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INFORMATION MEMOApplication of rules of competition to rail, road  
and internal waterways transport

The Commission of the European Economic Community has sent to the Council of Ministers its proposal for a Council regulation on the application of rules of competition to rail, road and internal waterways transport.

The provisions of the draft are as follows:

- (1) With effect from January 1, 1967 the rules on cartels and monopolies, in particular Council Regulation No. 17, shall be applied to internal transport.

Under Council Regulation No. 141 at present in force the application of Regulation No. 17 is suspended in this field until December 31, 1965. The aim of the proposed new regulation is therefore that the same procedure shall be valid in respect of restrictions of competition in internal transport as in other fields, particularly with regard to notification of cartels and to proceedings. The draft covers dominant market positions in the transport sector and the following transport cartel agreements: the fixing of transport rates and conditions (price cartels), limitation and supervision of the supply of transport services, and the sharing of transport markets.

- (2) The draft regulation further provides that, in view of the special characteristics of transport and of measures under the common transport policy, a number of agreements less important for competition shall be exempted from the cartel prohibition.

Whereas so far almost all restrictions of competition in the transport sphere really escaped control because of the inapplicability of Council Regulation No. 17, the aim of the new arrangements is to put transport basically on the same footing as other activities and to allow only a few strictly limited exceptions. These concern agreements which "without impairing the development of commercial transport to an extent contrary to the interest of the Community, or resulting in a sharing of transport markets", have the following objects:

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- (a) Technical improvements, in particular the uniform application of standards and types for transport media and other equipment;
  - (b) Rationalization of transport firms by the exchange of transport media and other equipment;
  - (c) Technical collaboration between firms operating different forms of transport in combined or complementary operations;
  - (d) Rational routing of traffic for their purposes by firms operating the same form of transport;
  - (e) Co-ordination of time-tables where this improves the service offered.
- (3) Finally, the draft regulation provides that by January 1, 1966 the Commission shall submit a report to the Council on conditions of competition in internal transport and, if necessary, shall make further proposals for the application of rules of competition in this field. An inquiry is to be put in hand for this purpose.

The general intention of the new proposal is to create the prerequisites for implementing a system of competition for the three types of internal transport when the exceptional arrangements introduced by Council Regulation No. 141 are discontinued. This system will be adapted to the special structure of transport markets and at the same time dovetail with the Community's overall competition policy.

The Council's purpose at the time it laid down the exceptional arrangements for internal transport which expire on December 31, 1965 was to be able to take account of measures under the common transport policy when fixing the rules for competition in transport markets. Having submitted to the Council, on May 20, 1963, relevant proposals for the common transport policy the Commission was in a position to communicate to that body within the time-limit laid down the proposal outlined above for a regulation on restrictive practices in transport.

The Commission hopes that the Council will deal with this proposal forthwith at its meeting of June 22, 1964.

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