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Reply to the Third Report of the European Conference of Ministers of Transport

Report[1]
Committee on Economic Affairs and Development
Rapporteur: Mr Hendrik VOS, Netherlands, Socialist Group

1. 1957 - 9th Session - Second part

A. 1. Draft Resolution presented by the Economic Committee

1. The Assembly has examined with great interest the Third Report of the European Conference of Ministers of Transport, is impressed by the work that has been done by the Conference and its Committees, and wishes to express its satisfaction at being kept thus informed on the development of transport planning in Europe.

2. The Assembly notes with special interest the fruitful co-operation that has taken place between the Conference and other European organisations, particularly 0. E. E. C.

3. The Assembly urges the Conference to develop a real transport policy, particularly in regard to investment. A sound basis for such a policy can only be provided if more information, and in particular more statistics, are obtained through a joint effort, and if studies of long-term future developments in transport are undertaken. The Assembly would like to have specific details in the Fourth Report of what arrangements have been made in this direction. The Assembly draws the attention of the Conference to the following points arising from the Third Report :

A. Relations with the European Economic Community

4. The Assembly is particularly concerned that effective collaboration should be arranged with the appropriate division of the European Commission of the European Economic Community, in order, in particular, to avoid wasteful dispersal of the specialists who are so urgently required in European transport planning and in the preparation of exhaustive statistics.

B. Railways

5. The Assembly congratulates the E. C. M. T. on the setting up of EUROFIMA. It would, however, like to have more detailed information about the work already undertaken or planned for the future by EUROFIMA.

6. The continuing railway deficits in many countries evidently call for a change in the railway policies of the national Governments concerned. In this connection the Assembly particularly draws the attention of the E. C. M. T. to the Conclusion (Part IV) of the attached Explanatory Memorandum, and ventures to affirm yet again that undertakings in the public interest do not have to, and should not, run at a loss.

7. Moreover, rationalisation can be advanced further at an international level. In particular, the Assembly suggests that the Conference pay attention to the possibility of joint development by the railways, with the assistance of EUROFIMA, of diesel locomotives and electric locomotives for different types of current, with a view to large-scale production. As regards the latter, the Assembly would like to know whether standard production could not in the future be concentrated on locomotives using two types of current, 3,000 volts DC and 16 2/3 (or 50) cycles monophase.

8. The Assembly would be grateful for further information on any steps taken to promote co-operation between European airlines and railways.

C. Road transport

9. The Assembly draws the attention of the E. C. M. T. to the fact that rules and regulations for road traffic still differ considerably from one country to another. The increasing volume of international traffic requires urgent efforts for unification in this field. The Assembly therefore requests the E. C. M. T. to organise a study group whose job it should be to work out a European Highway Code, collaborating in this task with other international bodies that may also be working in the same field.

10. The Assembly, having noted with interest the progress made in international road-building through restricted groups, recommends the establishment of such a group for the Baltic project between Denmark and Germany. The Group should include not only representatives of the countries directly concerned, but also of those which might indirectly be affected.

D. Waterways

11. The Assembly has followed with interest the work of the study groups for " Inland waterways of general European importance raising difficult problems ". The Assembly would welcome a general survey of the whole network of inland waterways of European importance, and of plans for expansion.

E. Tourism

12. The Assembly would like to have further information of the E. C. M. T.'s activities in relation to tourism, and, in particular, the fullest details of what results from the co-operation in this field with O. E. E. C.

B. Explanatory Memorandum by M. VOS

1. BACKGROUND

1. The third report on the activities of the European Conference of Ministers of Transport (E. C. JVL T.), published in February 1957, was presented to the Consultative Assembly by M. Seebohm, Minister of Transport for the Federal Republic of Germany, during the first part of the Ninth Session. The report was referred by the Assembly to the Economic Committee for the preparation of a draft Reply.

2. In the ensuing discussion M. van der Goes van Naters enquired about the present operation of the Act of Mannheim of 1868 regulating traffic on the Rhine, and asked whether amendments to that Act were being considered. M. Seebohm replied that this Act is at present the basic document for all questions concerning the river Rhine and that the E. C. M. T. is giving close attention to the Act in relation to regulations for Rhine navigation. This question is, of course, of special concern to the " Six ", and the High Authority has raised the question of whether the Act of Mannheim, guaranteeing the freedom of shipping on the Rhine, is in contradiction with the Coal and Steel Treaty (which lays down the rule of non-discrimination between national and international freight rates).

