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European Conference of Ministers of Transport

Report[1]
Committee on Economic Affairs and Development
Rapporteur: Mr Edouard CORNIGLION-MOLINIER, France

1. 1956 - 8th Session - Second part

A. Draft Resolution

1. The Assembly has noted with interest the Second Report of the Conference of Ministers of Transport and wishes to express its great satisfaction at being kept thus informed of European transport activities.

2. The Assembly notes that owing to economic expansion transport highways are often used to full capacity and that certain means of transport, such as air transport, are undergoing rapid development, which makes the establishment of rational investment programmes and European co-operation in this field even more necessary.

3. The Assembly notes the progress made in the preparation of a programme of work of European interest.

4. The Assembly requests the E. C. M. T. to examine the question of the financing of highway construction and notes with satisfaction the results obtained in connection with the financing of railway rolling-stock..

5. With regard to the harmonisation of freight rates, while the Assembly appreciates what has been done so far, it would like to be assured that the results obtained will not be jeopardized by fluctuations in the economic situation.

6. The Assembly takes note of the fact that the E. C. M. T. was represented at the International Civil Aviation Conference and trusts that it will remain in close contact with that Organisation and with 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.

7. With regard to the organisation of transport, the Assembly notes that, in the opinion of the E. C. M. T., this should be based on the economic organisation which will be adopted and considers that the E. C. M. T., in its present form, is making a useful contribution to essential technical studies.

B. Explanatory Memorandum by M. CORNIGLION- MOLINIER

1. BACKGROUND

1. At its sitting of 9th July 1955 the Consultative Assembly of the Council of Europe, after receiving the first Annual Report of the E. C. M. T. which was introduced on that day by its President, adopted Resolution 73, moved by M. Lemaire. The first part of this Resolution contains observations on technical problems (railway deficits, private haulage, the establishment of ' Eurofima ', the establishment of a European road fund, the effect of through rates on goods covered by the Treaty instituting E. C. S. C, and air transport), while the second part makes recommendations regarding organisation, mainly in favour of establishing a Standing European Transport Committee.

2. During the year following the adoption of Resolution 73, the E. C. M. T. presented its second Annual Report to the Council of Europe in February 1956, together with a Communication (Doc. 480of 28th March 1956) informing the Matter of the action taken by the Conference on the proposals contained in this Resolution.

3. These two documents were presented on behalf of the E. C. M. T. by M. Seebohm, Minister of Transport of the Federal Republic of Germany, to the Consultative Assembly at its sitting on 19th April 1956. Our colleagues MM. Schmal, Jones, Kapteijn, Hellwig and I spoke in reply (Official Report, 1956, 8e Sitting).

4. M. Schmal first dealt with the problem of co-ordinating freight rates on inland waterways and explained why these problems must, in his opinion, " remain in the hands of the E. C. M. T. ". He also spoke of the damaging effects on railway finances of the grading of certain railway tariffs in the E C S C countries, and pointed out that the intentions attributed to the High Authority of regulating Rhine tariffs were contrary to the Mannheim Act.

5. Mr. Jones regretted that the E. C. M. T. had paid insufficient attention to the concern of the International Transport Workers Federation to work out a rational plan for organising the whole of European transport. He drew attention to the importance of the co-ordination of transport, of investment and of railway modernisation.

6. M. Kapteijn was afraid that the E. C. M. T. was ill-equipped to work out and put into effect the integrated transport policy which Europe needed. He was convinced they would have gained by setting up the committee of experts previously advocated by M. Lemaire and expressed surprise that this plan had been deferred.

7. M. Hellwig did not agree with M. Kap-teijn's criticisms. He considered it less useful to go on endlessly forming new organisations than to decide what work existing organisations should do. Far from facilitating the necessary co-ordination, an increase in the number of institutions would make it more complicated.

8. I, personally, confined myself to giving the Assembly the fruits of my first reflections on Eurofima, on the international financing of certain European roadworks, on extending the competence of the E. C. M. T. and on air transport.

