Parliamentary Assembly
Assemblée parlementaire
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Doc. 634
18 April 1957

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

Report

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1. General review of the working of the Conference

1. The Council of Ministers of Transport met twice in 1956 : on 22nd March in Paris and on 17th October in Munich. The Committee of Deputies, for its part, has held 7 regular sessions since the Berne meeting of the Council of Ministers (in October 1955), apart from a special meeting with the nongovernmental organisations concerned, devoted to the financial situation of the railways. In the first stages of its work, it was assisted by the following subsidiary bodies :

> *The Committee for the Co-ordination of Capital Investment, responsible for implementing, with the help of three specialised Sub-Committees on Investment in Railways, Roads and Inland Waterways, Resolution No. 7 (General Problems) of the Council of Ministers. At the end of 1955, it was further instructed to study the future development of transport. The Committee met four times during the period under review;*

The Inland Waterways Committee, whose main task is to implement Resolutions Nos. 4 and 6 (Inland Waterways) of the Council of Ministers, concerning the co-ordination of national and international freights on inland waterways; it met 7 times;

An ad hoc group to study the question of weights and dimensions of road vehicles : this met twice.

Between sessions, the work of the Committee of Deputies was regularly prepared and followed up by its officers, who also held several meetings in the course of the year with the OEEC Council Group responsible for liaison with the E. C. M. T.

2. The Restricted Groups mentioned in previous reports have for the most part continued to function. Some details of their activities will be given later on (Chapter V).

3. In conformity with the decisions taken by the Council of Ministers at its session of 22nd March 1956 on the proposal of the Committee of Deputies, non-governmental international organisations have been associated still more closely than before with the work of the Committee of Deputies and its subsidiary bodies, especially in studying the financial situation of the railways and co-ordinating freight rates on inland waterways. Constant contact has also been maintained with Government organisations concerned with transport. In particular, close cooperation has been maintained with the Transport Division of the Executive Secretariat of the Economic Commission for Europe. Furthermore, all the organisations in contact with the E. C. M. T. were invited to take part in one meeting of the Munich Session of the Council of Ministers. On that occasion, the Chairman of the Council of Ministers underlined the E. C. M. T.'s concern to take full account, in its work, of the importance of the human factor and of social questions, and, with that in view, affirmed his intention of making a special point of keeping in close touch with international organisations representing transport workers.

4. L0. E. E. C. has continued to provide the necessary material facilities for the operation of the E. C. M. T. with great efficiency, as before. The Council of Ministers of Transport has made a point of expressing its warm appreciation of these services.

2. Reaction of international organisations to the Second Report of the Conference and its work in general

5. The Second Annual Report of the Conference was published at the beginning of February 1956 and was given the same circulation as the first.

6. An analysis is given below of the replies received by the E. C. M. T. from the international organisations to which the Report was circulated officially, with the chief comments made by them at the Munich Ministerial Session.

a. After stating that it " greatly appreciated " the ECMT Report, the Council of 0. E. E. C. " notes with satisfaction that the measures determined by common agreement have enabled substantial progress to be made in this field. It is particularly glad that liaison groups between the two Organisations have been set up. " The Council of 0. E. E. C. " invites the E. C. M. T. to let it have observations or comments on those of its activities which are of special interest to the E.'C. M. T. " and adds that " it is desirable that collaboration between the two Organisations should be closer in the field of tourism, and closer co-operation should be developed between the competent bodies of the E. C. M. T. and the Tourism Committee of 0. E. E. C. " The Council of 0. E. E. C, after recalling the tenor of its reply to the E. C. M. T.'s request for its views on the creation of a Road Fund[1], expressed the desire to be kept informed of the progress and the results of the E. C. M. T.'s study on the financial situation of the railways " in view of the general economic repercussions which this situation may have " and to be kept up to date with the activities of the Eurofima Company.

b. The second annual report of the E. C. M. T. and the reply from the Council of Ministers of Transport to Resolution 73 of the Consultative Assembly of the Council of Europe were presented to that Assembly at its meeting on 19th April 1956 by the First Vice-Chairman of the Council of Ministers. The Consultative Assembly then referred the ECMT Report to its Committee on Economic Questions for the

1. See paragraphs 38 et scq.

drafting of a reply, which was discussed by the Assembly on 23rd October in the presence of the Chairman of the Council of Ministers of E. C. M. T. At the conclusion of its discussions, the Consultative Assembly adopted Resolution 100 (1956), wherein :

