

EUROPEAN ECONOMIC COMMUNITY

COMMISSION

MEMORANDUM

on the general lines
of the common transport policy

Brussels, April 10, 1961

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Foreword

1. Articles 3 and 74 of the Treaty of Rome establishing the European Economic Community provide for the introduction of a common transport policy. No common market and no gradual approximation of the economic policies of the Member States can be envisaged without a common transport policy in the Community.

2. However, the provisions of the Treaty of Rome do not say precisely in what this common transport policy should consist. The Treaty merely enunciates certain principles and lays down a number of special rules. For the rest, it mainly outlines the procedure to be followed.

The substance of provisions of the Title on Transport in the Treaty of Rome could hardly be otherwise since, at the time of signing the Treaty, the negotiators had not yet been able to align their points of view sufficiently closely. So as not to postpone signature, it was agreed that the Institutions of the Community would be responsible for working out a common transport policy. Articles 74 and 75 of the Treaty place upon the Community a responsibility for carrying out this common policy. The Commission makes proposals; the Economic and Social Committee and the European Parliament are consulted; decisions are taken by the Council of Ministers, until the end of the second stage by means of a unanimous vote and subsequently by means of a qualified majority vote.

3. The common transport policy must form a coherent whole. First of all it must aim at eliminating any transport difficulties which may impede the establishment of the general common market and it must seek to integrate transport throughout the Community, i.e. it must aim at freedom of movement for transport services within the Community. It will also involve a general organization of the Community's transport system.

4. The application of a few incomplete and limited Treaty rules is hardly sufficient to achieve this aim. What is called for is gradual, sustained and consistent action by the Community along lines dictated by the objectives of the Treaty.

Just as in each of the six countries the regional economy stage was superseded in the past by a national economy, so the problem is now to build up a Community economy. Transport must go through the same process if the Community is to have a single integrated transport system. A transport policy applying to Community transport as a whole must therefore gradually replace the separate national transport policies; as economic integration is progressively accomplished, the differences between national and international transport within the Community will disappear.

5. While recognizing the need for a common transport policy we must also have a clear idea of its scope and content. Though it must include the measures necessary for the common market to enjoy all the benefits of transport - and conversely for transport to derive every benefit from the common market - it will not go further than the point where the needs for a common policy cease to make themselves felt. Obviously any measures which continue to be taken at the national level will have to be compatible with the common transport policy.

6. With the object of furthering the implementation of the Treaty of Rome in regard to transport, the Commission submits the present memorandum on the general lines of policy in that field to the Council and the other Community institutions mentioned in Article 75. The Commission does not present proposals in the strict sense of the Treaty; this is rather a document setting out the conclusions of its studies and deliberations and is designed to lead to a broad exchange of views between all the circles concerned.

Since the Treaty itself deals with this subject only in general terms, and in view of the comparatively wide divergencies in some concepts embodied in national transport policies, we must first of all try to work out a common approach, in line with the spirit of the Treaty and serving effectively the interests of the Community.

7. The Commission sees the Treaty as an indivisible whole; its general rules must be applied in every economic field, unless the Treaty itself makes provisions for exceptions or allows of "special rules" to meet economic requirements, within prescribed limits. The Treaty allows for adjustments to the general rules, again within certain limits, so as to take into account the special features of transport.

In the field of transport, the situation varies widely within the Community, both as regards relationships between the three traditional modes of transport and the standpoints adopted in the various national transport policies. Bearing in mind the general intent of the Treaty of Rome, we may assume that the aim must be to ensure healthy competition in every field, including transport. To attain this ideal, however, we must gradually remove the legal and factual impediments to the establishment of such a system.

The common transport policy must of course fall into place in the framework of the Community's general policy. The requirements of regional policy and the common agricultural policy, as proposed by the Commission, will have to be taken into consideration. The social aspects of the problems involved in common transport policy must be examined in relation to the aim that the Community has set itself in the Treaty, namely that "of constantly improving the living and working conditions" of its peoples.

8. The principle that the necessary measures must be introduced by successive stages will also have to apply to transport. Progress must be gradual to allow of smooth and harmonious development.

The Treaty of Rome lays down time-limits for certain specific measures to be taken in transport matters. There must also be a timing for the other measures to be taken in the framework of the common transport policy. But the timing adopted should be fairly flexible; it must be capable of adjustment in the light of the progress made as shown by periodic reviews

The dynamic inherent in the common market will of itself, in matters of transport also, make for speedier implementation of the Treaty as called for by the European Parliament and the Council of Ministers. There can be no question of the common transport policy falling out of step with the general development of the common market.

9. In submitting this memorandum on the general lines of ^{the} common transport policy for discussion by the responsible institutions of the Community and the circles concerned, the Commission has not attempted an academic study. However, basing itself on the factual situation and on the substance of the Treaty, the Commission has studied ways and means of fulfilling the Treaty's aims in the transport field.

10. The major problems of European transport have been studied by other international bodies in the past and reports have been presented on this subject. But the institutional structure of these bodies was not always such as to make any tangible achievement possible.

The European Economic Community has not only the possibility but also the formal contractual obligation to proceed to the practical stage. According to the Treaty of Rome we must press forward negotiations within a Community framework for the introduction of a common transport policy, which will be an uninterrupted process. The transport provisions of the Treaty of Paris establishing the European Coal and Steel Community will clearly have to be taken into account.

11. Furthermore, the Community would not wish to disregard, in any of its fields of activity, its ties with non-member countries, in particular the other European countries. In matters of transport more especially, certain specific problems cannot be solved in the framework of the Six alone. The Community will therefore collaborate, chiefly through the European Conference of Ministers of Transport, with other European countries, particularly Austria and Switzerland, which lie between some of the Community countries.

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INTRODUCTION

1. Economic development has always been dependent upon means of communication. This is particularly true in our own time: with the expansion of production and distribution, the need for transport increases and is accentuated by the trend towards the division of labour and specialization.

A balanced expansion is only possible if the economy has available a transport system capable of satisfying the demand.

2. It is a reasonable assumption that in the next few years there will be a steadily growing demand for transport in the economic area made up by the six Community countries.

Production, consumption and foreign trade are on the increase, and these trends will be strengthened by the establishment of the common market, which should speed up economic development and increase trade between the six countries by promoting a better division of labour on a European scale.

The removal of the barriers thrown up by national frontiers will, no doubt make it possible to shorten the distances to be covered by enabling certain areas lying astride frontiers to emerge as natural economic units.

By and large, however, we can confidently expect a considerable increase in the movement of both persons and goods within the Community. This increase will be accompanied by changes in the flow of trade, although it would be premature to forecast on what scale or in what direction.

3. The authorities responsible for establishing the common market will therefore have to make the necessary arrangements for the European Economic Community to be equipped with means of transport consistent in both quality and quantity with its requirements at every stage.

In particular it is desirable that the increase in trading activity as a result of the widening of the markets should go hand in hand with a fall in the cost of transport, and this without prejudice to improving it in quality.

4. Hence Community action in regard to transport must aim at enabling it to play its part satisfactorily in the building up and functioning of the European Economic Community. To this end the Community must endeavour to create conditions conducive to the development of an efficient transport system, capable of meeting - at the lowest cost to the public having due regard for the financial stability of transport undertakings, and under the best conditions - the requirements arising from economic expansion in the member countries and the establishment of the common market.

It is not enough simply to prevent transport difficulties from impeding the establishment of the common market. Transport must act as a powerful stimulus to the growth of trade and the expansion of markets.

5. In this context the common transport policy cannot remain an abstract concept. It must take into account the hard facts that make up the actual economic situation. While designed to serve the aims of the Treaty, it must have regard to the requirements of the transport industry and of the economy as a whole.

6. The common policy must serve as a framework within which the transport policies of the six Member States can gradually be harmonized. This means that the main features of these national transport policies will have to be taken into consideration in order to facilitate the process of approximation and the development of concerted action.