9. During the past year the " new drive for European unity " has also begun, launched by the Foreign Ministers of the ECSC Member States at the Messina Conference on 1st and 2nd June 1955. This affects transport not a little. The Resolution adopted by that Conference includes among its aims the progressive co-ordination of national transport policies to the full extent demanded by a common market, as well as the joint development of main lines of communication. The economic aspect seems likely, therefore, to assume a growing importance in relation to the technical unification on which the main effort has been made so far. The implementation of the Resolution adopted at Messina was entrusted to an Inter-Governmental Committee which began its work at Brussels in July 1955, where the High Authority of E. C. S. C, 0. E. E. C, the Council of Europe and the E. C. M. T. were represented by observers. Various commissions were set up, including one for Transport and Public Works which issued a report at the end of October 1955. The reports drawn up by these specialised commissions were used in preparing the over-all Report presented by the Heads of Delegations to the Foreign Ministers of the countries concerned on 21st April 1956. In pursuance of decisions taken at the Conference held at Venice on 29th May 1956 by the Foreign Ministers, this General Report was designed to serve as a basis for the negotiations which opened on 26th June at Brussels for the purpose of preparing a Treaty establishing a common market.

10. The Report deals at several points with transport problems in a chapter on services, in the specific transport chapter, and again in a chapter on air transport.

11. With regard to services connected with transport, the Report observes that " liberalisation will in various ways affect transport by road, water or air ", that " when the common market is in full operation, all nationals of Member States must be unconditionally free to offer or accept transport services throughout the entire territory of member countries ", and that " this should become the rule by the end of the transition period at latest ".

12. With regard to freight charges the Report points out that the operation of the common market will necessitate changes based on " the principles and solutions which have been worked out and are already being applied in connection with coal and • steel products within E. C. S. C. :—the abolition of discriminatory practices—the abolition of frontier charges, the establishment of decreasing rates ". The Report goes on to say that " efforts must be made to co-ordinate freight rates for the same transport facilities in individual countries and among different transport facilities in each country", and that " a common transport policy is necessary for the creation of a general common market " which should " be prepared by setting up a transport account for each country"—a prior condition for the well-balanced co-ordination of means of transport.

13. Lastly, the Report says that some specific action is imperative with regard to air transport. It should in particular take the form of establishing a company for financing aircraft equipment (Eurofinair)—adopting the " aircraft exchange " system—granting Member States the multilateral right of commercial landing for inter-State traffic, and amalgamating certain services.

2. PRINCIPAL TRANSPORT PROBLEMS

14. To examine transport problems from a European angle means to try to facilitate and develop intra-European traffic; it therefore implies the study of new routes (involving investment problems), the relaxation of customs and other regulations, means of reducing operating costs (such as the co-ordination of transport and technical unification). Air transport is primarily international and deserves a place to itself in this study. Lastly, in the study of appropriate institutions the object is to promote and expedite the development of transport in the service of European aims.

2.1. Technical Problems

2.1.1. Co-ordination of investments

15. The E. C. M. T. has undertaken the co-ordination of national policies in respect of transport investment, which implies the co-ordination of national programmes comprising railway, road and inland waterway projects of European importance. Plans for the extension of electrified railways, trunk roads and canals have been studied in common, priorities have been settled and the pattern of periods for the completion of the various schemes duly worked out.

16. Thus the joint development of the main lines of communication in Europe, which was one of the aims included in the Resolution adopted at the Messina Conference, seems likely to be achieved over the wider geographical area covered by the E.C. M. T., which should therefore be encouraged to persevere along these lines.

17. The Ministers of Transport would be well advised not to confine their attention to conventional modes of transport but to consider new possibilities such as pipe-lines. These are playing a more and more important part, in particular for the transport of liquid fuels, and the E. C. M. T. might with advantage turn its attention to various projects in this field.

18. This question is of particular importance at the present time. In addition to plans for the construction of crude oil pipe-lines linking Marseilles, Wilhelmshaven or Rotterdam with the centre of Europe, a proposed pipe-line for natural gas linking up the oilfields of the Middle East with the industrial centres of Western Europe was considered by technicians and discussed at the Energy Conference in Vienna in June 1956. Although for political reasons the latter project has made little progress, we cannot fail to be interested in a pipe-line which would link the Middle East to member countries of the Council of Europe, in particular to Turkey, Greece, Yugoslavia, Austria, Germany and France.

19. The expected economic expansion will mean increased demands on transport, and the policy to be followed in transport investments must depend, not only on a healthy distribution of traffic amongst the various means of transport, which is the purpose of co-ordination, but also on the total tonnage of goods carried. Hence the advantage of planning ahead for the following year in order to know whether the transport system will be working to capacity, to discover any weak points in it, and thus to decide what investment is necessary.

