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First report on the activities of the European Conference of Ministers of Transport

Report

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1. I. Background of the Conference

1. The European Conference of Ministers of Transport was set up at Brussels on 17th October, 1953. This marked the climax of a whole series of developments in the field of international transport since the end of the second world war, and it may be of some interest to recall these developments briefly

2. An agreement was signed in London on 27th September, 1945 establishing the European Central Inland Transport Organisation—better known as E. C. I. T. O. The twelve European countries and the United States which signed this agreement intended it to be an instrument which, amidst the disruption caused by the war, would serve to co-ordinate efforts to utilise all means of transport with a view to improving communications and so help to restore normal economic conditions.

3. At that time there was in the sphere of transport no international governmental organisation with wide-ranging competence capable of contributing effectively to economic recovery.

The railways had a fairly elaborate international organisation, though this was somewhat scattered among a great many more or less specialist bodies, the main one being the International Union of Railways (U. I. C). There were no trade associations organised on an international basis for other forms of transport.



Furthermore, it was obvious that the work to be done at that time went beyond the scope of trade associations. It involved the responsibility of government and could only be dealt with successfully by a governmental institution. However, with the disappearance of the Communications and Transit Commission of the League of Nations, the only international machinery available to Governments consisted of highly specialised institutions such as the International Conference for Promoting Technical Uniformity on Railways which dealt with the fixing of technical standards for railway equipment; the Central Office for International Railway Transport which dealt with the legal aspects of railway transport; and lastly the Central Commission for Navigation of the Rhine.

4. The institution of E. C. I. T. O. was therefore fully justified, but this was a temporary organisation, normally intended to last for two years, provision being made, however, for further extension if necessary. Though the efforts of this organisation proved beneficial in a number of ways, the Member Governments decided—shortly before the two-year period expired—that E. C. I. T. O., having been set up to meet a post-war situation, was no longer appropriate in normal conditions. At the same time they recognised that transport problems required a good deal of intervention on their part and necessitated the setting up of an inter-governmental institution with wide-ranging competence.

5. Whilst consideration was being given to the way in which such a body should be set up, the Economic Commission for Europe (E. C. E.), a regional agency of the United Nations, was established at Geneva in May, 1947. This new body included an Inland Transport Committee with wide terms of reference and considerable freedom of action. In fact, this Committee has authority to correspond with Governments directly and to submit recommendations to them. Though these recommendations are not, of course, obligatory, they are, in fact, given practical effect in a good many cases.

6. Shortly afterwards, the Marshall Plan led to the establishment of the O. E. E. C. in April, 1948. This institution, the original purpose of which was the establishment of a European Recovery Programme and the allocation of American aid, also set up an Inland Transport Committee, primarily to investigate requirements in its own field. This Committee was closely subordinated to two senior bodies, the Executive Committee and the Council. When the O. E. E. C. and its Inland Transport Committee subsequently directed their attention to broader problems, the procedure was not found to be wholly suitable.

7. In 1952, the setting up of the European Coal and Steel Community (E. C. S. C.) meant that Member Governments now had to follow clearly-defined rules regarding transport rates for coal and steel, and the tonnages involved were very substantial.

8. The establishment of the E. C. S. C. was accompanied by a trend of opinion in favour of closer European integration. These were the psychological conditions prevailing when, in March, 1952, the O. E. E. C. organised a mission to the United States to study the organisation of transport at Federal and State level, and collate proposals for the solution of European transport problems.

9. Meanwhile, trade associations for various forms of transport were being organised on an international basis: with explicit Government support, as set forth in a resolution adopted under the auspices of the E. C. E., the railways strengthened the powers of the U. I. C. and, as a result of various agreements with other specialised railway institutions, the latter became to all intents and purposes the co-ordinating centre for every form of railway activity. The International Road Federation (I. R. F.) and the International Road Transport Union (I. R. U.), and, at a later date, the International Union of Inland Waterways (U. I. N. F.) gradually took over, with Government approval, the study of international problems relating to road or inland waterway transport.

10. The multiplicity of international organisations concerned with transport at both governmental and non-governmental level showed the need for greater co-ordination of the activities of these organisations.

11. The Council of Europe was aware of this aspect of the problem and on several occasions expressed its concern. The Consultative Assembly in fact adopted a recommendation designed to overcome these difficulties.