7. Although the Treaty does not specify the content of the common policy in so many words, it does give, however, some indication of its general lines, the procedure to be followed and its field of application. It also includes specific provisions on certain measures to be taken.

8. The present memorandum is in three parts:

Part I sets out the economic bases of the common policy and reviews the Treaty's transport provisions.

Starting from these basic considerations Part II suggests the general lines of ^{the} common policy.

Finally, Part III outlines the principle measures to be put into effect in pursuing this policy, together with the procedure and timing for those measures.

The main features of the present situation are surveyed in the annexes.

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TITLE I

FOUNDATIONS OF THE COMMON TRANSPORT POLICY

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CHAPTER I

ECONOMIC CONSIDERATIONS

9. It is clear from the survey of the situation given in Annex I that in the transport systems of the Member States competition is to some extent imperfect.

Perfect competition, it is true, has not been attained in the other economic sectors, but the transport system seems in general to fall even further short of it, owing to certain special factors.

10. It is generally accepted that the present organization of the transport sector is not entirely satisfactory, as regards either the carriers' interests or the general interest.

The main reason for this is that the structure of the transport system has undergone profound changes in consequence of the rapid development of new techniques.

The governments and various national and international bodies are therefore endeavouring to reorganize this sector on lines more in keeping with modern requirements.

11. The exceptional situation of transport is largely due to a number of factors referred to as the "special aspects" of transport.

These special aspects are not solely of a technical nature. Some of them are the outcome of historical developments which have varied according to the form of transport and the country concerned under the influence of government intervention. Such intervention constitutes yet another of the particular features of the sector.

The influence of these special aspects, some of which are not entirely peculiar to the transport sector, is intensified by their interacting and cumulative effect.

A. SPECIAL ASPECTS AND POSSIBLE WAYS OF MODIFYING THEM OR REMEDYING THEIR EFFECTS

12. The transport market has certain features which distinguish it from the market in most other sectors.

In deciding on the general lines of ^{the} common transport policy we must first study those special aspects, assess their importance and consider possible corrective measures.

A short description of these special aspects is given in Chapter I-C of Annex I.

In these pages we are concerned with bringing out their most important consequences and ways of remedying them.

a) Intervention by public authorities in infrastructure.

13. Among the special features of transport one of the most striking is that investment in infrastructure is made by decision of the public authorities, whether they finance such investment directly (roads and inland waterways) or confine themselves in general to supervision (railway investment).

In order that this intervention, inevitable in any case, should distort the transport market as little as possible, the users of the infrastructure should by some appropriate arrangement bear a fair share of its costs. The same should hold good for costs involved in the organization of traffic.

14. At the stage of laying down the infrastructure, the principle of the "profitability" of investments will have to be taken into account as a factor of general interest which should guide the public authorities in their decisions.

"Profitability" should be ensured for the transport system as a whole and must be taken into consideration in the co-ordination of investments.

15. It would seem feasible therefore to mitigate considerably the repercussions of this special factor on conditions in the transport market.

The difficulties frequently called to mind as regards apportioning infrastructure costs and assessing the "profitability" of investments do not, we consider, invalidate this conclusion. No policy, if it is to have a sound economic basis can afford to ignore such factors.

By applying principles and methods jointly worked out by the Member States it should be possible to arrive at a satisfactory result. A system by which users will bear, within reasonably close limits, their fair share of the costs falling upon the public purse.

b) Special features of the structure of supply and demand in the transport sector.

16. One feature that transport does not share with other sectors is that undertakings exist which, though widely different in their structure and technical methods, offer services which are comparable and interchangeable to an extent varying with the mode of transport in question.

Each of the three forms of transport - road, railway and inland waterway - has its own salient features, which account for their coexistence and at the same time allows each of them a certain field of action all to itself or in which it predominates. However, there is a very large area in which the various transport techniques enter into competition. Thus, there is competition between heterogeneous types of transport; moreover competition does not exist, with some exceptions, within one of these means of transport (railways). This has only to face competition - albeit very fierce - from without.

On the other hand, certain large transport undertakings, and railways in particular, are in a position to offer widely differing services (passenger and goods services) without it being possible to allocate all costs **exactly** between these services.

Another point is that the components of the cost-price vary considerably from one form of transport to another. Railways have a much larger proportion of fixed, as opposed to variable costs than road or waterway transport undertakings.

However, these special features would not seem to justify any attempt at traffic "distribution" through the intervention of public authorities.

If all forms of transport are placed on an equal footing, a wider application of the principle of competition will help to ensure that traffic is better distributed, each transport operation being directed to the type of transport most appropriate to carry it out.

This rational allocation of traffic would be greatly facilitated by recourse to methods of technical co-ordination between different types of transport.

17. Differences in the administrative structure and size of the various types of transport undertakings, which are another feature of this sector, are not without their effects on the play of competition.

There can be little doubt that the unified nature of railway undertakings gives them greater economic power as opposed to the large number of their competitors, although, on the other hand, the latter have greater operational flexibility.

For both sides these are, to a certain extent, inherent advantages which do not necessarily have an adverse effect upon the transport market.

On the contrary, disturbances are only likely to arise when varying obligations, especially in regard to rates, are placed upon the different types of transport.

Other harmful effects are caused by some carriers' lack of knowledge and experience.

Accordingly, it is essential for the railways to have greater latitude to organize themselves and to operate on commercial lines, while the other two types of transport need to improve operational training and organization.

No one should be allowed to undertake transport work without adequate technical and professional qualifications.

18. A salient feature of the transport market is the inelasticity in supply and demand. This leads to certain price instability which is aggravated by the fact that supply in the road and inland waterways sectors often seems to react abnormally to price fluctuations.

Disequilibrium can thus occur in the use of transport equipment and in the pricing machinery of the undertakings, giving rise to heavy losses both for carriers and the economy as a whole.

19. The uneven distribution of traffic stemming from the differences in the economic structure of the areas served raises the problem of differential rates over the same routes, which is rendered more difficult by the mobility of transport undertakings.

From the economic point of view, the charging of different transport rates for traffic in opposite directions over the same route is justifiable provided that the rates are kept within limits consonant with costs.

20. In view of these special features of the structure of supply and demand in the transport sector, certain measures would seem to be called for.

These might take the form of:

- a) some limitation of transport capacity;
- b) the placing of certain restrictions on freedom to fix transport rates.

Given then that certain restrictions must persist, freedom to fix rates can still help to moderate seasonal traffic fluctuations, since a rate policy enabling charges to be lowered during slack periods would promote better distribution of traffic over the year.

The public authorities are also justified in intervening at initial critical times to palliate the adverse effects.

c) Public service obligations

21. The transport market is influenced in varying degree according to country, by the State's conception of the role of transport in the economy.

This question is dealt with in Chapter 3A of Annex I, which sets out its different aspects and past developments.

The consequences of the position adopted by the public authorities on this point emerge mainly in the disparity between the obligations laid upon the different types of transport.

The obligations of public service fall most heavily on railways. They may be grouped under the following three headings:

- i) obligation to operate;
- ii) obligations to carry;
- iii) obligations in regard to rates.

In the chapter in question it is admitted that these obligations were entirely justified when railways enjoyed a monopoly.

As things are today, these obligations have largely lost their *raison d'être* in consequence of the development of other forms of transport.

22. This applies in particular to the obligation to operate, since numerous alternative means of transport are available to users on most traffic routes.

This obligation ought, therefore, to be maintained only in cases where it would not be sufficiently in the interest of transport undertakings to provide certain services though these are indispensable in the public interest.

The railways can be given the right to close down gradually lines, installations and services run at a loss. This would make for a sounder financial position, while allowing the use of other means of transport better suited to the traffic involved.

23. The obligations in regard to rates are many and complex; they concern the structure and level of rates, their country-wide and round-the-year standardization, and publication.

Besides entailing rate inflexibility, these obligations clearly upset the equilibrium of the market insofar as they are imposed upon the three means of transport in different ways. Herein lies one of the sources of the "skimming off" of traffic, the brunt of which is often borne by the railway services.