> *It emphasises the importance of " establishing rational investment programmes and European co-operation in this field";*
>
> *" Requests the E. C. M. T. to examine the question of the financing of highway construction ";*
>
> *With regard to the co-ordination of freight rates, " while it appreciates what has been done so far, would like to be assured that the results obtained will not be jeopardised by fluctuations in the economic situation ";*
>
> *" Trusts that the E. C. M. T. will remain in close contact with the International Civil Aviation Conference and the national air transport authorities, so that the factor of air transport may be duly borne in mind in connection with the development of European passenger traffic ";*
>
> *" Considers that the E. C. M. T., in its present form, is making a useful contribution to European economic integration".*

c. fn its Report for the year 1955, the International Union of fnland Waterways (f. U. I. W.) noted that the E. C. M. T. had " given it an important place in its Report on activities in 1955 " and that the ECMT Inland Waterways and Capital Investment Committees " had always welcomed " the representatives of I. U. I.W. It expressed regret, however, that the Report of the Inland Waterways Committee (as approved by Resolution No. 7—(General Problems) still repeated " the list of 12 projects of European importance, in spite of assurances reiterated at Paris in October 1954 that this list would be reduced to 5 projects, in accordance with the unanimous wish of the international inland waterways industry". It should be noted, however, that I. U. I. W. has, in practice, been given satisfaction, as about half the projects entered in the list are not at present of an urgent nature. At the Munich Session of the Council of Ministers, the representative of f. U. I. W. put forward his suggestions on the procedure envisaged for co-ordinating inland waterway freight rates[2]. He also expressed his interest in the study undertaken by E. C. M. T. on the financial situation of the railways, in view of the consequences which this entailed for the water transport companies. Finally, he called for a sound investment policy compatible with the real needs of the various types of transport.

d. Several of the Resolutions adopted by the International Railways Union at its Stockholm Congress in June 1956 were addressed to the E. C. M. T., including a request " to indicate clearly how it proposed to take steps to enable road transport to develop progressively ", and also asking the E. C. M. T. and E. C. E. " to co-ordinate their activities as much as possible, in order that the I. R. U. might willingly and rationally give any assistance which might be asked of it ". As previously mentioned, close cooperation which made it possible to avoid any[3]. duplication or overlapping of work was maintained with the Transport Division of the Executive Secretariat of the E. C. E. Incidentally, the representative of I. R. U. at the Council of Ministers' Session on 17th October 1956 was not in favour of revising the 1949 Convention on Road Traffic to reduce weights and dimensions1. On the contrary, he urged those Governments which had not yet signed or ratified the Convention to do so as early as possible.

e. At the same Session of the Council of Ministers, the representative of the International Road Federation was of the same opinion. He also emphasised the need for substantial investment in roads, so that the infrastructure could be adapted to the growing traffic, and road safety could be improved.

f. The International Chamber of Commerce (I. C. C.) transmitted several statements to the E. C. M. T. Two of them, dated 30th May and 20th September 1956, related to the co-ordination of inland waterway freight rates. The I. C. C. declared itself " very much attached to the principle of the freedom of international waterway freights ", and asked " to participate in the work yet to be done on this question ". Another statement, adopted on 23rd July 1956, expressed the concern of the I. C. C. at the " possible repercussions on the international plane of the measures at present being taken... notably to reduce the weight and dimensions of road vehicles ". An appeal was made to the E. C. M. T. to continue and complete the action initiated by Resolution No. 3 (Road Transport), urging as many countries as possible to sign and ratify the Agreement giving effect to Article 23 of the 1949 Convention on Road Traffic. At the meeting of the Council of Ministers on 17th October 1956, the representative of the I. C.C., after reiterating this appeal, developed his Organisation's view as to what should be done to co-

2. See paragraphs 14 et seq
3. See paragraph 13.

ordinate inland waterway freight rates, urging that any new administrative measures which were not clearly justified should be avoided. He also asked the E. C. M. T. to adopt a sympathetic attitude to transport " on own account ".

g. The representative of the International Federation of Forwarding Associations (F. I. A. T. A.), at the Session of the Council of Ministers, endorsed the I. C. C.'s view on the need to maintain the 1949 Convention on road traffic, and to extend its field of application. He also urged that carriers should be guaranteed tariffs which would cover their costs.

h. The International Transport Committee of the International Federation of Christian Trade Unions of Transport Workers referred, in a letter of 16th July 1956, to passages in the ECMT. Report concerning collaboration with international non-governmental organisations and to the Decision taken by the Council of Ministers of Transport at its meeting on 22nd March to associate them more closely with its work in future; and expressed the hope that as a result of these new measures it would be invited " to play a permanent and effective part " in the work of the Conference. In response to this request, the I. F. C. T. U. was invited to take part in the Munich Session of the Council of Ministers, on the same footing as the other international organisations. Its representatives at that Session urged that there should be rational coordination in all matters relating to transport, and some improvement in social conditions for transport workers. They also stressed the importance of the human factor.

i. In a letter of 17th August, the International Transport Workers' Federation communicated the resolutions adopted by its Congress, held in Vienna from 18th to 26th July 1956, concerning the economic integration of Europe, the co-ordination of European transport, the formation of Euro-fima and the canalisation of the Moselle. The Federation's views on European integration and the co-ordination of transport were developed by its representatives before the Council of Ministers at its meeting on 17th October 1956.