12. Consequently, when the O. E. E. C., as proposed by the mission previously sent to the United States, arranged an ad hoc conference among the member countries—subsequently joined by Spain and Yugoslavia—with the object of reconsidering the organisation of international transport, the Conference was instructed to bear in mind not only the report of the mission, but also the suggestions formulated by the Council of Europe.

After holding three sessions from March to June, 1953, this Conference drew up a report in which the conclusion was reached that all the factors affecting transport policy should be more closely co-ordinated, and this report was used as a basis for the proceedings of the Constituent Meeting of the E. C. M. T. convened at Brussels in October, 1953 by Mr. P. A. Segers, then Minister of Transport in the Belgian Government.

13. In January, 1953, some months before the ad hoc conference was called, the then French Minister of Public Works, M. A. Morice, convened a meeting in Paris of the Ministers of Transport of eight European countries to discuss together a number of practical problems. The results achieved on this occasion prompted the Ministers concerned to agree to meet again periodically, and various Delegations to the ad hoc conference therefore recommended the organisation of other similar meetings on a wider basis.

14. This recommendation was embodied in a Protocol setting up the E. C. M. T., which was signed at Brussels on 17th October, 1953, and which came into force on 31st December, 1953. The following countries have finally acceded to this protocol : Germany, Austria, Belgium, Denmark, Spain, France, Greece, Italy, Luxemburg, Norway, the Netherlands, Portugal, the United Kingdom, Sweden, Switzerland, the British-United States Zone of the Free Territory of Trieste ¹, and Turkey. Ratification of the protocol by Greece and Luxemburg is still pending². The United States Government is represented at E. C. M. T. meetings by Observers.

2. II. Main features of the Conference

15. The Brussels Protocol sets forth the structure, aims and rules of procedure of the E. C. M. T. It will suffice to recall that the E. C. M. T. includes a Council of Ministers of Transport and a Committee of Deputies, assisted by an Administrative Secretariat. Its aims are :

- a. to take whatever measures may be necessary to achieve, at general or regional level, the maximum use and most rational development of European inland transport of international importance ;
- b. to co-ordinate and promote the activities of international organisations concerned with European inland transport, taking into account the work of supranational authorities in this field.

The Conference is not a supranational authority, the conclusions taken within the Conference being put into effect in the countries that are in agreement with them.

The Conference thus provides a standing structure within which the Ministers of Transport can exercise their own prerogatives. What it essentially contributes is, first, guiding principles and the choice of a common policy by the Ministers concerned, and, secondly, the means of applying this policy at national level through the Government department concerned in each country.

16. The ability to set up restricted groups gives the Conference a good deal of flexibility. In most cases, the problems which simultaneously affect every one of sixteen countries, whose geographical and economic situations differ widely, are of a very general character. On the other hand, small groups of countries which are members of the Conference are affected by a great many concrete problems arising from similar geographical or economic conditions or from special traffic requirements. To meet this situation, restricted groups can be set up spontaneously as required, in order to study within the framework of the Conference problems of special interest to certain member countries. The Conference must, however, be notified of the formation of such restricted groups so that member countries which are not concerned with their formation may decide, as they see fit, either that they wish to follow their proceedings as observers, or to be informed of the results.

17. The way in which the functions of the E. C. M. T. have been defined eliminates one of the risks which the Conference is most anxious to avoid, namely the risk of duplicating the work of existing supranational or international organisations with which relations have been established, as provided under the Brussels Protocol. Every organisation whose work is directly related to the general purposes of the Conference has been given the opportunity—in respect of the problems within its competence—to contribute papers, state its views, or notify any difficulties encountered. Without intervening in the operation of such organisations, the Conference has endeavoured to guide and co-ordinate their studies, to help them overcome their difficulties, or facilitate and speed the implementation of measures already adopted.

1. Since October, 1954, the section of the Free Territory of Trieste administered by Italy under the terms of Memorandum of Understanding signed in London on 5th October, 1954 is represented by the Italian Delegation.

