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

Opinion[1]
Committee on Economic Affairs and Development
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1. 1955 - 7th Session - First part

A. DRAFT RESOLUTION constituting an opinion on the First Report on the activities of the European Conference of Ministers of Transport

1. The Assembly has examined with interest the First Report of E. C. M. T. It can but express satisfaction that an exchange of views should thus have been instituted with the Ministers of Transport similar to that which, on the basis of regular reports, exists with O. E. E. C, and E. C. S. C. This, indeed, represents an essential element of European co-operation, and the Assembly is very much aware of the imp or tance to be attached to a public opinion that is fully informed on these matters.

2. The Assembly has taken special note of certain points made in this Report.

(a) Railway deficits

In view of the burden which such deficits impose upon public funds in most of the member countries, the Assembly learns with satisfaction that the International Union of Railways has undertaken a study of this question and hopes that it will be kept informed of the results obtained.

(b) Transport for private account

(c) Eurofima

The Assembly has learned with interest of the forthcoming establishment of this company, which would appear to be a particularly welcome materialisation of the idea, emanating from Strasbourg, of European companies.

(d) European road fund

It would appear to be essential to finance roads of international importance on an international basis. It would be desirable to this end to establish a European road fund which would in part be financed by a European tax imposed upon road users.

(e) The problem of through rates

The Conference should make a study of the effects of the measures of this kind taken by the six countries of the E. C. S. C. on the transport system and, in a general way, on the economy of these countries and of the other member countries which may also have been affected.

(f) Air transport

The Assembly expresses the wish that the Member States of E. C. M. T. should ensure that the same united action which prevails in most member countries between surface and air transport should be ensured at the European level, due regard being paid to the essential technical independence of air transport.

3. In a general manner, the Assembly notes that, while the First Report of E. C. M. T. reveals substantial achievements in various fields, the Conference appears to have endorsed the activity of the great specialised organs much more than to have inspired and co-ordinated it. The co-ordination of the various means of transport on the European plane would nevertheless appear to be of vital importance. In order to ensure this co-ordination and afford the continuity which is essential to the work of the Conference, the Assembly considers it necessary that there should be established a structure the form of which would be based on the experience of the High Authority of the European Coal and Steel Community—that is to say, a Standing European Transport Committee.

(a) Composition

The Standing Committee would be composed of a very small number of eminent persons. Delegates, appointed by common agreementby Governments, should attunethemselves to a European outlook without receiving any instructions from Governments, to which they would not be responsible. Members of the Committee should be so chosen as to represent expert knowledge not necessarily limited to transport alone.

The Governments would also appoint the Chairman of the Committee who would be responsible for the manner in which it worked and, in order to ensure necessary liaison, would be an ex officio member of the Conference of Ministers of Transport whenever it met.

(b) Operation

The Standing Committee would establish its own programme of work, but the Conference of Ministers, specialised organisations and the Consultative Assembly could suggest to the Committee any questions they might wish to be studied.

For any necessary study the Committee would, in conditions to be formulated, call upon such persons as technicians of the major existing specialised organisations and representatives of the economic organisations and trade unions concerned : thus small working parties of a very flexible nature could be formed to study each individual question and, according to the nature of the question, could be presided over by one or other member of the Standing Committee.

The national point of view would be represented in a. twofold manner : by the participation in these working parties of national professional representatives and of the Ministers' Deputies of countries interested. In the light of these various points of view the Standing Committee would form its own conclusions, which would be made public.

These reports would be referred to the Consultative Assembly for opinion, and an appropriate procedure would be worked out whereby such opinions could be rendered promptly. Both the reports and the opinions would be transmitted to the Ministers who would then be in full possession of the facts before reaching a decision.

The Ministers would remain free to accept or to reject the recommendations of the Standing Committee, but in the case of rejection they should indicate their reasons for such rejection to the Assembly.

B. Draft Order

The Assembly instructs its President to transmit the Opinion contained in Resolution 73 together with the Explanatory Memorandum to the European Conference of Ministers of Transport and also to the Ministers for Foreign Affairs of the six countries of the European Coal and Steel Community, in order that these may place it before the ad hoc Conference which has been given the task, as the result of the meeting at Messina, of studying problems of European integration.