3. General Review of the transport position in 1956 — Prospects for 1957

7. The year 1956 witnessed the continuation, at a slightly slower rate, of the economic expansion recorded in previous years (see paragraph 7 of the second Report). In the OEEC countries, overall industrial production rose by about 34 per cent between 1951 and J 956 (9 per cent from 1954 to 1955, and 5-6 per cent from 1955 to 1956); under this impetus, the total volume of transport continued to increase, to the benefit of all types of transport. As noted in the previous Report, the amount of idle transport capacity had diminished in 1955, especially for Rhine shipping, which seemed to be in a critical position by the end of 1955, giving rise to justifiable misgivings in the industry. As recorded at the crossing of the Germano-Netherlands frontier, Rhine traffic showed a further substantial increase of 16 per cent in 1956 in comparison with the previous year. In 1956, it exceeded for the first time 100 million tons, which represents a volume comparable to the traffic handled by the Suez Canal. The rise affected nearly ail products. Despite the considerable rise in demand, which caused an increase in freights, Rhine transport has so far been able to meet requirements under reasonable conditions. This result is due to combined efforts by the industry (a more intensive use of shipping) and the Governments (either by speeding up the official turn-round time, or by simplifying customs and police formalities). In this connection, the E. C. M. T. has strongly urged the German and Netherlands Governments to combine their control services for the crossing of the Germano-Netherlands frontier. The E. C. M. T. proposes to follow Rhine transport developments closely and to take steps to bring into play all measures which are likely to improve transport efficiency and which can be effected by joint action by industry and Governments. Apart from the steps already referred to, the importance of regularly replacing and modernising the Rhine fleet must be emphasised.

8. The E. C. M. T.'s programme of work includes the study of the future development of transport or, more precisely, the questions of adapting transport capacity to the foreseeable needs of the economy in coming years. To do this, forecasts of output and trade are necessary. They have been obtained from 0. E. E. C. and cover a period up to 1960. Their availability will enable the appropriate bodies of the E. C. M. T. to carry out the survey in question.

4. Chief problems considered by the Conference

9. The chief problems dealt with by the Conference in the course of the year are described below.

4.1. Financial situation of the railways

10. As mentioned in the previous Report (paragraph 8, section 2), priority was given to this matter 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.

11. To provide a basis of discussion, the I. R. U. made a study, at the E. C. M. T.'s request, of the financial situation of the railways; this reviewed and made a critical analysis of the actual position and put forward a number of suggestions. Following its transmission to the E. C. M. T. in January 1956, the Committee of Deputies held a general discussion on this study with all the international organisations working with the E. C. M. T., and then examined it in more detail with the parties most directly concerned. In the light of certain additional studies made by the I. R. U., the Committee of Deputies has now prepared a report for the Council of Ministers, which will be submitted at its next session, in the spring of 1957.

12. One chapter of the report is devoted to the development of road transport on own account, and the possible effect this might have on the financial situation of the railways. At its Session of 17th October 1956, however, the Council of Ministers, bearing in mind the special importance of the question of transport " on own account " as affecting roads and inland waterways, in the context of general transport policy, requested that this should continue to be studied, independently of the financial situation of the railways.

4.2. Problems concerning the dimensions, weight, pay-load and speed of road vehicles

13. The development which has occurred in recent years in the use of commercial road vehicles (motor-coaches, lorries and lorries with trailers or semi-trailers), and the consequences ensuing, with regard to both expenditure on infrastructure and the free flow and safety of road traffic, led certain countries to question whether the time had not arrived to revise the attitude towards some of the fundamentals governing the dimensions, weight, paylbad and speed of road vehicles, with the aim of working out a scheme which would be acceptable to most member countries, especially those which are of great geographical importance in the matter of transit traffic. Other countries considered, on the other hand, that such a revision was not called for. At its Session of 17th October, the Council of Ministers took note of the first studies carried out in this connection by the Committee of Deputies, and instructed it to collect, with the assistance of the Director of the Transport Division of the Economic Commission for Europe, " documentation of the technical factors and their possible economic repercussions with regard to axle loading, weights and dimensions of vehicles, to study the incidence of the above factors on the wear and tear of roads, to try to find out what measures should be taken at international level to ensure the best use of the existing infrastructure and to improve road traffic and safety ".