3. In reply to a question by M. Corniglion-Molinier as to how Eurofinair, a European company for financing aircraft production, was working, M. Seebohm stated that he was not in a position to say whether any major progress had been made. He thought that the subject was being considered at the Second Session of the European Civil Aviation Conference which was taking place at that time in Madrid. In fact, this project, which originally figured in the Brussels report of Heads of Delegations to the Inter-governmental Committee, does not appear in the Common Market Treaty, nor was it on the agenda of E. C. A. C. in Madrid. It is, however, a question of extreme importance, and should certainly be dealt with by the European Civil Aviation Conference. The question of co-operation between rail and air transport is considered in para. 16 below.

4. Finally, M. Hermod Lannung enquired about the possibility of financing a connection between Denmark and Germany " as the crow flies " on an international basis. The Minister replied that a joint Danish-German commission was to prepare the basis for the international financing of the project, as the burden might otherwise be too heavy for the two countries directly involved. He expressed the hope that other European countries would be prepared to co-operate (see also para. 20 below).

2. POINTS ARISING IN CHAPTERS I-III OF THE REPORT

5. Three comments in particular may be made on Chapters I-III of the Report. The first is that it is clear that a great deal of work has been done by the Conference and its Committees and that co-operation between the E. C. M. T. and other organisations (especially 0. E. E. C.) has been successfully continued.

6. Secondly, an important point is made in paragraph 6 (a) of the Report, where we learn of the call by the Council of 0. E. E. C. for closer collaboration with the E. C. M. T. in the field of tourism, this collaboration to take place through the competent bodies of the E. C. M. T. and the Tourism Committee of 0. E. E. C. The great and growing importance of tourism as an element in European trade cannot be over-emphasised, and the Assembly will no doubt wish to learn in due course of the response the E. C. M. T. has been able to make to this suggestion of 0. E. E. C.

7. Thirdly, the Report mentions that studies of the future development of transport in connection with general economic development are under way, but the information so far obtained from 0. E. E. C. covers only the period up to i960. Programmes for such undertakings as road building, construction and improvement of inland waterways, however, usually cover 10-20 years. It would therefore be useful to ensure that studies of future development of transport capacity cover longer periods, so as to provide a sound basis for transport policy.

3. POINTS ARISING IN CHAPTERS IV-V OF THE REPORT

3.1. General considerations (Transport policy; the Common Market)

8. While international co-ordination within each of the means of transport seems to be making progress, coordination between the different types of transport and between transport policies, particularly in regard to investment, is still lacking, both at the national and international levels. The Report mentions in para. 37 that " It has not yet been possible to present more detailed conclusions with reference to effective co-ordination

among the various means of transport. This work should be based on the adaptation of means of transport to the satisfaction of future economic needs which have not so far been made clear in the documents at the disposal of the E. C. M. T... ". Lack of sufficient information, in particular of statistics on road transport, is felt whenever studies on European transport are made. In this connection it may be relevant to refer to the Economic Survey of Europe 1956, prepared by the Secretariat of the E. C. E., which states that "... even such data as the volume of transport, which have been available for railways over a number of years, have been lacking for road transport... reasonably detailed information on road transport in Western Europe is limited to a few countries and consists of sample surveys usually covering only one week... " (Ch. V., p. 4). It would therefore be of great value if there were a joint effort to obtain the information and statistics most urgently required. E. C. S. C. has already done some work in this field, and there should be collaboration with that body.

9. A procedure designed to bring about a gradual co-ordination of transport policy was agreed by the Council of the Ministers of Transport in October 1956. Modifications in transport legislation, or regulations which are likely to have repercussions on transport policy should, wherever, possible, first be discussed by the countries concerned at ministerial or at the Deputies' level. A similar procedure already exists for the co-ordination of investment, but the new procedure, covering a much wider field, represents a notable step forward.

10. -phe report mentions that " work in pursuance of the resolution adopted at Messina on 2nd June 1955 was continued in 1956 by the Committee of Governmental Delegates at Brussels. It is concerned, in particular, with the preparation of a draft treaty instituting a common market in the six countries concerned. The question of the part to be played by transport in this common market has also arisen ". As the ECMT report, covering 1956, was published in February 1957, it could not take into account the transport provisions of the Common Market Treaty signed about one month later. As is well known, the chapter on transport in this Treaty provides for the gradual establishment of a common transport policy, and of common rules for international transport within the Community, and for the abolition of all discrimination based on the country of origin or destination.

11. The treaty also envisages (Art. 83) a consultant panel of experts appointed by Governments; this panel will be consulted by the European Commission whenever necessary on transport questions. A transport division handling transport questions for the European Commission will, of course, have to co-operate closely not only with this consultants' panel but also with the E. C. M. T., the Coal and Steel Community, 0. E. E. C, and the Economic Commission for Europe in Geneva, in order to avoid duplication of work and to develop a common European transport policy. As far as the Six are concerned, co-operation in transport matters could perhaps be advanced even further by transferring the High Authority's competence in coal and steel transport to the European Commission, for it has proved impossible to develop any real transport policy for coal and steel only, and some questions could clearly be solved much more easily within the wider framework of the European Commission.