C. Explanatory Memorandum (submitted by M. LEMAIRE, Rapporteur)

1. INTRODUCTION

1. Any plan for increasing European co-ojneration in the field of transport should take into account the work already achieved and should be aimed much more at the intensification of these efforts than at the launching of new schemes.

2. It is indeed a matter of intensification since, in this particular domain, a large number of institutions already exist. They are the great specialised organisations such as the International Union of Railways, the International Road Transport Union, the International Road Federation and the International Union for Inland Navigation. Added to which there is a wide range of consultative bodies with headquarters in Geneva.

3. The High Authority of the E. C. S. C. has itself engaged in considerable activity with regard to transport questions, particularly in respect of tariffs.

4. Lastly, there has existed, since the meeting of the Brussels Conference on 17th October, 1953, a European Conference of Ministers of Transport (E. C. M. T.) which has recently transmitted its first report to the Consultative Assembly and to O. E. E. C.

2. I

2.1. 1. Comments on the First Report of E. C. M. T.

The Consultative Assembly can but express its satisfaction that an exchange of views should have been instituted with the Ministers of Transport similar to that which, on the basis of regular reports, exists with O. E. E. C. and E. C. S. C. This represents an essential element of European co-operation, and the Assembly is very much aware of the importance to be attached to a public opinion that is fully informed on these matters and to adequate parliamentary control of action taken by the executive in this field.

The Assembly has taken special note of certain points made in this Report.

2.2. 2. Railway déficits

The Report refers in paragraph 21 to the weak financial position of tin; railways and to " deficits which in most cases need to be by the taxpayer ". The fact that this problem is familiar to most Member States would appear to indicate that the causes—and therefore remedies—are similar in the various countries and to warrant a study of this problem on the European plane. The Assembly understands that I. U. R. has undertaken such a study and in view of the fact that these deficits make a heavy call upon public monies, the Assembly welcomes such an initiative and expresses the hope that it will be kept informed of any progress made.

2.3. 3. Transport for private account

In paragraph 22 the Report emphasises the increasing development of road transport for private account. It would appear desirable to undertake a study of this development and of its impact on other means of transport such as rail.

2.4. 4. Co-ordination

In the same paragraph it is stated that " the Conference did not consider the time to be ripe to tackle the problem of coordination as such from the general point of view ".

Yet here there remains the risk that the present state of affairs may have the same results on the international plane as we know exists at the national level. For instance a map is drawn up, on the one hand, of the network of major European roads on which work is to be done while, quite independently, a list is established, on the other, of international rail links. Surely it would have been more logical to combine two projects which are of equal importance? Could not. the idea which emerged at Strasbourg in 1953 concerning the necessary points of contact between main road and rail communications be exploited so that these two methods of transport may be harmonised for certain connections and for certain types of traffic? fs it possible in the name of co-ordination to cite a list of European inland waterways that includes conflicting cases such as plans for the canalisation both of the Meuse and the Moselle?

The Assembly attaches the greatest possible importance to the implementation of the Resolution adopted by the Ministers of Transport on 21st and 22nd October, 1954 whereby all major European projects should be considered by the Conference.

2.5. 5. The " Eurofima Company "

The forthcoming establishment of the Eurofima Company, as announced in the Report, would appear to be a particularly welcome materialisation of the proposal made at Strasbourg for the creation of European companies. Transport is undoubtedly one of the sectors in which the need for such a formula will be most strongly felt, and solutions reached with regard to Eurofima will provide valuable precedents.

It might have been more logical to institute one single organ for the purpose of financing international European transport whether by rail, water, road or air, and the idea might have been put forward that this organ should be financed by State contributions or a European tax imposed upon consumers, and that these funds should then be allocated to the various means of transport in accordance with a general plan and the requirements of international traffic.

Attractive as such a solution may be it would appear to give rise to considerable difficulties. For instance, the list of States prepared to co-operate as closely as this in respect of inland waterways would not in the least resemble the list of States prepared in common to finance airlines. The financing of railways would present quite a different problem, since here equipment is usually the property of nationalised companies, whereas private ownership is the general rule for road and river transport, while for airlines most purchases imply substantial foreign exchange payments.