4.3. Co-ordination of inland waterway freight rates

14. After summarising the progress achieved, both on the Rhine and on inland waterways west of the Rhine, during 1955, the previous Report mentioned that the mandate of the Inland Waterways Committee had been extended in order to ensure that the conclusions adopted by the Council of Ministers of Transport in October 1954 were put into effect. The 'Committee continued its activities in 1956, In close collaboration, as before, with the Transport Division of the High Authority of E. C. S. C. and the Secretariat of the Central Commission for the Navigation of the Rhine, and also with the professionals, as represented by the International Union of Inland Waterways. Its work was crystallized in a report, which was approved by the Council of Ministers of Transport in Munich at its October 1956 Session, and on which the Minister of Transport of the Netherlands made certain reservations. The conclusions of this report are summarised below.

15. With regard to Rhine navigation, the implementation of the recommendations of the 1952 Economic Conference on the Navigation of the Rhine, several important sections of which are still in the project stage, provides a practical means of co-ordinating transport charges and conditions on the Rhine, and must be actively followed up. In this connection, the previous Report mentioned, in paragraph 22, the conclusion of various traffic agreements, the most important being the Convention on international traffic in coal consigned to Germany (Kettwig Pool), which actually came into effect on 1st April 1956. The entry into force of the International Convention on Cereals, on the other hand, which was also due for 1st April 1956, had to be deferred.

16. The participation of foreign shipping in traffic between German ports on the Rhine, including its tributaries and the canals linking the Rhine with the Dortmund-Hamm region, was dealt with in a decision by the Federal Government : from 1st May 1956 a general authorisation was granted to foreign shipping.

17. With regard to traffic on waterways west of the Rhine, it seems necessary for the control of connections within each State to be maintained either directly by the States, or through the water transport companies. With regard to international relations, negotiations have been opened within the E. C. M. T. with a view to concluding, as quickly as possible, an intergovernmental Convention to enable steps to be taken to co-ordinate freight rates and the conditions governing water transport in countries where these are not covered by legal provisions.

18. The Convention, which is now being prepared, will be based on the following principles :

18.1. Obligation to transact water transport business, other than transport " on own account ", on public freight exchanges (whether organised by the State or by the industry). This obligation would cover not only trip charters, but also longer-term charters. Freight rates could thus be recorded and notified to the Governments.

18.2. Obligation on professional carriers to obtain a stamped document which the States concerned would require to be produced for the crossing of the frontier. It should be compulsory for this document to specify transport charges and conditions. Carriers on own account would also have to produce a special stamped document before crossing the frontier. The stamps would be affixed by the freight exchange or by any other body designated by the States, and would be accepted on a reciprocal basis.

18.3. Establishment of Committees :

18.3.1. Regional Committees would be set up to promote the co-ordination of transport conditions and give advice on general matters of a practical nature relating to international transport;

18.3.2. In addition, an International Committee would be established, composed of Government representatives and delegates of regional Committees, which would be particularly concerned with the co-ordination of the policies followed in the various countries with regard to charges and conditions in the international transport concerned, and would make appropriate suggestions to the Governments to that end.

18.4. Limitation of fluctuations in international freight rates : The question of whether supply and demand should be allowed free play on the public freight exchanges, or whether minimum levels should be fixed for the variation in freight rates, is still open.

19. In compliance with the conclusions adopted in October 1954 by the Council of Ministers of Transport, negotiations will be opened within the E. C. M. T. between the States concerned to draw up a plan for abolishing the restrictions on " cabotage " and for fixing successive stages for this relaxation, if necessary.

20. Last, but not least, the Inland Waterways Committee has been instructed to work out a scheme for the satisfactory co-ordination of freights charged within the countries and the international rates..

4.4. Improvement and development of main lines of communication — Co-ordination of investment

21. As mentioned in the second Report (paragraph 17), the member countries of the E. C. M. T. were requested to communicate their investment programmes each year, accompanied by a progress report for the year completed, which would together form the basis of an annual report for the Council of Ministers. The communications relating to each type of transport were, first, studied by three Sub-Committees (railways, roads and inland waterways), and the results were subsequently co-ordinated by a special Committee.

22. The Sub-Committee on Investment in Railways considered the situation and future prospects, first with regard to electrification, as last year, and secondly with regard to Diesel traction. (i) Electrification

23. The Sub-Committee checked and brought up to date the data contained in the table attached to its previous report, which summarised the situation in 1955, and the projects to be carried out over the next five years, for main lines in Europe. This revision revealed that the length of main line electrified, which amounted to 15,600 km in October 1956, increased by 771 km (5 per cent) between October 1955 and October 1956, including 119 km of 1,500 volts D. C, 276 km of 3,000 volts D. C, 228 km on 16-2/3 cycles monophase and 148 km on 50 cycle monophase. The programmes provide that between October 1955 and the end of 1960, the European electrified network will be extended by 5,100 km in all, of which 10, 32, 28 and 30 per cent respectively will be served by the four main types of current mentioned above. By 1960, the electrified network for main lines in Europe will thus have a total length of 20,000 km, the four types of current being used in the proportion of 22, 29, 37 and 9 per cent respectively[4].