Subject to the exigencies of general economic policy, which will be discussed further on, it may be said that such obligations under the first two heads are likely to be, if not eliminated, at least made more flexible, provided that the process is carefully phased.

More flexibility in these matters is essential in carrying out a transport policy more widely based on the play of competition, and moreover has become more feasible by reason of the trend referred to in the foregoing paragraph.

This greater flexibility will be attained by granting to the undertakings, in railways especially, which do not yet enjoy it, freedom to fix their rates within limits which will be determined having regard to costs.

The characteristics of scheduled passenger services in the three types of transport make it impossible to grant the same degree of freedom to the undertakings concerned. The system of fixed rates will thus have to be maintained, it being understood that the fixing of these rates and subsequent changes must also be made with due regard to costs.

As for the obligation to publish rates, this is tied up with the rate system adopted. In a system of freedom to fix rates within limits, it is the limits which will have to be published in advance.

24. With regard to the obligation to carry, we should note that its impact on the financial situation of the undertakings concerned will be less serious if the latter, while remaining subject to it, are free to change their rates according to the competitive situation, as well as to seasonal traffic fluctuations and other factors with a bearing on costs.

25. In conclusion, we may remark that the burden of some of these obligations can be lightened in the framework of parity of treatment for the three types of transport. In~~so~~^{will}far as some obligations~~still~~ apply to one or other undertaking, fair compensation will have to be paid.

d) Imposition of rate reductions.

26. Another form of intervention by public authorities is that they often stipulate special rates or charges for the benefit of certain categories of users or certain branches of the economy.

Such intervention is admissible, but of course within the limits laid down by the Treaty. However, in order to avoid such intervention upsetting the balance between undertakings and means of transport, provision should be made for a fair refund if the reductions in question have serious financial consequences for the undertakings.

B. THE TRANSPORT MARKET AND COMPETITION.

27. We have seen how the special aspects of the transport industry affect the market and competitive conditions in this sector.

Our assessment of these special aspects, moreover, will be subject to review as changes take place with the development of new modes of transport, which are continually evolving.

Some of these aspects can clearly be eliminated or attenuated and, where this is not possible, some of their effects and the resultant disturbances of the transport market can to a considerable extent be remedied.

The market conditions can thus be brought closer to those obtaining in the other economic sectors and in this way we can establish a transport economy based on a system ensuring wider competition.

Developments in this direction would accord with the fundamental principles of the Common market, which is based on competition and has a set of rules aimed at eliminating factors liable to falsify competitive conditions.

However, the necessity for restraints on free competition will remain since certain special aspects will in some degree continue to exist.

28. The common transport policy will have to aim not only at developing the interchange of transport services between the member countries, thus making possible the integration of transport throughout the Community, but at the same time at approximating the operating conditions of the various forms of transport within the Community countries. We cannot have the one without the other. For this reason the common policy must serve as the framework into which, in accordance with the principles set out above, will be fitted the measures that the various Member States must take henceforth in the transport sector. The harmonization of national transport policies must gradually extend all their aspects.

The system thus established for transport will be in harmony with the Community's general economic system which, moreover takes into account the principles of economic policy adhered to by the Western European countries, where competition is held to be an essential factor of economic progress.

The transport economy, and consequently the economy as a whole, will at the same time reap the advantages of this system.

These advantages will consist essentially of an improvement in the quality of transport services as well as a growth of productivity of the whole transport sector with a reduction of costs and consequently of transport rates.

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CHAPTER 2

TRANSPORT UNDER THE TREATY

29. Transport is one sector where the implementation of the Treaty depends on establishing a common policy. Under Article 3 the Community's activities are to include the introduction of a common transport policy to attain the objectives set out in Article 2. A special Title is devoted to transport. The task assigned to the Community of introducing a common policy is confirmed in Articles 74 and 75 at the beginning of this Title, which provide that Member States shall pursue the objectives of the Treaty with regard to transport within the framework of a common policy and confer upon the Council and other Community bodies appropriate powers for this purpose.

A. THE COMMON POLICY

30. The common policy is made up of a set of measures aimed at implementing the Treaty's objectives with regard to transport, and any measures taken or contemplated by the Governments and the Community's institutions must form an integral part of this policy.

31. Article 74 and the other articles in the Title on transport do not specify what rules must be included in this policy.

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The negotiators of the Treaty found it difficult to work out a common policy in detail owing to the differences between the Member States' national transport policies and to the complexity of the transport situation. The Treaty lays down, in this sphere, that the governments are obliged to co-operate with the Community institutions in preparing and putting into effect this long-term undertaking as one of the Community's objectives.

32. As for the subjects covered by the common policy, Article 75 does not confine itself to stating in so many words the common rules to be laid down for international transport and the conditions for the admission of non-resident carriers to national transport services within a Member State. The wording of Article 74 and of Article 75 ("any other appropriate provisions") leaves open the scope and content of the common policy. Article 79 (2) provides that the Council may adopt all measures other than those laid down in its first paragraph in the field of discrimination by applying Article 75 (1).

Articles 74 and 75 specify the terms of reference under which the Community's institutions, using the procedures laid down in Article 189 shall take the measures necessary to introduce the common policy.

Apart from the Treaty's general and specific rules which apply to transport, these Articles also constitute the legal basis for the Council and Commission to take such measures to co-ordinate forms of transport and to harmonize any one form of transport as may be required for the fulfilment of the Treaty's objectives.

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B. APPLICATION OF THE TREATY'S GENERAL RULES TO TRANSPORT

33. This is a controversial matter, both in theory and in practice - at least insofar as concerns the applicability of the rules governing competition laid down in Articles 85 to 94.

The Commission has already made known its views on the applicability of the Treaty's general rules to transport in its proposals on the right of establishment (22 March 1960).

34. The existence of special provisions in Articles 74 to 84 does not rule out the applicability of the Treaty's general rules in the transport field since those rules are universally applicable unless otherwise stipulated.

Should the exceptions contained in the general rules prove inadequate for the requirements of the common policy, the Community's institutions, when preparing the policy, will examine whether and to what extent, other exceptions will have to be made by applying Article 75, without detracting from the basic principles of the general rules.

35. The applicability of the general rules to transport is based on the fact that in every aspect of its field of application the Treaty covers all sectors of the economy, goods and services (universality of the Treaty).

Whenever certain provisions or sets of provisions are not to be applied to a certain sector of the economy, the Treaty makes express provision for the exceptions.

Hence Article 61 (1) excludes the free movement of services with regard to transport from the general rules set out in Articles 59 to 66, by enjoining the Community institutions in this incidence to act in accordance with the special provisions of the Title on Transport. There is no other clause of this kind for the other general rules which makes reservations as regards transport.

The applicability of the general rules to transport is further confirmed by Article 77 which, since it enlarges upon the exceptions to the principles set out in Article 92 (1), necessarily implies that the general provisions on aids (Articles 92 to 94) are applicable to the transport sector.

Rules governing competition

36. The rules governing competition drawn up in Articles 85 to 94 of the Treaty i.e. those concerning agreements, monopolies, dumping practices and State aids, also apply to transport.

However, the general rules governing competition are or may be subject in the transport field to certain exceptions.

37. Firstly, their application can be restricted under Article 90 (2). According to this Article the Treaty's provisions - especially the rules governing competition - apply in principle to any enterprise charged with the management of services of general economic interest, if their application does not obstruct the de jure or de facto fulfilment of the specific tasks entrusted to such an enterprise. Furthermore, Article 77 deviates from the principle laid down in Article 92 by authorizing aids to carriers which meet the needs of transport co-ordination or which constitute the counterpart of certain obligations inherent in the concept of "public utility."