20. As a result of the warning given by the Rhine Navigation Commission, which is at present working to capacity, the E. C. M. T. has been studying the prospective developments in transport during the coming years on the basis of the estimates of the expansion of European production worked out by the 0. E. E. C. This study is extremely useful, and the E. C. M. T. should be encouraged to continue it despite the difficulties.

2.1.2. The financing of investment

21. In an expanding European economy the problem of financing investment is at least as important as that of its co-ordination.

22. A satisfactory solution to this problem at international level has already been found for railway rolling stock through the formation of the " Euroflma ", which will be coming into operation within a few months.

23. An urgent problem, too, is that of road infra-structure, owing to the rapid increase of motorised traffic. The rapid expansion of international road traffic and especially of touring, the social and economic importance of which is universally recognised, will no doubt lead to the construction of a network of international motorways. True, several countries have succeeded in earmarking substantial sums to this purpose, drawn from national resources by various means such as road funds or road bills, but the fact remains that on the whole the available resources are apt to be inadequate. Also—a point covered by Resolution 73—-these resources need to be supplemented by forms of international financing in order to speed up European schemes, the execution of which is at present problematical or long-deferred, because they enjoy no priority or sufficient financial backing in national programmes.

24. The work undertaken on this subject by the E. C. M. T., and carried out with the assistance of 0. E. E. C, has brought to light the serious difficulties to be faced, particularly owing to the very nature of road infra-structure work, which provides no form of security. Until a general solution is provided in the form of a European road fund it would be desirable at least to finance on an international basis certain special projects of interest to a limited number of countries by the imposition of toll charges wherever this is possible.

2.1.3. The co-ordination of transport

25. The study of the financial situation of the railways undertaken by the E. C. M. T. on the basis of a report drawn up by the I. U. R. deals with most aspects of the general problem of transport co-ordination, which in turn raises the question of the transport policy of European countries. It thus seems essential that the E. C. M. T. should give priority to the study of this problem and endeavour as soon as possible to reach conclusions in the form of common principles, which the governments would undertake to follow when determining national policy, particularly as regards the equalisation of charges and obligations among the different means of transport, including private haulage which plays such an important part in an industrial economy.

26. To be complete, co-ordination should include air transport because of the more important role this will play in intra-European transport in the future, particularly in the form of helicopter services.

2.1.4. The co-ordination of freight rates on inland waterways

27. This question, which M. Schmal dealt with during the sitting of the Consultative Assembly on 19th April, is being carefully followed up by the E. C. M. T., and by the High Authority of E. C. S. C. in connection with goods covered by the Treaty. The E. C. M. T. had proposed that the industry itself should be trusted to take the appropriate steps to achieve such co-ordination, and, in fact, appreciable results were obtained by this method, particularly in the general organisation of main traffic lines on the Rhine. No doubt the present favourable circumstances of river navigation have also helped to put an end to most of the previous disturbances with regard to freight. In the Committee on Economic Questions M. Kapteijn called attention to the long-term benefits which would accrue from the elimination of cartels and the price distortions they caused. The present situation, he said, was precarious and justified the concern of the E. C. M. T. and of the High Authority of E. C. S. C. to find a more lasting solution.

2.1.5. The problem of through-rates

28. Resolution 73 requested the E. C. M. T. to make a study of every form of repercussion to be noted as the result of such measures taken by the six ECSC countries, and M. Schmal returned to the subject in his speech during the Assembly sitting on 19th April.

29. In compliance with the expressed wish of the Assembly, the E. C. M. T. has included the matter in its programme of work but does not propose to tackle it this year. Yet if only by its financial implications, both for railways and other means of transport in member countries of E. C. S. C. as well as in other countries, it calls for immediate consideration. Another argument in favour of this is that the extension of graded through rates to merchandise not covered by the ECSC. Treaty is envisaged in the proposed common market, and that this would further accentuate the effects already observed and pointed out. The E. C. M. T. should therefore be most urgently asked to undertake the study requested by the Assembly.

2.1.6. Air transport

30. In Resolution 73 the Assembly expressed the wish " that Member States of the 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 ".

31. This wish has not, however, been fulfilled, for the E. C. M. T. is not authorised by its statute to deal with air transport problems. This restriction was justified at the time by certain special features of air transport. As things are, I. G. A. 0. is responsible for the technical and legal unification of air transport regulations on a world-wide basis. Intra-European air traffic accounts for but a small proportion of the international traffic of the European countries, and the various national airline companies tend to use the same material— mostly of American origin. In these circumstances, special European air transport agreements seemed purposeless and even subject to objection. Finally, the interconnection of civil and military aviation problems seemed to raise further obstacles to any intervention by the E. C. M. T.