24. Bearing in mind the actual position ruling at the time when the E. C. M. T. was established, which was characterised by a multiplicity of electric systems, electrification seems to be progressing on satisfactory lines, and no special action has been found necessary in this connection at international level.

25. At the request of certain countries, a few more lines have been added to the map of electrified main lines, in view of their importance in international traffic. These have been included in a new edition of the map. The network of main lines thus reproduced includes some 30,700 km, of which 51 per cent are already electrified. By the end of 1960, the percentage will have risen to 65 per cent, according to the programmes established.

26. In its Resolution No. 7 (General Problems), the Council of Ministers of Transport drew " the attention of the countries concerned to the importance of closing the existing gaps between electrified railway networks ". The Sub-Committee noted the information supplied with regard to the intentions of the countries concerned in respect of the gaps to which attention was drawn in its last year's report. It noted that, with one exception, no provision has been made in the national programmes for bridging those gaps. In some instances, the reason must be sought in the fact that less traffic is likely to use the lines concerned than some other lines to which the railway undertakings consider their electrification drive should be mainly directed. In other cases, no decision can be taken until negotiations have been completed on the choice of stations for transferring from one type of current to another.

27. Meanwhile, in accordance with the Recommendation of the Council of Ministers (Resolution No. 3 — Railways), several networks have already ordered dual-current locomotives in order to allow for through services on lines served with different types of current. (ii) Diesel traction

28. An inventory of the number of Diesel locomotives of over 350 h.p., as at 31st December 1955, gave a total of 1,100 locomotives, including 64 per cent for shunting operations and 36 per cent for main line services. By the end of 1956 this total will have risen to about 1,600, of which 70 per cent will be for shunting. The greater increase in shunting locomotives is not surprising : it is explained by the need for locomotives of this type, their comparative cheapness and their high efficiency, as well as by the fact that a comparatively small number of mainline locomotives is sufficient to operate the necessary services on the principal non-electrified routes. It should be noted that passenger services are also operated by Diesel rail-coaches. An examination of long-term programmes confirms the gradual disappearance of the steam locomotive. This switch will be complete by 1959 in the Netherlands. The standardisation of types of Diesel locomotive is being studied by the I. R. U. and at the " Office de Recherches et d'Essais " at Utrecht in co-operation with the builders. As Diesel locomotives are able to run anywhere, no figure can be given for the length of line used exclusively by them. On the other hand, it is interesting to note that, whereas the percentage of mileage worked by Diesel-drawn trains could be estimated at approximately 17 per cent in 1955, the gross ton-kilometres represented by Diesel hauls was only 4 per cent1.[5]. Diesel traction is playing an increasingly large part in international communications, whether in the form of Diesel locomotives drawing international trains over certain national routes, or of through international runs using composite rail coal train sets (e.g. the Trans-Europ-Express trains, which will begin to operate in the summer of 1957). The use of Diesel locomotives is even planned for international through services.

29. The attention of the Sub-Committee on Road Transport has been drawn to the considerable increase in the number of road vehicles in recent years and to the fact that this increase will probably continue in the years to come. Thus, according to the figures supplied by the International Road Federation, the fleet of four-wheel motor vehicles in the member countries of the E. C. M. T., which in 1939 was 8 million, had reached 9.2 million at the end of 1950 and 11.9 million at the end of 1953. At the end of 1955 it was more than 15.6 million. It can be assumed that in six years from 1950 the number of four-wheel vehicles will have doubled. The adaptation of the road infrastructure to traffic requirements should therefore be watched very closely. Infrastructure equipment is not hampered by technical difficulties but, as with the other means of transport, it would be desirable if the funds for long-term programmes could be covered for their entire duration.

30. Close contact has been established, within the Restricted Groups, between the countries concerned in the implementations of certain road projects.

31. The Belgium - Germany Restricted Group for the building of the Liege-Koln motor highway reports agreement between the two countries for the building of this road link as quickly as possible. Both countries have passed Bills to provide for the financing of the scheme in their respective territories. According to the programmes of work it should be possible to join up the two sections in 1960.

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4. Types of current used by other countries account for the remaining 3 per cent.
5. These figures do not take into account the Greek, Norwegian, Netherlands and United Kingdom railways.