The prohibition in Article 80 of supporting rates imposed by States in the interest of **particular enterprises and industries** constitutes a special arrangement in the system of aids granted for or through a transport service. However, it should be noted that Article 80 concerns only this particular kind of aid to enterprises other than transport concerns which consists of rates involving an element of support as mentioned in paragraph 1. This Article does not therefore preclude the application of other rules also concerning the system of aids in the transport field:

- a) For undertakings in general, certain transport rates and conditions can be regarded not as supporting rates within the meaning of Article 80 if they do not contain the elements laid down by this Article to qualify as such, but as aids within the meaning of Article 92;
- b) For transport undertakings in particular, the system of aids is also governed by Articles 92 et seq., combined with the special provisions of Articles 77 and 78.

38. The Council is empowered to restrict the scope of application to transport of the rules governing competition in accordance with Article 87 (2c) under which the scope of application in the various economic sectors of the provisions contained in Articles 85 and 96 may be defined. It may therefore be decided that these provisions, either wholly or in part, are inapplicable to transport.

39. Moreover, the rules governing competition are flexible enough to allow of the changes called for by the common policy.

- a) It will be possible to determine, in accordance with Article 85 (3) read with Article 87 (2b), which agreements, decisions, or concerted practices by carriers may be permitted.

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b) Leaving aside the exceptions provided for in Articles 77 and 92 (2 and 3 a, b, c) the Council may, under Articles 92 (3d) and 93 (2, paragraphs 3 and 4) also waive the prohibition of aids in favour of carriers.

40. The possible application to transport of the provisions on dumping practices in Article 91(1) raises a special problem. At first sight the terms of Article 91 (1) are general enough also to be applied to services. If the opposite view were taken, it might well be advisable to see, where necessary, whether provisions could be made, - in the framework of Article 75 and based on those of Article 91 (1) - should this prove necessary to halt dumping practices in transport within the Community.

Right of establishment.

41. The provisions of Articles 52 to 58 on the right of establishment also apply to transport undertakings. The Commission therefore also included transport in the draft general programme for the abolition of restrictions on the freedom of establishment which it submitted to the Council on 22 March 1960.

The Commission proposed that restrictions on the engagement in and exercise of self-employed activity in the transport sector, as well as on the establishment and operation of transport undertakings, should be abolished before the end of the second year of the third stage of the transition period.

The Member States will have to abolish every de jure and de facto impediment to this freedom, both as regards the content of the regulations and provisions and their application. In particular, the public authorities must, in exercising their right of appraisal, apply the principle of parity of treatment as between their own nationals and those of other Member States.

42. Under Article 57 (2) the Council is empowered to issue directives, on a proposal of the Commission and after the Parliament has been consulted, regarding the co-ordination of laws and regulations of Member States concerning the engagement in and exercise of non-wage-earning activities.

This provision aims at removing certain obstacles that conditions of entry might raise, even if the latter do not involve discrimination between nationals of the Member State in question and those of other Member States.

For the transport sector - as is also the case in certain other branches of trade and industry - the supply position on the market is of great importance as a condition for entry.

What must be avoided on the one hand is that undertakings take advantage of the right of establishment to move their headquarters around within the Community solely because one country applies strict conditions of entry for certain activities, especially quota restrictions, while another country either assesses requirements fairly liberally or does not even do so at all. But on the other hand there should be no applying the test of requirement to individual cases, nor should a quota system be introduced, if this means that overall freedom of establishment is largely robbed of its substance or is only honoured in the letter.

In particular, if transport capacity is maintained at a certain level for a fairly long period by the existence of a quota system, the fact that legislation and even the decisions of public authorities contain no discrimination will not mean that freedom of establishment is anywhere near being actually attained.

It is at this juncture, so far as the transport sector is concerned, that the co-ordination of laws referred to in Article 57 (2) comes into play. But here again we see certain restrictions on the independent exercise of the right of establishment. The problem of assessing transport requirements has a direct bearing on the substance of the common transport policy as set out in Articles 74 et seq.

Consequently the exigencies of the fight of establishment need to be brought into line with those of the common transport policy. Co-ordination of the rules of entry in the framework of measures to attain freedom of establishment must be related to the progress made by the Member States towards a common transport policy. Conversely, the common transport policy must also be tailored to meet the requirements of real freedom of establishment. Conditions must therefore be brought about whereby the system of restricting admission may be gradually rendered more flexible.

Free movement of services.

43. Article 61 (1) deals with the application to the transport sector of provisions on the free movement of services. This Article lays down that the free movement of services in respect of transport must be

attained by way of the provisions of the Title on Transport and not on the basis of the rules set out in Articles 59 to 66.

Fiscal provisions.

44. In accordance with Article 99 the Commission is obliged to promote the harmonization of indirect taxation. This also holds good for taxation on transport, independently of specific fiscal measures for transport that are likely to be taken in the framework of the common policy.

Social provisions.

45. The Treaty's general rules on the free movement of workers (Articles 48 to 51), the harmonization of the overall social policy (Articles 117 to 121 and recourse to the European Social Fund (Articles 123 to 128) also apply to transport, where they have considerable **scope**. This does not mean that the Community institutions are unable to take other social measures as the common policy requires them.

It is evident from Article 75 (3) that the authors of the Treaty did not fail to realise the importance of standard of living and employment problems.

Approximation of laws.

46. The approximation of laws provided for in Articles 100 to 102 must be attained in the transport sector as in the other economic sectors.

The application of these Articles can therefore serve to supplement the implementation of Articles 74 and 75.

Common commercial policy.

47. The close links between the different types of transport and international trade, and the possible influence of the transport policy on trade flows, make it necessary to take into account the provisions of Articles 110 to 116 of the Treaty. These especially concern the implementation of a common policy on trade with non-member countries (Article 111 (1)), aids to export (Article 112), the conclusion of trade agreements and export policy (Article 113) and joint action by the Member States in international organizations so that the Six can assume common attitudes towards the problems that transport raised with non-member countries.

C. CONTENT OF PROVISIONS SPECIFICALLY CONCERNED WITH TRANSPORT

48. Certain general considerations emerge from the above review of the various Articles likely to be directly or indirectly applicable to transport and these can assist the interpretation of the special provisions of the Title on Transport.

These special provisions either make exceptions to the general rules or serve to reinforce them. The latter type of provisions may involve going further than what is required for the general common market e.g. Article 74 in relation to Article 100. The common transport policy may necessitate approximating legal and administrative provisions of the Member States which do not have a direct incidence on the establishment or functioning of the common market.

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49. On reading the Title on Transport one finds that, where applicable, the Articles concerned either set out binding directives, even going so far as to lay down formal principles, or, in their absence, grant the Community a wide degree of responsibility in the transport field.

It has dealt directly with certain concrete problems, as for example the prohibition of discrimination based on the country of origin or destination of goods carried (Article 79, (1)), a problem calling for priority treatment, the procedure for solving it being clearly indicated. We may mention also the prohibition of supporting rates (Article 80), which can play an important part in the matter of aids. In both cases, all the Community's institutions need do is to apply the principles and procedures laid down.

On the other hand, other provisions allow the institutions much greater freedom. Here the classic example is Article 75.

50. This Article constitutes one of the basic provisions for the application of Article 74. The common transport policy will be applied both by means of the Treaty's general rules, as outlined above, and according to the special provisions of the Title on Transport. Apart from the procedures laid down for applying the Treaty's general and special provisions, Article 75 is to be instrumental in implementing Article 74.

Firstly, it should be noted that Article 75 refers to the special aspects of transport that the common policy will have to take into account.

Apart from its economic and technical content, it should be noted that this concept lies at the root of the specific national systems of regulations - often widely varying among themselves - which must supply the basis for preparing the common transport policy.

This shows that the special aspects of transport form an objective factor which the Community must take into account - economic considerations apart - even if these special aspects are discussed from the technical point of view, there can be no ignoring the fact that national systems of special regulations exist in this field.

51. Secondly, Article 75 lists the priorities that must be complied with in certain fields, bringing out the need to establish common rules for international transport (Article 75, (1a)) and conditions for the admission of non-resident carriers to national transport services. In order to carry this out, these problems will have to be settled during the transition period.