2. The instruments of ratification of Luxemburg were deposited after the Report had been drawn up.

18. At the same time the Conference has been careful to avoid the constitution of another bureaucracy. The Council of Ministers has delegated wide powers to the Committee of Deputies. In accordance with the Protocol, this Committee met several times to prepare the meeting of the Council, to take action on the Resolutions adopted at Brussels and to assure contacts with other international Organisations. The general proceedings of the Committee of Deputies are closely followed and guided by its officers, and the Committee usually appoints a rapporteur from among its members to investigate and comment on the major problems listed on its agenda. It has thus been possible to set up a very simple operational unit, by appointing a single official to deal with the administrative work of the Conference. This cautious attitude to the creation of posts is the best possible proof of the Conference's anxiety not to be encumbered with unduly heavy administrative machinery, or to set up another technical planning and research institution which might duplicate existing ones. The Conference has been able to function successfully thanks to the effective assistance given by the O. E. E. C, which provides all the material facilities required. The Council of Ministers of Transport wishes to record its deep appreciation of the assistance by the O. E. E. C.

19. Too little time has elapsed since the constitution of the Conference to pass any final judgement on the value and effectiveness of the arrangements adopted. By helping the Ministers concerned to make personal contact with one another, these arrangements have already enabled them to express their common desire to promote collective action in the sphere of European transport and to make appreciable progress towards the solution of a number of difficult problems. However, as many important international achievements have already been made in this sector, further progress inevitably raises highly complex problems going beyond the scope of transport. The solution of these problems often implies a closer integration of the monetary and economic policies of the member countries of the Conference. Should Europe move in this direction, the structure of the Conference should prove sufficiently flexible to meet any new situation that this might create.

3. III. General review of the transport position

20. In the countries hit by the war the reconstruction of plant which had been damaged or destroyed and the reconstitution of rolling stock is now so far advanced as no longer to represent any serious hindrance to the efficient operation of transport services. In most cases, advantage was taken of this period of reconstruction to modernise the system of transport. Moreover, this concern for modernisation is common to all countries, and is exemplified by the continuous development of electrification and Diesel traction for railways, motor barges for inland water navigation, and fast lorries and comfortable motor coaches for road transport. In addition to this, the infrastructure has been improved by the extension of road traffic signs, and by equipping the main railway line with modern signalling systems. Although the necessary modernisation has not yet been achieved, it would be fair to say that transport facilities taken as a whole are adequate. Particularly as a result of the investments made, productivity has been improved and its total carrying capacity should enable it easily to cope with such increase in traffic as any foreseeable changes in economic conditions are likely to bring about. In the making of this assessment, due regard is paid to the possibility of transferring traffic, within certain limits, from one form of transport to another. On the other hand, if each form of transport is considered separately, it must be admitted that, structurally, the European road network has its weak points which, at national level, require adjustments or bypasses and, at international level, necessitate the co-ordination of projects for the development of main traffic arteries, a longterm undertaking to which the Conference is giving its attention, as will be seen later in this report (paragraph 39). It must also be admitted that there are a number of gaps and bottlenecks in the structure of the European inland waterway system.

In support of this optimistic assessment of technical equipment and of the capacity of the transport system as a whole, it must be pointed out that the heavier burden of traffic during these last few years has been handled without difficulty, even in 1954, which was generally a favourable year—the best since the war for shipping on the Rhine, as well as a particularly good one for rail traffic.

21. If we leave the technical field and consider the economic and financial aspects of transport, it has to be admitted that the position here is less satisfactory.

Thanks to the improvements already mentioned, a larger volume of traffic can be handled with the same technical resources. Moreover, experience has shown that, when production increases, the volume of traffic handled does not increase correspondingly since part of the new production does not need to be transported. All these considerations, to say nothing of the development of air traffic, suggest the need for caution when making traffic estimates and assessing the future requirements of the various forms of transport if over-development is to be avoided.

Though there is reason to hope that every type of transport will benefit from the increased volume of traffic that can reasonably be expected in an expanding European economy, the fact remains that, in some countries, the share of total traffic handled by the railways tends to decline with the development of more recent forms of transport such as road vehicles and aircraft. This, combined with other factors involving heavier expenditure for the railway administrations, has destroyed the financial stability of the railways in a good many countries and has led to financial deficits which usually have to be met from public funds.