32. The work of the Germany-Netherlands Restricted Group is not confined to the E 36 Arnhem—Oberhausen motor highway, but also includes other main European highways : E 39 Heerlen—Aachen; E 3 Eindhoven— Venlo—Oberhausen; E 8 Oldenzaal—Osna-bruck; E 72 Oldenzaal—Lingen; and E 35 Groningen—Oldenburg. With regard to Highway E 36 Arnhem —Oberhausen, complete agreement has been reached as to its course and its dimensions in cross section. The Netherlands Government proposes to complete the section from Arnhem to the frontier if possible by 1959-1960, and the German Federal Government will endeavour as far as possible to complete in 1961-1962 the adjacent section (Frontier—Oberhausen), which forms part of the ten-year highways improvement plan of the Federal Republic. Steps will be taken to ensure that, as sections are completed, they will be immediately connected with the present road system in the most suitable manner. With regard to Highway E 3 Eindhoven —Venlo—Oberhausen, agreement has been reached on a new course skirting the north of the town of Venlo, with a connection on the German side. In order to avoid the heavy expense of new installations at the present frontier posts near Venlo, it is planned that the two countries should jointly undertake the improvement of the section of Highway E 3 in the frontier area itself. The future course of Highway E 39, which is still to be constructed, has been decided in principle. The date for starting this work has not yet been decided. At its next meetings, the Restricted Group will also deal with the problems raised by Highways E 8, E 72 and E 35.

33. The work of the Germany-Switzerland Restricted Group includes the examination of all the questions raised by improvements to the following European roads, with regard to the sections on either side of the German-Swiss Frontier : E 4 Bern—Bale—Karlsruhe; E 70 Winterthur—Schaffhausen—Miinchen. As regards the E 4 Bern—Bale—• Karlsruhe route, the enquiries made by the Swiss Study Committee have shown that, both from the technical and from the traffic point of view, the lie of the projected motorway, as planned to date across the German-Swiss frontier region, is absolutely sound. No major changes need therefore be expected. The motorway, coming from Germany, will cross the frontier to the south of Weil. From that point onwards it will be entirely on Swiss territory. It will cross the Rhine to the west of Grenzach near Birsfelden. On the Swiss side, the Wiesenthal road will be connected with it. As Switzerland itself is not contemplating construction of its stretch of the motorway for the moment, it will, until further notice, only extend as far as the meeting point at Weil. Meanwhile, from the Weil meeting point to the point where the motorway crosses the frontier at Weil-Otterbach, traffic will take the German national motorway known as B 3. Switzerland proposes to develop along the most modern lines the important European highway E 70 Winterthur—Schaffhausen— Stuttgart, between Schaffhausen and the German- Swiss frontier. It proposes to start work on this plan as soon as the means of financing it have been arranged. The route it will follow has been planned in such a way that no change need be made in the road system on the German side. On the German side, the development of the main highways ending in the region at the east end of the Lake of Constance, E 61 St. Margarethen—Bregenz— Munchen, has already been planned to coordinate with the Swiss plan mentioned above.

34. The Inland Waterways Sub-Committee found that, with regard to four projects of recognised European importance, progress had been made by the Study Groups set up in accordance with the procedure previously defined (paragraph 16 of the second Report). These are the improvement of the Dunkerque—Scheldt link, the improvement of the Meuse, the Meuse-Rhine link and the Rhine—Main— Danube link.

34.1. Improvement of the Dunkerque—Scheldt link and its international extensions. On Belgian territory, certain work which will bring in an immediate return is in progress on the Scheldt and the Gand ring canal. It is planned to continue this modernisation with the aim of completing the work by 1966. It is recalled that the Escaut will be adapted to the 1,350-ton class and that the ring canal will be open to 2,000-ton vessels. On French territory it is proposed to replace obsolete constructional works between Dunkerque and Lille by modern works adapted to the passage of 1,350-ton vessels.

34.2. Improvement of the Meuse and its international connections On Netherlands territory, it is proposed to launch a project in 1957 to triple the locks on the Juliana Canal at Born and Maas-bracht, so as to take the Roosteren lock out of service. On Belgian territory, the elimination of the Lanaye bottleneck is being studied. Diplomatic negotiations between the Belgian and Netherlands Governments are proceeding. Development works in progress between Givet and Liège include the weir and lock at Ampsin Neuville, which will be completed in 1957. It is expected that by 1964 the Meuse will be open to 1,350-ton vessels as far as the French frontier. In France, the improvement of the Meuse is not considered urgent; consequently no projects have yet been drawn up. By 1964, however, the necessary work will probably be done to enable 1,350-ton vessels to reach the port of Givet.

34.3. Meuse-Rhine link with connection to Aachen A preliminary project prepared by the German Delegation includes an intermediate route which will take in at least the coalfield and serve Aachen. The western link remains open. In the course of tripartite discussions, the experts also considered a northern line from Ruhrort to Arcen or Venlo and a branch from Aachen to the Juliana Canal.