52. Finally, Article 75 (3) gives a more rigid procedure for provisions which relate to the principles governing transport and the application of which might seriously affect employment and the standard of living in certain regions and also the utilisation of transport equipment, due account being taken of the need for adaptation to economic expansion resulting from the establishment of the common market. In laying down these provisions the Council is required to act by unanimous vote even when the transition period is over.

This wording stresses that the decisions to implement the common policy can be of major importance, since they may bear on the very principles of the transport system.

Such unanimity is only warranted when all the conditions listed in paragraph 3 are fulfilled. When appraising these conditions the Council will have to take due account of the need to adapt transport to economic developments resulting from the establishment of the common market.

53. We may recall that in addition to Articles 2 and 3, Articles 74 and 75 supply the legal basis for Community investment policy in transport. These two Articles authorize the Council inter alia to take measures regarding the technical conditions for admission to transport services.

54. Apart from any requirements for regional policy that may be included in the Treaty's general provisions, according to Article 75 (3) and Articles 80 and 82 regional problems will have to be taken into consideration when the common policy is being prepared.

55. The "standstill" clause in Article 76 should suffice - with Article 7 - to prevent the Member States from impeding the Treaty's application to transport. This Article would seem to entail a special obligation for transport regarding the general obligation to abstain from any measures likely to jeopardize the attainment of the Treaty's objectives, which is imposed on the Member States by Article 5.

This standstill obligation is chiefly intended to prevent fresh obstacles being put in the way of future measures to free the movement of transport services.

56. In section 37 above we have already referred to Article 77 which deals with aids that meet the needs of co-ordination or constitute compensation for certain obligations inherent in the concept of a "public utility". It could be argued that the exceptions provided for in this Article are intended for cases

which come under the special aspects of transport referred to in Article 75.

57. Article 78, which provides that any measure in the sphere of transport rates and conditions shall take due account of the economic situation of carriers, is by way of being a general provision. It may be invoked for measures taken in the sphere of transport rates and conditions, both under the Articles in the Title on Transport and in applying the Treaty's general rules to transport.

58. Under Article 79 (1), any discrimination whereby a carrier, in respect of the same goods conveyed between the same points, applies transport rates and conditions which differ on the ground of the country of origin or destination of the goods carried, must be abolished in traffic within the Community, by the end of the second stage. In Regulation No. 11 of 27 June 1960, which came into force on 5 September, the Council laid down the rules provided for in Article 79 (3), which aim at the abolition of such discrimination.

Moreover, Article 79 (2), with its reference to Article 75 (1), makes it possible to abolish any discrimination which could hinder the formation and functioning of the common market.

59. Article 81, which deals with charges or dues collected and the costs entailed for crossing frontiers, lays obligations on undertakings and States. The Commission will make recommendations to see that this Article is applied.

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D. FIELD OF APPLICATION AND FURTHER PARTICULARS OF THE COMMON POLICY

Field of application

60. According to Article 84 (1) the provisions of the Title on Transport apply to transport by rail, road and inland waterway.

61. Trades auxiliary to transport especially those of forwarding agents and undertakings working ^{in the port} are subject to the general rules.

Since these undertakings often play an important part in transport, appropriate arrangements may be made for them within the common policy, insofar as their activities are directly linked with actual transport operations.

62. According to Article 84 of the Treaty, the provisions of Articles 74 to 83 do not apply to sea and air transport.

But, as has been pointed out in section 35, the Treaty rules apply to every sector of the economy, unless exceptions are specifically provided for. This means that in principle the Treaty applies to sea and air transport, though it allows for certain exceptions. The only exception already made by the Treaty comes in Article 61 (1), under which the provisions on the free movement of services in Articles 59 to 66 do not apply to transport. On the other hand, the provisions for abolishing restrictions on the freedom of establishment are applicable to sea and air transport, which the Commission also included in the general programme it submitted on 22 March 1960, under Article 54 (1), of the Treaty.

Obviously sea and air transport have their own distinctive features and are (to a much greater extent than inland types of transport) closely connected with and dependent on the world economy. It is in the Community's own interest to take this into account and not to call into question the competitive position of sea and air transport outside the sphere of the Treaty of Rome.

As has been indicated in sections 34 et seq., certain Articles of the Treaty enable the general rules to be adapted to economic requirements.

Article 84 (2), authorizes the Council to decide whether, to what extent and by what procedure, ^{adopted} appropriate provisions might be / for sea and air transport. All the problems of sea and air transport that come within the scope of the Treaty thus have to be jointly studied and measures should then be taken on the basis of Article 84 (2), to meet their special situation. It might even be found advisable to suspend for a period to be determined later, the application of certain general rules of the Treaty to sea and air transport, until suitable arrangements can be made.

63. The Community may not act without taking into account existing treaties between member countries (Articles 232 and 233) and conventions concluded prior to the entry into force of the Treaty of Rome with non-member countries (Article 234) to the extent and under the conditions set out in the second and third paragraphs of Article 234.

As for the transport provisions of the Treaty establishing the ECSC, we should note that under the final paragraph of Article 70 of ~~this~~ Treaty the States retain competence for commercial transport policy, in particular the fixing and modification of rates and conditions for transport of any type as well as the arrangement of transport rates required to assure the financial equilibrium of the transport enterprises themselves, subject to observing the provisions of the Article in question as well as the other provisions of the ECSC Treaty. Article 232 of the Treaty of Rome raises no objection to provisions that may be made as part of the common policy being applied to the carriage of ECSC products. The special provisions on transport rates and conditions in the Treaty of Paris will, of course, have to be respected.

The common policy will also apply to transport on rivers subject to international conventions.

For the Rhine, in particular, the authority wielded by the Central Commission for the Navigation of the Rhine ^{by virtue of} the Mannheim Convention must be taken into consideration. This ranks as one of the international organizations with which the Commission is to maintain appropriate contacts in accordance with Article 229.

Negotiations will possibly be called for owing to the existence of previous agreements to which non-member States are parties.

64. Thus, unless the contrary has been indicated above, the common policy covers transport operations throughout the Community. However, there can be no ignoring the important part played in relations with non-member countries by transport and the system by which it is regulated and the need to seek

as thorough a harmonization as possible especially with the Community's neighbours. Special consideration will have to be given to Austria and Switzerland, on account of their geographical position.

Consultation procedure and gradual implementation of the common policy

65. The Commission maintains that in order to implement the common policy it is essential to establish **forthwith a procedure** for the exchange of information and permanent consultation between the Member States and the Community institutions.

This procedure will meet the following three requirements :

- a) it will obviate measures being taken which would make it more difficult later to adopt and apply the common policy;
- b) it will encourage the approximation of national transport policies;
- c) it will foster an effective system of co-operation between the Member States and the Community institutions for implementing the common policy.

Paragraph 2 of Article 5 stipulates that Member States must abstain from any measures likely to jeopardize the attainment of the objectives of the Treaty.

Article 102 complies with both the first and second requirements by providing for prior consultation between Member States and the Commission when there is reason to fear that the enactment or amendment of a law or regulation will cause a distortion.

Independently of the procedures that could be chosen for the common transport policy, Article 102 provides that the Commission can recommend to the States concerned such measures as may be appropriate to avoid distortions.

Finally, the provisions of Articles 74 and 75 make it possible to comply the third requirement.

Article 116 provides for joint action, as from the end of the transitional period, within the framework of international organizations of an economic character and, before that, for consultation among the Member States with a view to concerting their action and, as far as possible, adopting a uniform attitude.

All this ~~will~~ ensure that the Member States will co-operate with the Community institutions, in accordance with the first paragraph of Article 5 to help them to fulfil their tasks.

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TITLE II

GENERAL LINES OF THE COMMON TRANSPORT POLICY

66. The survey of economic considerations given in Chapter 1 of Title I of this Memorandum make it possible, bearing in mind the Treaty's provisions on Transport reviewed in Chapter 2 of the same Title, to indicate the general objectives at which the common transport policy must aim, and the guiding principles for the measures to implement it; in other words, the general lines of this common policy.