12. The Report states, further, that the institution of a free trade area would probably have repercussions on the transport economy of most countries represented in the E. C. M. T., and it is therefore proposed " to keep in touch with the progress made by 0. E. E. C. on this question and any further developments in this scheme ". It may be added that nothing is yet known about the proposals for transport co-ordination and co-operation which will be put forward by the OEEC study group preparing the free trade area scheme.

3.2. Railway re-organisation

13. This problem remains one of the most important under consideration by the Conference. The Third Report indicates that " priority was given to the financial situation of the railways because of its grave impact both on the finances of certain countries and on the steps to be taken at national level to solve the problem of the co-existence of the different types of transport ". In the meantime the European Conference of Ministers of Transport has published a special study[2] on the financial situation of the railways and adopted a resolution based upon the findings. It is to be hoped that the steps called for by this Resolution will be taken by the national railway administrations; and the Assembly will no doubt pay special attention to whatever news the next Report of the E. C. M. T. may have of action taken in this field.

14. In fact, railway deficits cause grave concern everywhere. There are two main reasons for it. First, many Governments in their efforts to keep the cost of living stable have been tempted into keeping railway tariffs for goods and passengers so low as to make it difficult, if not impossible, to meet rising costs. Another reason is

2. Available from the Secretariat upon request.

the evergrowing competition of transport by road, air and water. To some extent this competition cannot be met. Thus, railways are gradually withdrawing, for example, from the servicing of small, less frequented lines, leaving bus and lorry to take over. But there is ample scope for railways to meet competition by other means of transport successfully. Railways will have to improve their service, on the one hand, and rationalise, thus increasing productivity, on the other. Often this can be done more effectively at a European level. Extensive proof of this has already been given. The EUROP wagon-pool was one of the initial steps, followed by EUROFIMA, the European company for the financing and purchasing of railway rolling stock, founded at Basle on 20th November 1956. The most recent achievement (and a very impressive one) is the Trans-Europ-Express, connecting the main continental cities, and designed to compete effectively with air transport.

15. The electrification of the most frequented lines and the progressive switch-over to diesel-traction are undoubtedly among the most important measures designed to improve the competitive position of railways. But, with the growing electrification of the main lines connecting the different countries, one problem is assuming increasing significance. No less than four main types of current are being used : 1500 volts DC (22 %), 3000 volts DC (29 %), 16 2/3 cycles monophase (37 %) and 50 cycles monophase (9 %)[3]. Railways should be encouraged to equip new lines as far as possible with one or two types of current, in order to achieve greater standardisation. This is of particular importance because, up to now, most engines can generally use one type only. Joint development of locomotives for different types of current would therefore certainly aid the rationalisation of European railways, especially by making it easier to close the existing gaps between electrified railway networks. Similarly, every encouragement should be given to the standardisation of diesel engines, with the assistance of EUROFIMA. It would be very valuable for the Assembly to be given details of all the work that EUROFIMA has so far undertaken or plans to undertake.

16. It would also be useful to hear the result of the contacts that have taken place between the railways and the Air Research Bureau in Brussels, representing the European carriers. Healthy competition (such as that which T. E. E. trains now provide for air traffic) should not hamper co-operation in certain fields.

3.3. Road traffic

17. Considering the significant increase in the number of road vehicles in recent years and the fact that this increase will continue in the years to come, the Report points out that the adaptation of road infrastructure to traffic requirements should be watched very closely; studies are already under way (see also para. 22 below).

18. The possibility of creating a European Road Investment Fund —an idea endorsed by the Consultative Assembly in Resolution 73 (1955)—has been the subject of a special study by 0. E. E. C, prepared at the request of the E. C. M. T. The conclusions of this study were, however, similar to those reached within the E. C. M. T. in that 0. E. E. C. advised against such a Fund and advocated, instead, that countries concerned in any project should set up restricted groups to elaborate the most suitable means of financing it. The reasons summarised in the OEEC report are, in fact, not very convincing— indeed the same arguments could be advocated against setting up any international Investment Fund. In view, however, of the fact that the European Investment Bank is to come into being, it does not seem necessary to stress the need of a road Investment Fund any further.

19. The European Investment Bank will offer an opportunity for Member Governments of the European Economic Community to apply for credits for road-building purposes. Art. 130, (C), of the Common Market Treaty envisages credits for " projects which are of common interest to several member countries". An enlargement of the European Investment Bank within the framework of the Free Trade Area might make it possible to extend such credits to more Western European countries. The advantages of planning and co-ordination which a Road Investment Fund would afford could thus be achieved, and credits could be made available for large and important projects of interest to several countries.