34.4. Rhine—Main—Danube link Work progressed in 1956 as far as Kitzingen and should reach Bamberg by 1961-1962. It is not yet possible to give a completion date for the next adjacent Bamberg-Nürnberg section. The flow of the Danube is regulated between Regensburg and the Austrian frontier. On Austrian territory below Passau, the Danube is to be graded Class IV (suitable for vessels up to 1,350 tons) like the Regens-burg-Passau section.

35. With regard to the canalisation of the Moselle, which is one of the projects taken up by the Council of Ministers of Transport, it will be remembered that an agreement was signed in that connection on 27th October 1956 by the German, French and Luxemburg Governments.

36. Independently of the execution of these major projects, the Inland Waterways Sub-Committee recognised the importance of carrying out certain work to improve the efficiency of the present network and involving comparatively little expenditure.

37. As last year, and for similar reasons, it has not yet been possible to present more detailed conclusions with reference to effective co-ordination of investment 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. This consideration shows the great importance of the study of the future development of transport in the light of economic expansion. It is to be hoped that, at least for some currents of traffic or for certain main categories of needs, this study will reveal the trend of development of the various means of transport in question.

4.5. Financing of road development projects of international importance [European Road Investment Fund)

38. As mentioned in the second annual Report (paragraph 20), the E. C. M. T. consulted the 0. E. E. C, in application of Article 11 (c) of the Brussels Protocol, on the possibility of forming a European Road Investment Fund. The 0. E. E. C.'s reply, received on 24th July 1956, deals separately with the problems which would be raised by the constitution of an international body to finance road development works and the methods which might be adopted for the international financing of individual projects.

39. With regard to the setting up of an international body to finance road development works such as that envisaged by the E. C. M. T., the 0. E. E. C.'s reply notes that its role would merely be " to provide additional resources by facilitating recourse to foreign credits by countries that so desire", and that "the economic function of the Road Investment Fund would, in fact, be to transfer capital from countries where it is comparatively plentiful to those where it is comparatively scarce". The 0. E. E. C.'s reply proceeds to point out that these latter countries " would not derive any real advantage from a Road Investment Fund unless it could offer them better terms than the private or governmental financial institutions to which they are already in a position to apply". This presupposes " in one form or another, some element of subsidy or assistance provided, for example, in the form of a joint guarantee for the loans ". If these conditions are not fulfilled, " it is difficult to believe (concludes the reply) that a specialised financial institution... would be in a position to mobilise foreign capital more easily and more cheaply than the existing machinery... Consequently, 0. E. E. C. considers that in present circumstances the problems attached to forming a European Road Investment Fund would be difficult to resolve ". . In Part II of its reply, 0. E. E. C. deals with the international financing of " road development projects which, although individual, involve two or more countries ", which might decide to apply jointly for capital to third countries or international finance organisations ". The reply notes that the main difficulties are similar to those found in the case of the Road Investment Fund, but that " they would certainly stand more chance of being overcome if the proposals were of a limited nature, as it would be easier for countries taking part to weigh the advantages accruing from the joint project against the sacrifices that certain of them might have to shoulder as a result of the project being financed jointly in this way ". The reply then emphasises that " the amount of credit obtainable for carrying out any type of development whatsoever will depend upon the security offered to the lenders " and that, in the case of roads, since a mortgage is out of the question, security can be provided only " by a guarantee given by a Government or a public institution, whether supported or not by the hypothecation of some particular Government revenue... or by the hypothecation of dues or tolls to be paid by the users of the roads to be built ". After mentioning all the terms of the loan to be studied, the reply stresses the importance of " the problems of transferring capital and interest into various currencies " which imply " exchange guarantees and guarantees of repayment of the loan in the lender's currency ". With regard to the legal formula to be adopted, the reply points out that " the choice is essentially between two classes of institution, those subject to public law (a formula frequently applied for certain road development works in the United States), and those subject to private law (formula adopted for the Eurofima Company) ". The reply concludes by offering the co-operation of the 0. E. E. C. where necessary " in the study of the problem raised in each case by the execution of projects communicated to it by the

Governments of the member countries ", and by drawing the attention of the E. C. M. T. " to the favourable effect which the harmonisation of legislation and regulations governing highways, finance and property would have in this respect, by facilitating the conclusion of any agreement to this end ".

40. The 0. E. E. C.'s reply thus confirms the conclusions of the Report by the Sub-Committee on Road Transport which was approved by Resolution No. 7 (Road Transport Problems) of the Council of Ministers of Transport, to the effect that countries concerned in a project should set up restricted groups to enquire into all aspects of the project and find the most suitable means of financing it. As has been indicated above (paragraphs 30-33), three restricted groups of this kind have already-been formed, and the ECMT countries interested in other projects have been invited to set up other groups of this kind.