CHAPTER ONE

GENERAL OBJECTIVES OF THE COMMON POLICY

67. The common policy should have three general objectives:

- i) Elimination of any **obstacles to the** establishment of the general common market caused by transport;
- ii) Integration of transport throughout the Community, i.e. it must aim at freedom of movement for transport services within the Community;
- iii) General organization of the Community's transport system.

These three objectives and the measures to be taken to attain them are related to each other.

The integration of transport in the Community will also help to bring the general common market into being.

Such integration requires in its turn a general organization of the Community transport system.

In pursuing these general aims consideration must be given to the requirements of the Community's general economic policy and to **its social policy** in the transport sector.

A. ESTABLISHMENT OF THE GENERAL COMMON MARKET

68. Activity in this field should be aimed at furthering the gradual establishment of the common market as scheduled by ridding transport of elements which distort the conditions of competition in the general common market and thus obstruct the expansion of the economy and the lowering of prices.

The Treaty gives certain indications of the lines such action should follow.

69. With this aim in view, Community action includes:

- a) Abolition of any form of discrimination in transport rates and conditions. Action should not be confined to the type of discrimination defined in paragraph 1 of Article 79, but should cover all other discriminatory practices likely to hamper the working of the common market (paragraph 2 of Article 79);
- b) Abolition of transport rates and conditions which form an element of support and enable certain economic categories or sectors to reap artificial advantages, with due regard to the exceptions provided for by Article 80 (2).

This action is bound up with that to be taken in connection with aids;

- c) Adjustment of charges and dues collected by a carrier for the crossing of frontiers (Article 81), which are only justified insofar as the transport undertakings incur real costs. Moreover, every effort will have to be made to reduce these costs as much as possible;
- d) Application to transport of the Treaty rules on understandings, monopolies and aids granted by States and divergencies of a legislative and administrative nature liable to hamper the formation of the general common market.

In this context efforts should be made to pinpoint transport situations which militate against the free movement of goods.

70. The integration and organization of transport in the Community must be carried out on such lines as promote to the greatest possible extent the establishment of the common market as a whole.

B. INTEGRATION OF TRANSPORT THROUGHOUT THE COMMUNITY

71. The Treaty also indicates the line of action to be followed in this field, this includes:

- a) Establishment of common rules applicable to international transport effected from or to the territory of a Member State or crossing the territory of one or more Member State (Article 75 (1a));
- b) Establishment of conditions for the admission of non-resident carriers to national transport services within a Member State (Article 75 (1b));
- c) Establishment of conditions enabling carriers from one Member State to have permanent access to all transport activities in another Member State, under the conditions laid down by this State for its own nationals (right of establishment : articles 52 et seq.).

72. There are certain requirements involved in the existence of an economic union. At the very least the member countries must abolish without delay, the disparities of treatment between them which may still exist.

On the other hand, advantages conferred by a Member State on a non-member country must also be extended to the other Member States - hence the need for a common attitude towards non-member countries - while of course taking into account the desire to broaden and merge markets.

In accordance with the provisions of Articles 110 and 11 (5) and the general spirit of the Treaty, the point here is that the preparation of a transport policy involves striving, at the highest level, to bring into line the national legislation in force in respect of non-member countries and to avoid the measures taken as part of this policy amounting to discrimination against non-member countries.

C. GENERAL ORGANIZATION OF THE COMMUNITY'S TRANSPORT SYSTEM

73. The Treaty does not specify what line of action is to be followed in this field.

For this reason we have outlined in Title I of this Memorandum the economic considerations and legal foundations on which such action should be based.

We have recommended a more competitive system in transport, subject however to some restraint on the free play of competition.

74. Such a system seems to be most in line with the operation of the common market and the requirements of European integration.

Competition - by giving full rein to each country's capacity to compete in the various economic sectors - provides the basic means of bringing about product specialization, lower costs, increased productivity and harmonization of prices, as required by the creation of the common market and the economic development of the six Member States. This serves the interests both of the transport undertakings and users and of the economy as a whole.

75. Accordingly, it would seem that transport will have to proceed as far as possible on the same lines as the other sectors.

Nevertheless, certain restrictions on the play of competition are considered indispensable since - without jeopardizing the principle of competition as such - these would impart a certain stability to the transport market by enabling the special aspects of transport to be taken into account.

From the point of view of general integration, the proposed system is especially suitable to bring about an approximation and balancing of transport rates and conditions and thereby of one of the factors in international trade.

Furthermore, competition in transport would at the same time ensure the elimination of economically unjustified differentiation in transport and of the resultant distortions of competition in the other sectors of the economy.

This system seems to be capable of meeting the requirements both of the transport sector and of the economy as a whole.

D. REQUIREMENTS OF GENERAL ECONOMIC POLICY: REGIONAL, AGRICULTURAL AND COMMERCIAL POLICY

76. The question arises of how far the system we have in mind can also meet the special requirements of general economic policy and, in particular, of Community policy in certain sectors where intervention by public authorities is envisaged.

This is especially the case as regards regional and agricultural policy.

77. The recommended common policy does not preclude possible justified intervention by the public authorities for certain purposes^{and} in specific sectors, both on the national and Community scale.

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However, the common policy implies that transport should only be used as an instrument of general economic policy when no other more direct means of action are available or when intervention through transport proves essential.

The public authorities, in intervening, must thus try to avoid upsetting the **equilibrium** of the transport market and **competitiveness** of undertakings.

Burdens imposed by such interventions should in principle attract equivalent compensation (cf. section 92, second paragraph, page 61).

78. The various forms of intervention by public authorities for purposes outside the purview of transport policy are beyond the scope of this memorandum.

In order to throw more light on this question, it seems fitting to add certain explanations concerning the fields where the public authorities intervene on a large scale.

79. Regional development often involves **questions of infrastructure**, where the public authorities have to take decisions.

The latter already take factors of general interest into full account in their investment policy. In addition they are beginning to fall into step with European economic integration. In this way all the requirements for developing areas that are economically and socially backward or declining and agricultural areas may be taken into consideration.

The criterion of profitability of investments, whose adoption is advocated for the co-ordination of infrastructures, will thus be applied with due consideration for the long-term prospects of increased traffic and the way that development of the transport system

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should influence the economic progress of the areas involved.

80. With regard to rates, Article 80 (2) of the Treaty makes it possible to take into account the requirements of a regional economic policy and related problems of location of industries, despite the prohibition of supporting rates in the first paragraph of that Article.

Likewise, the need to increase agricultural productivity, ensure a fair standard of living for the **rural** population, and take into account unfavourable patterns of agriculture in certain areas and their markets, can be fitted harmoniously into the adjustment of rates provided for by the Treaty.

In its proposals of 30 June 1960 on the planning and execution of the agricultural policy, the Commission has already stressed the close interdependence between the common transport policy and the common agricultural policy. Special arrangements will thus have to be made as regards transport rates for certain basic agricultural produce, such as grain and sugar beet, so that transport rates will be brought into line at Community level by the time fixed, according to the Commission's proposals, for the establishment of the agricultural common market for agriculture (1 July 1967).

81. Development of the common commercial policy, in accordance with the provisions of Articles 110 to 116, carries with it certain implications for transport as regards non-member countries.

The objectives and actions of the common commercial policy must be taken into consideration within the common transport policy.

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82. The guiding lines proposed for the common transport policy thus seem to fit in with the general framework of the Community economy and yet also to correspond to the special positions and requirements of certain sectors.

E. SOCIAL ACTION BY THE COMMUNITY IN THE TRANSPORT FIELD

83. The preamble to the Treaty of Rome gives, among the essential purposes of the Community, that of continuously improving the living and working conditions of its peoples. This shows what importance must be attached to social considerations in every field touched upon by Community action. This holds good for transport no less than for the other sectors of the economy.