22. Each Government is thus confronted with the difficult problem of co-ordinating the means of transport. The difficulty here lies mainly in the essentially different characteristics of the railways, on the one hand, and of road and inland waterway traffic, on the other. On one side we find centrally organised railway administrations, with unified goods and passenger rates, which are subject to Government control in a greater or lesser degree and to some of the obligations incumbent on a public service, and, on the other, we have road and inland waterways traffic in the hands of a large number of private firms, many of them small family concerns which leave little scope for Government intervention. Attention should be drawn, in particular, to the increasingly important part played by transport by road on its own account. Apart from this, the elements of the problem of co-ordination vary widely from one country to another according to the size and topography of the country concerned, the juridical relationship between the State and the railway administration, the level and structure of passenger and goods rates, the social security charges affecting each network, and fuel taxes—factors which no Government can overlook. It is because of these considerations, which are primarily of national significance, that, despite its A'ital importance, the Conference has not yet considered it advisable to tackle the problem of coordination as such in its broader aspects. The Conference has taken the view that, at international level, it is better to deal with this problem by tackling some of its individual aspects separately—for instance, the co-ordination of investment or the co-ordination of rates—at present limiting itself as regards the latter to such readjustments as may be required within each form of transport, leaving co-ordination between the different forms of transport to be dealt with later.

4. IV. Problems considered by the Conference

4.1. (a) Co-ordination of investment

23. The co-ordination of investment is one of the basic factors of any general transport policy. Hence, at the very first session of the E. C. M. T. in October, 1953, the Ministers decided " to consider the possibility of comparing the studies on major international investment projects planned for the various modes of transport ". At their second session in October, 1954, in the light of a report by the Committee of Deputies to the effect that " the Governments working in the framework of the Conference can ensure the development of each means of transport, so as to secure a properly-balanced whole to meet European requirements " , they agreed " that all major projects of European interest which affect all or a restricted group of members should be communicated to the Conference by the country or countries concerned, with all the necessary technical and economic data ". The Conference will discuss such projects and give its opinion on them, but its findings will not be binding on the countries concerned, and their freedom of action will remain unimpaired. This procedure, by putting the development of transport on a joint basis, in accordance with the aims of the Conference, will offer the possibility of avoiding needless or excessive investment, and so make it possible to reduce transport costs or provide better service.

24. To ensure that the procedure adopted can be put into effect, the Members of the Conference have been asked to communicate the general programmes they intend to carry out during the next five years, which link up with projects of European importance for railways, roads and inland waterways.

25. As explained later in this report, practical effect has already been given to some of the projects concerning the development of international road traffic arteries and those relating to inland waterways of European interest.

4.2. (b) International financing of investment

26. Though the procedure adopted for the co-ordination of investment may later facilitate the problems arising out of the international financing of such investment, the Council of Ministers of Transport has come to the conclusion that the studies concerning this form of financing are not yet sufficiently advanced to be taken into consideration, except in two specific cases, the international financing of purchases of railway rolling stock, and the financing of international road traffic arteries.

27. The Council of Ministers had already given its attention to the international financing of purchases of rolling stock at its session held at Brussels in October, 1953, when the railway administrations concerned were asked to submit proposals having due regard to the interests of national rolling stock producers. For several years, a number of European networks have been considering whether some such system as the "Equipment Trust", which has proved its worth in the United States, could not be devised to facilitate the modernisation of their equipment and at the same time help to concentrate orders and reduce prices. But the adaptation of this formula to European requirements in the matter of orders for standardised equipment raises numerous legal, fiscal, monetary and economic problems. Nevertheless, a Study Group consisting of railway administrations and banks has attempted during the past year to find a solution appropriate to European conditions, under the guidance and supervision of the Committee of Deputies. On the proposal of the latter, the Council of Ministers, at its session in October, 1954, declared itself in favour, in so far as the countries it represents are affected, of the establishment, on the basis described below, of a "European Company for the Financing of Purchases of Railway Rolling Stock" (Eurofima).

28. The Company will be set up for a period of 50 years and will dispose of its own funds, these being kept distinct from those of the railway networks, whose contributions to the initial capital of the company will be on a sufficiently large scale 50 million (Swiss francs initially) to ensure efficient operation. The company will borrow the funds required for purchases of equipment, place orders for the construction of such equipment as the railway networks may require in conformity with their own designs and under their direct control and hire out this equipment to the railways at an annual rental using the proceeds to repay the original loan. Lessee networks will not assume ownership of this equipment until it is fully paid for. The reasons for adopting a hire contract system are bound up with the requirements of European law, but this arrangement will in practice be the same as hire-purchase, since the lessee networks will have the right of pre-emption.

