unfortunate repercussions on the political climate in the Region concerned,

— requested that Tariff No 201 be maintained without amendment for an unlimited period, or for at least three years with the possibility of renewal at the end of that period;

II

Whereas the Italian Government recognizes that the application of these support tariffs has not significantly improved the structures in the sectors receiving aid; whereas the effects of these tariffs are primarily psychological; whereas in these circumstances the tariffs do not appear to be the most appropriate means of achieving the objectives pursued;

Whereas the Italian Government seems to share this view since in the meantime it has abolished all support tariffs except Tariff No 201;

Whereas the tariff is causing no disturbance to competition between modes of transport for the carriage by road of the products concerned to and from the Mezzogiorno which has expanded very considerably;

[1] OJ No 38, 17. 5. 1962, p. 3/62.
[2] OJ No C 52, 27. 5. 1971, p. 1.

Whereas it cannot be denied that the tariff in question affects the costs of production and marketing, even if the impact is difficult to measure, and that it is therefore contrary to the Council resolution of 25 May 1971 ;

Whereas the application of the tariff in question constitutes an aid which could affect competition and trade between the Member States and disturb the functioning of the common market ; whereas certain Member States have brought complaints and requested abolition of the tariff, and one Member State uses it as a precedent to justify protection and support measures in favour of its own producers ;

Whereas the tariff has been applied for a long time ; whereas, in order to avoid an abrupt change, it would therefore be preferable to alter the present tariff situation only gradually, by phasing out the tariff reductions over a reasonable period ; whereas this is all the more justified in view of the unfavourable economic and social conditions in the Mezzogiorno compared with the Community average, in terms of both *per capita* income and level of unemployment ;

Whereas, for these reasons, the reductions granted under the tariff in question may be maintained for the period ending 31 December 1981, and should subsequently be reduced by at least one-third on 1 January 1982 and 1 January 1983 and entirely abolished on 1 January 1984 ;

Whereas the Commission reserves the right to review its Decision if the conditions on which it is based change or no longer apply,

HAS ADOPTED THIS DECISION :

Article 1

The Commission Decision of 16 February 1962 authorizing Special Tariff No 201 of the Italian State Railways is hereby repealed.

Article 2

The application of Special Tariff No 201 of the Italian State Railways is hereby authorized until 31 December 1983.

Article 3

The authorization referred to in Article 2 shall be subject to the condition that the percentage tariff reduction granted on the normal tariff is decreased by at least one-third on 1 January 1982 and 1 January 1983 and completely abolished on 1 January 1984.

Article 4

This Decision shall be amended or repealed if the Commission finds that it is no longer justified.

Article 5

This Decision is addressed to the Italian Republic.

Done at Brussels, 11 October 1979.

For the Commission

Richard BURKE

Member of the Commission