As Article 117 puts it, the improvement of the living and working conditions of labour so as to permit the equalization of such conditions in an upward direction should result not only from the functioning of the common market, which will favour the harmonization of social systems, but also from the procedures provided for under the Treaty and from the approximation of laws and regulations.

84. Social action in transport should fit in with the Community's general social policy. The general requirements of the social policy must be kept in view in planning and executing the common transport policy, and it will have to be seen whether the special features of transport ^{do} /not call for special solutions to certain problems.

It must be added ~~that~~ although the common transport policy should contribute to social development, the latter ought not to be considered a prior condition for its implementation.

The idea of levelling living and working conditions upwards is of great significance for transport since its application will help to remove some of the disparities which could at present upset the balance between the types of transport and make it difficult to bring about free movement of transport services within the Community.

85. The Commission aims to promote close collaboration between Member States in the social field - especially on the various matters listed in Article 118 of the Treaty. Some of these have special features and special importance in transport. This is particularly true of working conditions and hours of work, occupational training, social security, health and protection against occupational diseases and accidents.

Over and above the general arrangements made in this field as part of the Community's social policy, appropriate solutions for transport will have to be sought which should improve the present situation and put an end to differences stemming from artificial causes.

86. These solutions will have to take into account the large number of family businesses and small scale undertakings in transport.

87. Some definite stipulations on social matters are laid down in Articles 119 et seq. of the Treaty and in the Protocol relating to certain provisions of concern to France.

These include equal pay for equal work as between men and women workers, equivalence of paid holiday schemes, and overtime pay.

Since much overtime is worked in transport, the last point merits special attention. Particular care should be taken to avoid creating a situation which might justify safeguard measures likely to hold up the attainment of free movement of transport services.

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CHAPTER II

THE PRINCIPLES OF THE COMMON TRANSPORT POLICY

88. To attain the general objectives set forth in the previous chapter, the common transport policy must ensure that the following principles are applied:

Equality of treatment,
Financial independence of transport enterprises,
Freedom of action for carriers,
Free choice for users,
Co-ordination of investments.

A. EQUALITY OF TREATMENT

89. Equality of treatment is the fundamental condition if healthy competition is to have a favourable effect in the transport sector. It must apply to enterprises, modes of transport and users.

It must include the abolition of discrimination on grounds of nationality, which is a principle that should inspire the common policy throughout.

a) Relationship between transport enterprises and between modes of transport.

90. The inequality of treatment which is apparent in the relationship between transport enterprises and between modes of transport results, more often than not, from the intervention of public authorities in matters of transport. Transport enterprises and modes of transport must be placed in a position to assert and make use of their own advantages. So far as their special characteristics permit they must, therefore, be given comparable competitive conditions. In this way a fair and satisfactory

distribution of activities could be brought about among enterprises within one mode of transport and among the various forms of transport.

91. The principle of equal treatment must be respected in particular with regard to public **service** obligations, taxation, social conditions and subsidies.

Effect of public **service** obligations and of charges extraneous to running costs.

92. As long as certain carriers escape these obligations whilst others have to accept them, there can be no doubt that the conditions of competition are not equal. If the principle of equal treatment is to be applied, this situation must be put right. Nevertheless it is evident that the remedy cannot consist either in simply eliminating such obligations or in extending them to those carriers who are not subject to them. As we have seen in Title I, Chapter 1-A, it is necessary in the first place to determine which obligations might be mitigated or even abolished without inconvenience to the public, and to preserve only those which are held to be indispensable.

Disparities resulting from the latter obligations should normally be remedied by fair compensation paid by the public authorities.

Of course, the need to grant compensation and its nature and extent must be assessed according to the actual effects which such obligations have on the enterprises upon which they are imposed.

When not only the short-term but also the long-term effects are considered, it may be found that certain obligations are not damaging to the interests of enterprises.

Effect of differences in taxation.

93. In common with other industrial and commercial activities, transport must make its contribution to government revenue. Nevertheless, we find that in many cases it is subject to special systems which differ to a greater or lesser degree from those applicable in other economic sectors.

Governments have used fiscal arrangements either to recover the cost of infrastructure from the users, or as an instrument of transport co-ordination.

Such preoccupations may be contradictory in their effects and it is difficult to classify with any certainty, according to their purpose, the various taxes imposed upon transport.

94. Though the fiscal arrangements applicable to transport enterprises can be considered as a whole, especially as they affect competition, it is nevertheless necessary to try and draw a line of distinction between general and special taxation and to respect the principle of equality in both.

In the case of general taxation it is true that transport should normally be treated on the same basis as other branches of industry. The problem then arising is the same as that concerning these other branches. It must be handled in the overall framework of the Community's fiscal policy and solutions must be found by way of a gradual approximation

of national legislations, it being remembered that general taxation is part of the overall fiscal burden borne by the transport enterprises, that it may differ greatly from one mode of transport to another even in the same country, and that taxation systems may be very different in the various countries.

As for special taxation, which comprises all the taxes peculiar to transport, the principle of equal treatment should find its expression in fiscal neutrality; in other words, so far as possible such special taxation must not be allowed to distort the conditions of competition between enterprises or modes of transport, either in one country or as between Member States. This is the consideration underlying the measures proposed below for effective harmonization in matters of taxation.

Effect of social disparities.

95. The effect on competition of certain differences in social conditions, either between countries or between enterprises and modes of transport in one country, is obvious. Reference should here be made to Annex I, Chapter 2, which deals with social questions.

Under the Treaty it is the aim of the Community's social policy to improve living and working conditions and to bring them into line. As progress is made in this direction, the present differences in the transport sector will become less marked.

Without waiting until this objective is reached, it will be necessary to harmonize and adjust certain accessory provisions which nevertheless have a considerable influence on competition, such as those relating to

working hours and conditions, health and safety, overtime, social security, etc.

Effect of aids.

96. For aids the principle of equal treatment must be brought to bear both with regard to their effect on relations between forms of transport and with regard to the comparative situation of a given form of transport in the Member States. Subject to the provisions of Article 77 which lays down that aids which meet the needs of transport co-ordination or which constitute reimbursement for certain obligations inherent in the concept of "public service" shall be deemed to be compatible with the Treaty, these aids will have to be studied and gradually abolished under the common policy, with due regard to Articles 92 et seq.

With regard to Article 77 it should be pointed out that as the conditions of competition between modes of transport are normalized in accordance with the principles set forth in this memorandum, the need of aids for purposes of co-ordination will decline.

b) Relationship between users and carriers.

97. The principle of equal treatment must also be put into practice in the relationship between users and carriers.

It is reflected in two ways :

- 1) The abolition of discriminatory practices, aids and unjustified support measures;
- 2) The control of understandings and monopolies.

Equality of treatment in transport is of fundamental importance

because it is required for

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the free play of competition so far as is compatible with the characteristics of this sector, and it is also an essential element in the implementation of the other basic principles of the common policy.

B. FINANCIAL INDEPENDENCE OF TRANSPORT ENTERPRISES

98. Provided that enterprises start on level terms, they must themselves ensure a balance between income and expenditure. Financial independence is the second principle of the common transport policy.

99. This implies that all transport enterprises must be fully responsible for the management of their finances. They must in the first place accept liability for their share of infrastructure costs and any other costs borne by the public. Any direct or indirect subsidies whether provided by the State or otherwise, which do not represent compensation as referred to in the second paragraph of section 92 above, must be abolished. Secondly, enterprises must enjoy the greatest possible freedom in their choice of means for balancing revenue and expenditure.

C. FREEDOM OF ACTION FOR CARRIERS.

100. This principle is a corollary of those mentioned above. It must be brought to bear in several spheres.

So far as commercial management and in particular the rates and conditions of transport are concerned, enterprises must be free to work out their own policy. Subject to the restrictions made necessary by the structure of the transport market as set out in Chapter I - B of Title I, freedom of prices must be assured.