Another aim of the Eurofima company will be to centralise orders for standard equipment in order to reduce the cost of such equipment and enable the networks to benefit from this saving by paying lower annual rentals, and at the same time ensure that this concentration of orders will not lead to the disruption of national markets for equipment manufacturers.

The Company's first transactions will affect standard goods wagons for the replacement of European railway rolling stock. However, the object of the Company, as defined in its Articles of Association, will cover a wider field so that it can later extend its operations to include other equipment of uniform design or of uniform rating.

Following the last meeting of the Council of Ministers of Transport, the countries concerned with the constitution of Eurofima³ set up a Restricted Group within the framework of the Conference to settle various issues still pending such as : tax exemption, customs facilities, guarantees for the transfer of funds to be granted to the new Company, headquarters of the Company, etc. The restricted group is making good progress with its work, and there is every prospect of ultimate success.

29. At its session in Brussels in October, 1953, the Council of Ministers of Transport had also called for proposals concerning the statute of an international road investment fund. This matter was studied by the Committee of Deputies on the basis of preliminary draft statutes drawn up by the International Road Federation. While recognising the usefulness of an international road investment fund, the Committee of Deputies came to the conclusion that the institution of such a fund did not, for the time being, seem likely to attract enough signatories to warrant its adoption. This conclusion was largely dictated by legal and financial difficulties arising especially from the fact that the projects to be financed cannot, as the law stands at present, be pledged as security, and also from the difficulties encountered in arranging for the Governments concerned to act as joint guarantors. Moreover, the problems arising from the present situation in the international capital market and the transfer of currency revealed serious difficulties. At its session in October, 1954, therefore, the Council of Ministers expressed its preference for a procedure less wide in scope but which could be applied forthwith, and would not preclude a more far-reaching arrangement later on. This new procedure consists in setting up restricted groups at the instance of the governments interested in proceeding with a project, as provided under Article 8 of the Protocol, on the understanding that each of these restricted groups will study the technical and economic aspects of the project, the various methods of financing it—including the formation of companies established on an international basis having the possibility of deriving some income of their own from tolls or special taxes—as well as the guarantees to be given to lenders.

3. Germany, Austria, Belgium, Spain, France, Italy, Luxemburg, the Netherlands and Switzerland.

4.3. (c) Rationalisation and modernisation of railways

30. Since 15th March, 1953 ten railway administrations ⁴ have been jointly operating a pool of some 160,000 wagons on the basis of an agreement known as the " Europ " Convention. At its sessions in October, 1953 and October, 1954, the Council of Ministers of Transport was kept informed of the results of this arrangement, under which pool wagons had been used intensively in international traffic, equipment had been more efficiently employed, and maintenance costs had been reduced. The Council of Ministers has therefore re-affirmed its support for the development of this scheme, and is endeavouring to remove any difficulties which might prejudice the smooth operation of the Pool. A readjustment of the " Europ " Convention, based on the application of a wagon-day rate at actual cost, is now being worked out and will probably take effect towards the end of 1955.

31. At its session in Brussels (October, 1953), the Council of Ministers considered that railway administrations should actively pursue their investigations concerning the standardisation of equipment and, more especially, that they should complete those relating to goods wagons. In fact, six standard models for wagons of the conventional type have been designed by the U. I. C , and a few railway administrations have already ordered standard wagons which are assigned to the jointly operated " Europ " Pool. In order to exploit this initial success, the Council of Ministers of Transport, at its session in October, 1954, invited the Railways Administrations to specify standard models when placing any new orders for conventional equipment. It also signified its interest in the studies undertaken by the U. I. C , in co-operation with the manufacturers, concerning a wagon of advanced design of which one of the special characteristics will be a lower tare.