20. particular projects three restricted groups—between Belgium and the Federal Republic, the Federal Republic and the Netherlands, and the Federal Republic and Switzerland—have actually been formed. It might be commented that in a case such as the Danish-German project for a connection across the Baltic (see para. 4 above) the undertaking is on such a large scale and of such considerable general importance for improved transport connections between Central and Northern Europe that, at least from the financial point of view, a somewhat larger " restricted group " would appear to be called for.

21. Another important improvement in European communications would be the building of a Channel Tunnel. This matter, in which only the first stages of exploration have been reached, is one that does not figure in the Ministers' Report, but on which it might be interesting to have their views in a subsequent Report.

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3. These percentages will apply by 1960.

22. Next to the building of new roads the upkeep of existing ones causes considerable concern, and the problem of weight, dimensions and payload of lorries arises from the increased wear and tear on the roads caused by heavy lorries. Studies are at present being undertaken by the E. C. M. T., in co-operation with the ECE Transport Division " regarding technical factors and the possible economic repercussions with regard to axle loading, weight and dimensions of vehicles, and their incidence on the wear and tear of roads, to try to discover, what measures should be adopted at international level to ensure the best use of existing infrastructure and to improve road traffic and safety ". The result of these studies will be very important in relation to the question, raised by certain countries, of whether the existing internationally-recognised norms for dimensions, weight, etc. of road vehicles, as laid down in the 1949 Convention on Road Traffic, should be relaxed or not. It is hardly surprising that the interest of some Governments in such a revision comes up against an opposition from commercial interests (as evidenced by statements from the International Road Union and the International Chamber of Commerce). In any case, a general review of existing norms in this respect would offer a good opportunity for coming to an international agreement on all standards, road signs and signals, rules and regulations, in order to achieve complete uniformity—in fact, an international highway code. Such an achievement would certainly add to road safety. Advantage should be taken of the work already done in this field by the E. C. E.

3.4. Inland waterways

23. As far as transport on inland waterways is concerned, one of the main tasks of the E. C. M. T. in the past year has been to prepare a draft State convention on traffic on waterways west of the Rhine. The draft convention would make it obligatory to transact water transport business on public freight exchanges and would also make it compulsory for professional carriers to obtain a document specifying transport charges and conditions. The draft also provides for the establishment of an International Committee composed of Government representatives and delegates of regional committees. This international committee would be entrusted, in particular, with the co-ordination of the policies of the various countries relating to charges and conditions in the international transport concerned, and would make appropriate suggestions to the Governments to that end. Once put into operation, such an arrangement should certainly ensure greater co-ordination of transport policies on the waterways in question.

24. 01 private waterway traffic agreements have already been concluded. The Convention on international traffic in coal consigned to Germany entered into force on 1st April 1956, the Rhine Convention on French traffic already in 1955. The High Authority has been successful in eliminating the disparities between controlled internal freight rates and the uncontrolled international rates for coal and steel; the Governments concerned have agreed that the internal rates be fixed in accordance with the international ones. It is intended to invite Switzerland to become a party to this arrangement. So much progress having thus been made, it would be useful now to have details of the overall scheme which the Inland Waterways Committee of the E. C. M. T. has been instructed to work out for the co-ordination of the two types of freight.

25. It would also be interesting if the study groups set up for " the study of inland waterways of interest to Europe as a whole which raise difficult problems (such as the Meuse and its international connections, the Dunkirk-Scheldt link and the Rhine-Main-Danube link) could also meet to draw up jointly an overall European survey of inland waterways of international importance, and to see to it that priority is given to the construction of links (and any enlargements necessary) for the use of 1,350 ton vessels.

26. Paragraph 35 of the Report mentions the Convention between the Federal Republic of Germany, France and Luxembourg for the canalisation of the Moselle (although the Report uses " canalisation " here, " regulation " would in fact be more accurate). It is to be regretted that as a result of this Convention a strictly three-Power administration has been set up for this river, which has thus in a sense lost its European "character. It is as if a public utility had been converted into a private limited liability company; it would have been much more natural and perfectly simple to incorporate the administration of the river with the Rhine system, which is the prototype for the Europeanis-ation of major economic interests.

4. CONCLUSION

27. In conclusion, one major point of principle remains to be stated concerning transport policy in general and water and rail transport in particular. Transport organisation in Europe will never be healthy until it is treated by Governments as a commercial activity—-and a commercial activity whether carried out under public or private enterprise. Transport undertakings should, for example, be reimbursed for any expenditure incurred as a result of the State's military or social commitments, or through contributing in any other way to national economic planning, by the Government department concerned and, like any commercial concern, they should be able to recover their other expenses out of normal earnings. Keeping transport rates below the

" production costs " of transport simply means that other enterprises are burdened with the deficit, and there is no sound accounting in the transport administration. Undertakings operating in the public interest do not have to, and should not, run at a loss.