In the absence of a European State, and in view of the varying juridical character of the various means of transport, it is probable that the other methods of transport would be liable to constitute European companies, more or less similar to Eurofima but not necessarily of interest to the same States.

6. So far as road infra-structure in particular is concerned, it would appear absolutely necessary to finance roads of international importance on an international basis. Negotiations aimed at the creation of a European road fund have so far been impeded by the fact that the work to be financed does not offer security for those who would put up the money.

There is a number of possible solutions. A small tax might for example be imposed on all road users similar to that levied by the High Authority at Luxembourg. This levy might take the form of a tax on fuel. Again, a special tax might be imposed on all international road transport, which in that case would need to be admitted in a more liberal manner. This last solution would affect a smaller number of taxpayers, and it would presuppose a higher rate of taxation y comparable sums were to be obtained. It would thus probably be necessary to combine the two methods.

Certain itineraries might also be equipped as " toll-arteries " as is currently the case in the United States.

Whatever the solution adopted, the product of these European taxes would be paid in to a European road fund which, benefiting by this initial source of revenue, could then be in a position to tap other sources of financing.

7. It is well known that in the field of air transport the three Scandinavian companies have succeeded in establishing a highly developed type of integration as represented by the S. A, S. But it would be Utopian to expect the numerous States which attended the Strasbourg Conference on the co-ordination of air transport to reach a general agreeement on such close forms of collaboration. It would, however, be desirable that those States whose interests coincide should sign among themselves similar agreements for co-operation— which might at the outset, for example, be limited to the purchase in common of identical equipment.

8. Without at this point going into details, it is possible that water transport operators of certain States might find advantage in establishing common financing organs.

9. If it were decided tomorrow to undertake the construction of the tunnel under Mont Blanc, the canalisation of the Moselle, the Channel tunnel or, in a general way, any other of the great European undertakings, a certain number of European companies of a semi-public character would emerge and would take their place halfway between the public and private sectors, between the nationality of the site and the international character of their purpose. When one considers the difficulties inherent in not only the financial but also the political control of companies of semi-public character on the national plane, it is clear that the problem of their control and the necessary centralised impulsion will not fail soon to present itself at the international level.

2.6. 10. The problem of through rales

Reference is made in the Conference's Report, para. 37, to the first steps taken by E. C. S. C, within the limited framework of six countries and two products, with a view to instituting through rates by the abolition of interrupted charges at frontiers. It is thus possible to discern the emergence of a tariff policy in respect of transport from the angle of one single sector of production. Such a policy docs not and cannot take into consideration the economic repercussions that it has both on the means of transport themselves and on the national economics of European countries. This action does not in fact eliminate distortion, but merely transfers it to the confines of the integrated sectors. It is clear that the decisions taken at Luxembourg will cause a considerable deficit for the Community railway lines and that there will be no compensatory advantage.

Will these deficits therefore be covered by an increase in the charges on other goods transported or by subsidies? Will the integrated coal and steel sector thus bo subsidised by other transport consumers or by the European taxpayer? The Assembly considers that the Conference might usefully make a study of the effect of these measures on transport and, in a general way, on the economy of the six countries as well as other member countries which might also have been afi'ected. Such a study could also consider what, would be the budgetary consequences for European railways and for the European economy as a whole of an extension to other products of through rates such as have already been applied to coal and steel.

So far as unification of tariffs as such is concerned, the Assembly takes note of the opinion expressed by the Ministers of Transport to the effect that it could only be brought about in so far as the extension of a common market to other countries or to other merchandise had been decided upon. There would be little purpose, indeed, in tackling tariff distortion without at the same time tackling the other obstacles to trade. However, efforts directed towards the liberation of trade by the abolition of quotas, of customs duties, of dual pricing or of artificial aids to export should not neglect tariff discrimination or supporting tariffs which loom just as large in the arsenal of protectionist measures.