32. In some countries, railway electrification which began before the first world war has been further developed in recent years owing to its many advantages. The diversity of the types of current used, which it is now too late to adjust, is one of the obstacles which prevent international traffic from deriving the full benefit of the electrification projects already completed. In order to make the best of a situation, which it could no longer amend, the Council of Ministers of Transport, at its session in Brussels in October, 1953, recommended :

- a. a choice of solutions which would enable an electrified network, planned and operated on an international basis, to be established in areas still unequipped ;
- b. allowing for differences of gauge between one system and another, the adaptation and introduction of locomotives or rail-cars operating on all types of current, so as to ensure wide inter-connection, as required, between such networks and neighbouring systems at present using equipment of various types ;
- c. generally speaking, the greatest possible co-ordination in the operation of electrified systems, particularly by supplying equipment for gaps in mainline sections which have already been electrified ;

At its following session (October, 1954) the Council of Ministers noted that, while it had not yet been possible to reach common agreement regarding the type of current to be chosen for electrification projects now being planned or under construction, the action taken in this connection was, at any rate, designed to meet the points on which the Ministers had expressed concern. For instance, several member countries proposed to rationalise their projects in such a way that the connecting points of their electrified networks would be chosen on grounds of efficiency without regard to political boundaries, and possibly to establish a truly common network crossing numerous frontiers and operating on a single type of current. As regards locomotive design, the networks concerned were trying to adopt a similar approach and to standardise their programmes.

33. Besides the development of electrification, the modernisation of railway traction has also led to the more extensive use of Diesel locomotives. At its session in 1953, the Council of Ministers recommended that this type of traction should be taken into consideration when railway administrations drew up their development programmes, particularly in order to facilitate international connections in certain special cases. At its following session, the Council, in the light of a paper submitted by the U. I. C. on the economic and technical advantages of Diesel traction, expressed the wish that railway administrations on whose networks a reasonably high development of Diesel traction would be justified should speed up the research work undertaken in co-operation with Diesel equipment manufacturers in order to achieve a sufficiently high degree of standardisation in locomotive design to secure long production runs, the grouping of orders and regular production programmes. It must be pointed out, however, that the adoption of Diesel locomotives is hampered in some countries by the very high cost of fuel as there is no tax rebate on fuel used by the railways.

4. The railways of Germany, Austria, Belgium, Denmark, France, Italy, Luxembourg, the Netherlands, the Saar and Switzerland.

34. The availability of a fleet of Diesel or electric locomotives or rail cars of up-to-date design is to be turned to good account by various railway administrations; not by establishing a new institution but by an arrangement provisionally called " Europexpress " whereby various railway systems will join together to provide faster services between main centres, with amenities and comfort adapted to the requirements of users. The Council of Ministers found this a useful suggestion and recommended that it should be proceeded with.

35. The Council of Ministers also took note of the plans of the U. I. C. regarding the re-classification of passenger coaches. The programme of the U. I. C. is based on commercial, social and psychological considerations and also on the need to simplify operation. They consist mainly in reducing the number of classes to two, i. e. first class and second class. Owing to their special circumstances, however, the Spanish, Portuguese and Greek railways will continue to operate three classes on their internal services. It is planned to bring this new scheme into operation with the summer time-table in 1956. The Council of Ministers noted that the necessary government authority had already been granted in several countries, and a majority of its members welcomed the proposed changes.

36. The main object of the rationalisation and modernisation measures discussed in the preceding paragraphs is to reduce the costs of the railways and enable them to meet competition from other forms of transport more successfully. It must be stressed that some of these measures will have important economic consequences. In particular, the power consumption of the railways will be affected by conversion to electric or Diesel traction, and this will necessarily entail a marked reduction in coal consumption. To give a rough idea of what this may amount to, an estimate, covering the E. C. S. C. countries, only suggests that annual coal consumption during the last two years fell by nearly one million tons and is likely to fall by a similar amount during the coming years owing to the conversion programmes of the railways. These programmes, quite apart from improving the efficiency of rail traffic operation, represent a saving of fuel and power.

4.4. (d) Unification of railway rates

37. Affected as they are by numerous factors, and especially by geographical and economic conditions, railways rates vary widely in level and structure from one country to another. Apart from their function as payment for services rendered, in practice they sometimes serve other purposes such as to secure a fair balance between national producers as well as between the various kinds of transport, to stimulate exports, and to help various industries, ports or traffic routes of national importance to withstand foreign competition. Any change in the rate-structure applied in a country might well seriously affect the earnings of the railways and those of other forms of transport, as well as the competitive strength of industries and ports in various countries. This shows the complications involved in unifying railway rates and how difficult it is to proceed on this course. The institution of a common market for products coming within the competence of the European Coal and Steel Community makes it necessary for the member countries to apply transport rates in such a way that users in comparable circumstances can be offered similar prices, and this is what the High Authority is endeavouring to do. However, the unification of transport rates as between European countries could only become a practicable proposition if this common market were extended to embrace other countries and other kinds of goods, and this is beyond the powers of the Ministers of Transport.