4.6. Co-operation between surface and air transport

41. In its study on the financial situation of the railways (paragraph 13), the I. R. U. drew E. C. M. T.'s attention to the advisability of establishing forthwith conditions conducive to healthy competition and close co-operation between the railways and airlines and urged that action be taken in that direction, asking it, in particular, to facilitate direct contacts between the Railways and the Airlines. In response to that appeal, the E. C. M. T. requested each of its Members to approach the governmental departments of their respective countries which had to deal with the companies operating airlines. After approaching the Air Research Bureau at Brussels, it also invited the I. R. U. to make contact with that Bureau, with a view to seeking a basis of co-operation for the study of certain problems of mutual interest to the two organisations.

4.7. Discussions of any modifications which member countries expect to make in their transport legislation or regulations

42. In the course of its work, the E. C. M. T.'s attention has often been drawn to the importance of ensuring the satisfactory operation of European transport, of a gradual co-ordination of transport policies and, in particular, of some alignment in the national regulations in force. Countries which are proposing to modify their transport legislation or regulations should bear this in mind and take into account the repercussions which such changes might have on their relations with other countries. The Council of Ministers of Transport accordingly decided, at its Session on 17th October 1956, that, as far as possible, any decision likely to have international repercussions on transport policy and the transport economy should first be discussed by countries concerned either at Ministerial or at Deputy level. A procedure similar to that already adopted (paragraph 10 of the second Report) for the co-ordination of investment was thus set up for transport regulations.

4.8. Liberalisation of manpower and navigation equipment on inland waterways

43. The Inland Waterways Committee made enquiries on these two points among the Governments concerned in order to find out the de facto situation and also asked the inland waterways industry whether it had any wishes to express concerning changes in the existing system. With regard to the liberalisation of manpower, the industry replied that for the moment it had no particular request to make, owing to the flexibility with which the regulations in force were applied in the countries concerned. With regard to the liberalisation of navigation equipment the industry pointed out that restrictions existed in certain countries, but that they did not impede traffic. That being so, the E. C. M. T. decided not to continue studying these two points for the moment.

4.9. Organisation of transport in Europe

44. One chapter of the second Report (paragraphs 30 to 37) was devoted to the work undertaken in pursuance of the Resolution adopted at Messina on 2nd June 1955, by the Ministers for Foreign Affairs of the six Member States of the E. C. S. C. This work 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.

45. At its meeting on 19th July 1956, the Council of Ministers of 0. E. E. C. also adopted a Resolution concerning the study of the relationship between the Customs Union proposed by the Brussels Committee of Government Delegates and the OEEC member countries not taking part therein. Considering that the plans studied by that Committee provided for " the possibility of a close association between the proposed Customs Union and member countries (of the 0. E. E. C.) not .. taking part therein, " that it would be desirable that any such association should be coordinated on as wide a basis as possible " and " the need for a study of a

multilateral system within which the proposed Customs Union and such member countries would be associated ", the Council of Ministers of the 0. E. C. C. decided to establish " a special Working Party which shall study the possible forms and methods of association, on a multilateral basis, between the proposed Customs Union and member countries not taking part therein. As a possible method of association, the Special Working Party shall take into account the creation of a free trade area which would include the Customs Union and such member countries ". This Working Party submitted a preliminary report in January 1957, which is to be considered in February by the Council of Ministers of the 0. E. E. C. The institution of a free trade area, including both the Customs Union proposed by the countries represented on the Brussels Committee of Governmental Delegates and the other member countries of the 0. E. E. C, would probably have repercussions on the transport economy of most of the countries represented on the E. C. M. T. The E. C. M. T. therefore proposes to keep in touch with the progress made by the 0. E. E. C. on this question and with any further developments in this scheme.

5. Activities of the Restricted Groups of the Conference — Constitution of the Eurofima Company

46. The previous annual Report mentions (paragraph 19) that the Constituent Acts of the European Company for the financing and purchasing of railway rolling stock (Eurofima) were signed at Berne on 20th October 1955, and analyses these Constituent Acts (paragraphs 38 to 41). After ratification of these Constituent Acts by Switzerland (the country in which the headquarters of Eurofima are located), Germany, Denmark, Norway, the Netherlands, Portugal, Sweden and Yugoslavia, the company was able to constitute itself at Basle on 20th November 1956, to elect its Board of Directors and to start work. In accordance with a decision taken by the Ministers of Transport of the countries concerned, a new Restricted Group, composed of 14 signatory countries, has taken over from the original Group of 9 countries only, and has been instructed, in particular, to ensure the implementation of Article 6 (b) of the Convention.

47. As mentioned in the second Report (paragraph 42), three other Restricted Groups are working within the Conference for the mprovement of certain road links. Some nformation on their work is given above (paragraphs 30 to 33).