2.7. 11. Air transport

The Assembly notes with satisfaction the interest displayed by the Ministers of Transport in the proceedings of the Strasbourg Conference on the co-ordination of air transport and has also had the opportunity of considering the work done in the course of that Conference. The Assembly is well aware that it would be purely artificial to wish to separate intra-European transport from transatlantic routes. It is also aware that air transport in certain member countries depends upon Ministers other than those who participate in E. C. M. T. It is of the opinion, however, that the fundamental unity of the problem of Western European transport should be continually borne in mind. For instance intra-European air transport is, on certain itineraries, in increasing competition with the railways. Though of possible benefit to the consumer, such competition is undoubtedly harmful to the European taxpayer, who is called upon to subsidise two methods of transport which are sometimes in rivalry and generally nationalised and working at a loss. If it is considered that in most member countries the same Ministers are responsible both for surface and air transport it would surely be paradoxical that two distinct organs should be set up. The Assembly therefore expresses the wish that the Member States of the Conference should study the best ways and means of obtaining, on the European plane, that unity of impulsion for surface and air transport which prevails in most member countries. In so doing, particular account should be taken of the essential technical independence of air transport.

It might thus he envisaged that, under a single Council of Ministers[2] there should sit separate Committees of Deputies, with their own secretariats, which would, nevertheless, have the possibility of setting up joint groups of experts for certain questions of common interest such as the study of traffic possibilities or competitive rates on certain itineraries.

3. II

3.1. 12. Need for a Standing Committee on European Transport

A perusal of the Report brings out the fact quite clearly that the Conference has, in the main, simply given its blessing to the activities of the chief specialised organisations. This policy has indeed had the advantage of entrusting the preparation of decisions to the most competent organs and avoiding the setting up of a new

2. Countries such as Italy and Spain where air transport docs not depend upon Ihe Minister of Transport could send as delegate lo the Conference the Minister responsible for air transport when such questions arose.

bureaucracy. But the Conference has had no means of its own to do more than adopt recommendations made by these specialised organs without in fact co-ordinating them—thus running the risk of raising to the European level difficulties which already exist in each country. As early as September, 1953 the Assembly had already expressed the opinion that " the task of correlating and comparing the opinions of these international organisations, let alone the need to ensure the essential continuity of the work of the Conference, is, however, too heavy for it to be added to those tasks already undertaken in the various countries by the Ministers of Transport and the senior officials who deputise for them ".

In order to study and resolve such complex problems, to remedy the lack of co-ordination which is now wasting public funds, and to give existing institutions the necessary stimulus, it seems essential to introduce a motive force, some element of continuity more or less analogous, by its composition and working methods if not in respect of its powers, to the High Authority of the E.C.S.C., —namely a Standing European Transport Committee.

3.2. 13, Proposed structure

The proposed structure would be as follows :

1. At the top, the existing Conference of Ministers and their Deputies would take decisions.
2. These decisions would be prepared under the impulsion of a restricted committee, —the new Standing European Transport Committee.
3. This Committee would produce the necessary studies by creating special working parties whenever it thought fit. These would be composed, among others, of representatives from the existing specialised organisations : i. e. the International Union of Railways, the International Road Transport Union, the International Road Federation, the International Union of Inland Navigation, the International Chamber of Commerce, international trade union organisations and professional representatives of the countries concerned.
4. It is suggested that transport experts together with representatives of consumers and trade unions should in each country form national committees whose task it would be to make comments and express wishes.
5. The necessary parliamentary control would be ensured by the Consultative Assembly of the Council of Europe.

3.3. 14. Characteristics of the system

This structure is essentially based on what exists today but introduces two important innovations :

A Standing Committee supplying the necessary motive force;

Professionals and users would be able to take part in the actual preparation of decisions.

In the present state of affairs the Standing Committee—the pivot of the whole system—would not have powers similar to those of the High Authority at Luxembourg.

The Committee's principal task would be that of preparing the Ministers' decisions and following up their implementation.

After a preparatory period, however, the Governments, with the assent of their Parliaments, could entrust the Committee with certain powers of arbitration and delegate to it certain poAvers in the field of international transport. There Avould thus be no abrupt transfer to supranationalism, but a graduai advance towards certain supranational powers.

While being flexible this system would remain open to tbe extent that all member countries of the Conference of Ministers could participate. If, however, certain of these countries did not feel sufficiently interested to take part in a more effective scheme than that in force at present, there would be latitude for the countries acceding to the proposed system to constitute a more compact group, such as the Statute of the Conference of Ministers allows for.