But that is not to say that no immediate attempt should be made to approach this ultimate goal by tackling the problem in successive stages, through closer co-ordination of rate policy between railway administrations, through development of rates for international services distinct from those for national services, through efforts to secure the structural unification of rates, and through concentration of traffic on rationally-planned routes.

38 These are the broad lines of policy adopted by the Council of Ministers of Transport. It is following closely the studies on this subject conducted by the E. C. E. and the U. I. C. and at its last session asked the U. I. C. to keep it informed of any difficulties the latter may encounter in order to see what could be done to solve them.

4.5. (e) Improvement and development of European highways and road transport

39. At its very first session, the Council of Ministers expressed its concern to secure the co-ordination of the projects for developing international traffic arteries listed in the Resolution adopted at Brussels on 17th October, 1953. It is proposed to secure such co-ordination under the procedure adopted for the co-ordination of investment generally (see paragraph 23). In addition, the Committee of Deputies has been given authority to amend the list of routes involved.

40. On 17th March, 1954, a General Agreement was signed at Geneva under the auspices of the Economic Commission for Europe, laying down general economic regulations concerning international road transport; these included special annexes which form an integral part of the Agreement. An Annex (C 1) concerning the

transport of perishable goods was signed on; 1st July, 1954. The Council of Ministers has invited those member countries of the Conference which have signed the Agreement but not yet ratified it, to do so, and those which have not yet signed to accede to it and has also advocated the drafting of international regulations on as uniform a basis as possible.

The E. C. E. regards the Agreement of 17th March, 1954, as a preliminary to the institution of a common procedure for the issue, of licences in countries where foreign vehicles are subject to certain restrictions based on permits. Failing the abolition of restrictive arrangements of this type which are designed to avoid granting foreign vehicles more favourable treatment than national vehicles in countries where controls on road transport are considered necessary, the institution of the new procedure will at least be a step towards the improvement of road transport. It must also be added that the International Road Transport Union has notified the Conference of its request to the E. C. E. to enquire into the problem of tax regulations affecting foreign goods vehicles.

41. In the last few years, several, other Agreements relating to road transport have been signed under the auspices of the Economic Commission for Europe. These include the 1949 Protocol concerning Road Signs and Signals, the European Agreement giving effect to Article 23 of the 1949 Convention on Road Traffic (permissible weights and dimensions of motor vehicles), the Agreement providing for the provisional application of Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, signed on 16th June, 1949, together with the additional Protocol of 1952. In order to expedite or extend the application of these Agreements, the Council of Ministers of Transport has asked the member countries to sign or ratify them, as the case may be, as soon as possible.

42. In view of the rapid increase in international goods and passenger traffic by road, with its attendant traffic congestion and sometimes long delays at various inadequately equipped frontier posts, the Council of Ministers, at its 1953 session, considered it would be most useful if the Governments concerned took action on the following lines :

- a. that when frontier posts situated on main international traffic arteries are not adequately equipped to cope with the constantly increasing volume of traffic, they should be reequipped at an early date, in accordance with the Declaration of 16th September, 1950 on the construction of main international traffic arteries ;
- b. that frontier posts which are not situated on main international traffic arteries, but which still handle a large volume of traffic, should also be adapted to traffic requirements within a reasonable time.

The enquiry conducted by the Committee of Deputies regarding the conditions prevailing at frontier posts in 1954 shows that, though these cannot everywhere be regarded as satisfactory, appreciable progress has been or will be made through the numerous projects for the reconstruction, improvement or extension of these posts, and for the re-alignment or juxtaposition of national customs houses, some of which projects have already been completed, whilst others are under construction or planned. This question is an important one for the development of international road traffic, and has a permanent place on the agenda of the E C E Group of Customs experts.