32. However, in recent years the nature of the civil aviation problems capable of settlement has become more apparent : the first need is to rationalise European air transport organisation and reduce the cost borne by the European States.

33. That obstacles to European regional agreements are not insurmountable has been proved by the creation of the European Civil Aviation Conference and its achievements in close collaboration with I. C. A. 0.

34. Although there can be no question of handing over the civil aviation question to the E. C. M. T., the latter must be so placed that it can study the problem of European passenger transport as a complete whole, and this cannot be done if civil aviation is left out of account. For intra-European air transport is in full expansion. Traffic increased in 1955 by over 20 %, thanks almost entirely to better performances and lower rates of charge. Aviation has already become an essential feature of European transport, and its importance is bound to increase still further. If the E. C. M. T. disregards the possibilities of air travel —because it is out of touch with air transport experts—it may well consider investments which soon become out of date, particularly in the field of railways. Now that the European Civil Aviation Conference has been established the necessary liaison will be simpler.

35. The Committee on Economic Questions felt that this question should be raised so that the whole transport problem could be examined bythe Assembly in its true perspective. Its own view was that the E. C. M. T. should be in a position to consider the incidence of air transport in its studies and to this end be able to approach the European Civil Aviation Conference for assistance.

36. In the report by the Heads of Delegations to the Ministers for Foreign Affairs (Intergovernmental Committee set up by the Messina Conference) a chapter devoted to air transport draws attention to the advantage to companies of trying to extend their pool arrangements; it also refers to the possible formation of a " European operating company ".

37. With regard to aircraft construction, " it is proposed that an advisory committee on aircraft construction be set up, composed of representatives of the States, of industry, of the air companies, of the civil aviation organisations possibly, of the armed forces of each country "[2]. and,

38. These two quotations, one relating to airline operations and the other to aircraft construction, also show how important it is for the E. C. M. T. to be more actively concerned with the problems of intra-European air transport. Air transport, by its very nature, cannot be rationalised unless the area of operations is sufficiently large. Nor must the number of countries concerned in its organisation be too small.

2. Report by the Heads of Delegations, pp. 109 and 110.

2.2. The problem of an appropriate organisation

39. In its communication (Doc. 480) of 28th March 1956, in reply to the recommendations in Resolution 73 of an institutional nature, the E. C. M. T. expresses its doubts as to the advisability of embarking upon a new structure, such as a Standing European Transport Committee, which might in the comparatively near future be no longer adapted to changing circumstances. This last reference is doubtless to the work of the Brussels Inter-Governmental Committee and the possible creation of a common market among the six ECSC countries.

40. On the subject of setting up a special institution, the report by the Heads of Delegations to the Foreign Ministers of the ECSC countries reads as follows :." Transport problems do not warrant the setting up of a special institution. The European Commission will include a transport division which will deal with questions of freight charges and problems connected with the general transport policy of the Community and make suitable proposals to the Council. of Ministers; it will also prepare reports on the European utility of schemes requiring common financial support[3]. "

41. This, clearly, means that transport policy in the six countries will be determined solely by the existence of the common market and its needs. Present distortions will, no doubt, progressively disappear among the six countries in question—and thic can but be welcome—but, as our colleague M. Lemaire observed in his report of 7th June 1955 to the Committee on Economic Questions (Doc. AS/EC (6) 31), such action will at the same time transfer the distortions to the borders of the integrated territory or sector. The apprehension with which the E. C. M. T. contemplates this possibility can therefore well be understood. In its comments on the work of the Brussels Inter-Governmental Committee, and particularly in its communication to the Assembly (Doc. 480), the E.C.M.T. emphasised " the need for maintaining the unity of action of the Conference, which is a major achievement in European co-operation". It went on to point out that " this unity of action is also necessitated by geographical considerations and the interdependence of transport problems ". It also pointed out the flexibility of E.C.M.T.'s constitution as " shown, amongst other things, by the possibility of setting up restricted groups where the countries composing them may freely attain the aims which they have in view ". It is clear that transport questions by their very nature require to be studied and solved over the widest geographical area possible.

42. The E. C. M. T. with its seventeen member countries fulfils this condition and thus forms an instrument for European co-operation which can and must be made still more effective, but in which unity of action should in all circumstances be safeguarded.

3. Op. cit p. 58.