3.4. 15. Composition of the Standing Committee

Tbe Standing European Transport Committee would be composed of. a very small number of eminent persons. Although their number would bear some relation to the number of countries participating in this Committee they would not in any way be Government delegates[3]. Members of the Committee would be so chosen as to bring together experts in a number of specialised branches not necessarily limited to transport alone. They would devote their entire time to the task in hand. Nomination might follow the method adopted in the case of the High Authority of the E. C. S. C. Delegates appointed by common agreement by Governments would be expected to attune themselves to a European outlook without receiving any positive instructions from their Governments, to which they would not be responsible.

The Governments would also appoint the Chairman of the Committee, who Avould be responsible for the manner in which it worked and, in order to ensure necessary liaison, would be an ex officio member of the Conference of Ministers of Transport.

It may be seen that the conception of this Standing Committee is the same as that of the independent Committee of Experts called for by our distinguished colleague M. Kaptcijn in his Report presented and adopted in tbe course of the last Session of the Common Assembly.

This Committee is called a Standing Committee in order to emphasise that its purpose is to introduce into the system an element of permanence which is .a present lacking; were it not for the fact, however, that the term gives rise to political objections, it would be more logical to call it the European Transport Authority. It should be recalled that the Council of Europe advocated the creation of various specialised authorities as an alternative to a Federation, which it felt to be politically premature. The fact that the first of these authorities was a High Authority invested with supranational powers does not mean that the same should be the case in all other sectors of European economic co-operation.

3.5. 16. Rôle of parliamentarians

The Conference instituted a particularly satisfactory practice in addressing its first Progress Report to the Council of Europe, and it proposes to continue this practice. Parliamentarians should, however, be more closely associated with the preparation and working out of decisions. They should be in a position to make known their opinion with regard to the recommendations of the Standing Committee before the Ministers take up a definite stand. An appropriate procedure would be worked out whereby these opinions could be rendered promptly.

3.6. 17. Operation of the system

The Conference of Ministers, the specialised organisations and the Consultative Assembly could, any of them, suggest to the Committee certain questions which they might wish to be studied. The Committee could itself decide to examine any questions requiring study.

For any necessary study the Committee would, in conditions to be formulated, call upon the technicians of the great existing specialised organisations. Thus, small working parties of a very flexible nature could be formed to study every individual question, and, according to the question, they would be presided over by one or other member of the Standing Committee.

The national point of view would not be neglected. The Committee would call on professional representatives of the various countries who, as indicated above, may already have been in the position to exchange views on their national Committees.

Having ascertained these various points of view, the Standing Committee would form its own conclusions. These would be made public, as is the case with courts of enquiry which operate in English-speaking countries. Its reports would then be put before the Consultative Assembly for an opinion. Both the reports and the opinions would be transmitted to the Ministers who would then be in full possession of the facts before reaching a decision.

The Ministers would, of course, remain free to accept or to reject the recommendations of the Standing Committee, but in the case of rejection they should indicate their reasons for such rejection to the Assembly.

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3. e. g. the Luxembourg High Authority is made up of nine Members for six countries while the Interstate Commerce Commission in the United States comprises eleven members.

3.7. 1.8. Competence and powers of the Standing Committee

The chief task of the Standing Committee would be to promote a policy of harmonising and co-ordinating transport. It would draw up a general plan of the main European arteries to be developed in relation to increased intra-European trade.[4]

In the light of its studies it would then be possible for it to formulate, in respect of investments and tariffs, proposals which would channel international traffic into such itineraries and modes of transport as were recognised as being the most rational.

The Standing Committee should promote any measure which would bring other modes of transport up to an organisational level comparable to that obtained by the European railway system. With regard to road transport, in particular, which involves difficult fiscal and institutional problems, it should prepare, for governmental approval, a Convention on intra-European road transport which it would then be expected to implement.

There arc some European transport companies already in existence, and the Standing Committee would propose to the appropriate European organs the legal steps that should he taken to facilitate the establishment and operation of such companies.

This list of some of the tasks which would fall to the lot of the Standing Committee, though incomplete, shows that it should be much more of a permanent active instrument than a mere consultative organ.