4.6. (f) Problems relating to inland waterways

43. Desirous of promoting European cooperation in the field of inland waterway traffic, the Council of Ministers, at its 1953 session, drew up a non-exhaustive list of twelve inland waterways projects of European interest, and expressed the opinion that each of these projects should be carefully studied and put on a uniform basis. At its following session (October, 1954), the Council of Ministers approved a Report, prepared by a group of experts at the request of the Committee of Deputies, consisting mainly of :

- the submission of a chart drawn up on a uniform basis for the European network of inland waterways ;*
- the fixing of standards for canals based in principle on the 1,350 ton " Rhine-Herne " type of craft ;*
- the adoption of standards for rivers similar to those relating to canals ;*
- the institution, for most of the twelve projects mentioned above, of a fact-finding working party consisting of experts from the countries concerned in order that the planning of these projects may continue on a bilateral or multilateral basis.*

The steps thus taken by the Council of Ministers of Transport fit in with the general arrangements for the co-ordination of investment (see paragraph 23 above).

44. At its October, 1953 session the Council of Ministers attached special importance to the two following problems :

- a. the speedier flow of traffic across frontiers by simplifying customs formalities and by improving as far as possible the conditions under which they are carried out ;
- b. the standardisation of the signalling system used on inland waterways.

The first of these problems is being handled by the Economic Commission for Europe (E. C. E.) and the Central Commission for the Navigation of the Rhine (C. C. R.). At its October, 1954 session, the Council of Ministers was gratified to note that improvements had been made in this connection at the main customs houses, especially on the Rhine.

Investigations concerning the second point have been undertaken by the Permanent International Association of Navigation Congresses. The Council of Ministers has asked the E. C. E. to approach this Association and ask it to prepare draft technical Regulations, for subsequent consideration by the E. C. E. in consultation with representatives of the C. C. R. and in co-operation with the industry concerned.

45. The Council of Ministers has also given its attention to inland waterway freight rates ⁵ in view of the possible disparities between national rates, which are usually more or less controlled, and international rates, which are unrestricted. At its October, 1953 session the Council considered it desirable to enquire into the possibility of co-ordinating these rates and stressed that the work which the industry had already begun in this field should be completed as quickly as possible.

46. The High Authority of the E. C. S. C. attaches great importance—in view of the provisions of the Treaty—to the speedy coordination of such freight rates insofar as they affect commodities covered by the Treaty.

47. The inquiry which the Council of Ministers of Transport had called for was carried out by a special sub-committee of the Committee of Deputies, consisting of representatives of countries concerned with inland waterway navigation, which took note of the communications on this subject from the High Authority of the E. C. S. C. and which heard the views of representatives of the C. C. R., the E. C. E. and the International Union of Inland Waterways.

48. The findings of this special sub-committee were approved by the Council of Ministers' Session in October, 1954. These findings rested on three basic principles, i. e., a general solution should be sought covering all goods carried by water; an attempt should be made to find a solution embracing all the navigable waterways of Western Europe; equality of treatment in inland navigation, and including the abolition of limitations on cabotage operations, this to be done by stages according to a plan jointly agreed by the States concerned, and having regard to the need to avoid serious disturbance in the inland transport system of each country. The negotiations between the Governments to effect this should begin as quickly as possible. As regards the procedure to be adopted, the industry was invited to pursue as actively as possible the measures it had already taken to implement the recommendations of the Economic Conference on the Navigation of the Rhine held in 1952, and to proceed in the same way for waterways not subject to the Rhine Statute. In this latter instance, should the industry unexpectedly fail to settle the problem itself within a reasonable time after the Government negotiations concerning limitations on cabotage had been brought to a successful conclusion, the Governments concerned would then reserve the right to take action in various fields. As regards river transport using the Rhine as well as other waterways, the Governments concerned, in consultation with the industry, would jointly agree as to whether they should be classified in the " Rhine " or " non-Rhine " category.

4.7. (g) Co-operation between inland, and air transport

49. At its October, 1954 session, the Council of Ministers of Transport considered the final report of the Conference for the Coordination of European Air Transport held at Strasbourg from 21st April to 8th May, 1954, and, in particular, Recommendation No. 28 concerning the creation of a European Civil Aviation Commission. The Council observed that in most of the countries represented on the E. C. M. T. civil aviation and inland transport were controlled by the same Minister, and considered that the problems relating to civil aviation should not be settled without regard to the effects which such treatment might have on other means of transport. In order to promote satisfactory co-operation between inland and air transport, the Council therefore gave the Committee of Deputies authority to watch developments as regards the action taken on Recommendation No. 28, so that it may be able to propose suitable measures to the Council of Ministers of Transport, if necessary.

5. Points 45 to 48 do not apply to navigation on the Danube.