In order that it should carry out its functions the Governments would be required to supply it with any useful information with regard to existing means of transport, conditions of operation, plans for the modification of such means of transport and those for the creation of new means.

The Committee would, on behalf of the Conference, keep an eye on the implementation of decisions adopted, and exercise proper control over institutions similar to Eurofima which it might itself create.

This aspect of the work of the Standing Committee might very soon assume great importance. Although these institutions would naturally be governed by their own regulations, the Standing Committee should have the right to delegate a representative as observer on their Boards.

After a transitional period during which the system would be put under way, the Committee might be granted certain powers of arbitration and certain powers of its own, such as those relating to the co-ordination of investments or the standardisation of equipment, as provided for in the Report presented in May, 1951, on behalf of the Special Committee on Transport of the Council of Europe, by M. Bonnefous. This Report on the establishment of a European transport authority comprised the following articles :

" Article 14. — The Authority shall have, with regard to railway equipment, the right to determine the general characteristics governing equipment to be constructed in the future, and to oppose the use, on any of the railway networks of the H. C. P., of equipment that does not come up to the standards so determined. "

" Article 16. — To ensure the necessary co-ordination of capital investment in the field of transport, Member States shall, every year, inform the Authority of their proposed intentions with regard to such investment. The Authority shall be informed of investment schemes concerning international traffic, which may only be carried out with the approval of the Authority. In addition the latter may make known their observations on other elements of the national programmes which have a bearing on the above-mentioned matters. "

3.8. 19. Articulation with the E. C. S. C.

One problem that arises is that of the articulation of the proposed system with the E. C. S. C. The links that exist between transport and basic industries are as numerous as they are evident : coal and steel represent 40 % of the total tonnage carried by the Community railways. On the other hand the electrification of certain lines may call for the construction of new power stations and provide a further outlet for coal. On the institutional plane the E. C. S. C. Treaty, although not granting specific powers with regard to transport, nevertheless puts forward a definite and graduated plan of action which has already led to important results. Any overall plan to be undertaken in the field of transport must therefore take full account of the work

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4. The six Ministers for Foreign A flairs of E. C. S. C, in the courso of their meeting at Messina on 3rd June, defined their aims with regard to transport as follows : " Th e extension of trade and the movement of persons calls for a development in common of the great lines of communication. To this end there will he undertaken in common the study of development plans directed towards the establishment of a European network of canals, arterial roads, electrified railroads, standardisation of equipment and the improved co-ordination of air transport. "

undertaken on this line at Luxembourg—work necessary for the realisation of the common market for coal and steel. The Standing Committee could furthermore become the proper institution to carry out the programme put forward by the E. C. S. C. Treaty with regard to transport without, however, vesting the High Authority with powers for implementing this programme.

In such circumstances it will no doubt in due course appear advisable that the two organs should exchange observers, should, when necessary, arrange meetings to discuss certain matters of common interest, or set up joint committees. It is conceivable also that one or other of these organs might carry out certain studies on behalf of the other and at its request.

Co-operation between the two organisations would, above all, depend on a clear definition of their respective responsibilities, and such definition must respect, both in the spirit and to the letter, the clauses on transport embodied in the E. C. S. C. Treaty.

3.9. 20. Conclusions

Thus, side by side with the institutions of E. C. S. C, there would be set up for transport a series of institutions adapted to its peculiar needs : existing specialised organisations which would take part in the preparatory studies, the Standing Committee which would co-ordinate them and put forward recommendations, and the Conference of Ministers, which would have the final powers of decision.

The Standing Committee could gradually come to assume a rôle in Europe similar to that of the Interstate Commerce Commission[5] which deals with transport problems in the United States, although, of course, within an entirely different institutional framework.

In the light of the particular aspects of transport, a flexible and open formula such as that proposed in this Report would appear to afford to Ministers of Transport some of the means of investigation, control and decision which they still lack on the international plane and allow them gradually to bring into being an authentic European transport community.

5. The operation of this institution was studied by an O. E. E. C. mission in March, 1952, and it is partly on the basis of its Report that the European Conference o Ministers of Transport was initiated.