101. Subject to the same reservation, the greatest possible freedom must also apply as regards the access of enterprises to the various transport markets. This implies a gradual slackening of quotas and other quantitative restrictions. It would be desirable for transport firms to be as large or as small as they think fit, and, more generally, for carriers to be able to adjust their equipment to fluctuations in demand, so far as finances permit. For the railways this is bound up with the abolition or relaxation of their obligation to maintain services.

102. The principle of freedom of action also implies that the enterprises can choose their forms of organization and operating methods at their own discretion. This is of particular importance to the railways which must be run on commercial lines as nearly as may be.

103. Nevertheless, respect of this principle should be without prejudice to the power of public authorities to prevent excessive developments in transport equipment having regard to infrastructure capacity, technical characteristics and safety requirements.

104. This principle of freedom of action for carriers must be tempered by the requirement that they must furnish proof of their technical and trade qualifications.

D. FREE CHOICE FOR USERS.

105. In a competitive economy freedom of demand goes hand in hand with freedom of supply. In transport, the freedom of demand takes the form of free choice for users, which must not be artificially distorted.

106. In practice the users are best able to judge the form of transport most suited to their requirements. They can take into consideration not only the rates offered them but also other factors relating to the quality of the service.

107. Acceptance of this principle raises the problem of "transport on own account". Freedom of choice for users is difficult to imagine unless they are able to engage in transport on own account when they consider this preferable to any offer of the transport industry. Therefore, freedom to engage in transport on own account must be recognized, subject to the following considerations:

a) Transport on own account must be placed in a position comparable to that of transport for hire or reward, especially with regard to fiscal charges and the allocation of infrastructure costs. Though from different angles this is true of passenger transport as well as of goods transport.

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b) So as to guide the users' choice towards the mode of transport which involves the least economic cost, a solution must be found to the problem that with a vehicle park or fleet calculated on the basis of its normal requirements, an enterprise engaging in transport on own account can restrict its haulage activities to that traffic which will ensure **a very** profitable use of this equipment.

c) Transport operations for hire or reward must not be carried out under the cloak of transport on own account. The problem of return loads must be solved with the necessary limits and safeguards, regard being had to economic aspects.

d) Users should be better informed than they frequently are of the real costs of transport on own account and of the facilities offered to them by commercial transport firms. Experience shows that the necessary information is not always available.

To a large extent the relatively great expansion of transport on own account in some countries may be the result of certain obligations imposed on transport for hire or reward.

As such obligations are slackened or even abolished, it may be expected that transport on own account will be reduced to reasonable proportions.

E. CO-ORDINATION OF INVESTMENTS.

108. The freedom of action of enterprises discussed above could be jeopardized if infrastructure developments for the various modes of transport fall behind traffic requirements. Therefore, infrastructure must be improved more rapidly if the economic expansion of the Community is not to be hampered.

However, the effective co-ordination of investments involves difficult problems because, as we have noted, decisions relating to infrastructure are taken by the public authorities whilst those on vehicle parks or fleets are the concern of the enterprises.

The public authorities are unquestionably responsible, directly or indirectly, for the construction and maintenance of means of communication; they are almost solely responsible for roads and inland waterways and in varying degree, at least indirectly, for the railways.

It is natural that in drawing up their investment programmes the public authorities should be guided by considerations of public interest. Amongst these, those of regional policy have pride of place. But in considering the various aspects of the general interest, the public authorities must also take into account whether proposed projects are likely to pay their way.

Investment in transport material is largely a matter for the enterprises. In view of their large number, private transport enterprises can however, hardly have an overall view of the long-term fluctuations of demand

or of supply capacity, both of which must influence their investment decisions. The public authorities could therefore very usefully provide these enterprises with information and thereby promote the harmonious development of new methods and the modernization and standardization of equipment.

Action by the public authorities is essential so far as those technical features of vehicles or vessels are concerned which have a bearing on traffic and safety.

Studies of infrastructure costs and profitability, the co-ordination of communication networks, the adaptation of vehicle parks and fleets, the harmonization of technical conditions, and financing from sources complementary to government funds or the capital of transport firms should be made with the prospect of European economic integration in mind.

This means that the Community institutions have an important role to play in establishing throughout the Community a transport system in which the expansion of infrastructure and vehicle parks and vessels is so harmonized as to meet the requirements of the common market.

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TITLE III

IMPLEMENTATION OF THE COMMON POLICY

109. The general lines set out in Title II must be reflected in the measures taken to implement the common policy.

It is outside the scope of this memorandum to explain in detail the proposed arrangements. Only essential features will be indicated. Any measures already adopted by the Council or proposed by the Commission figure in the programme explained below. Those arrangements to which the Treaty has accorded priority, or which the Commission has considered should be adopted without delay, also form part of the common policy.

110. Though the object is to organize all transport in the Community on the same principles, the Commission believes that - especially in the beginning - common solutions may be limited to the most important problems. New rules not needed to put the common policy into practice would require modifications of the various national legislations out of proportion to the positive results to be expected from them.

It would nevertheless be desirable for the Member States to act in concert with regard to the rest of the measures, so as to bring the various systems as close to another as possible. Transport is a single sector of which the various branches are closely interrelated

and in which no watertight compartments can be allowed to exist. It must therefore be expected that solutions adopted under the common policy will influence the organization of the entire transport system in the six countries.

111. The common policy can only be put into effect by stages. We must go from one stage to the next, bearing in mind the results of the measures taken during the preceding stage.

The study of these results will be very important because it will make it possible to judge whether the measures are satisfactory or whether they should be modified in the light of developments or unexpected obstacles.

A new series of objectives must be set for each stage as a new milestone in the Community's advance towards the final goal of its transport policy.

Therefore, particular importance attaches to the establishment of a time-table for working out and putting into effect the courses of common policy.

112. The common policy sets an arduous and long-term task, a continuous process requiring close co-operation among Member States and the

Community institutions. The Commission therefore proposes a procedure for permanent consultation to facilitate the approximation of national transport policies and the emergence of a common policy.

CHAPTER I

IMPLEMENTING MEASURES

A. STEPS TO FACILITATE THE ESTABLISHMENT OF THE GENERAL COMMON MARKET

113. The Treaty contains explicit provisions on the elimination of discrimination and the abolition of aids and unjustified supports, and the adjustment of charges and dues collected for the crossing of frontiers; it also provides rules on understandings and monopolies in the transport industry. It is important that these provisions be put into effect within the time limits set, in order to clear away the obstacles referred to in the Treaty.

a) The abolition of discrimination in transport rates and conditions.

114. In order to abolish the discrimination defined in Article 79 (1) of the EEC Treaty, the Council has adopted Regulation No.11 published in the official gazette of the European Communities (No. 52 dated 16 August 1960, in force since 5 September 1960). This regulation drawn up pursuant to Article 79 (3) is part of the common policy as it has been defined. It is directed at abolishing certain forms of discrimination especially incompatible with the spirit of the Treaty and whose continuance might have hampered the establishment of the Common Market. To this end it lays down the following measures:

- 1) The obligation on governments to notify the Commission of tariffs, conventions and agreements on transport rates and conditions;
- 2) The introduction of a transport document for most transport operations, and the requirement that transport enterprises shall keep a record of the main details of each transport operation, including the rates at which it was effected;
- 3) The regulation further provides that unless the publication of transport rates and conditions is made subject to regulation before 1 July 1963 under Article 74 and in pursuance of Article 75 of the Treaty, decisions relating to the nature, form and scope of such publication, and any other relevant arrangements shall be made within the limits and in accordance with the conditions laid down in Article 79 (1 and 3) of the Treaty, taking into account that such decisions must in all cases fall within the common transport policy ;
- 4) Sanctions to be applied should the provisions of the regulation not be respected or a decision of the Commission be disregarded.

115. Although this regulation provides solutions for questions of principle, its scope is relatively limited because of the restrictive wording of Article 79 (1).

Also, the problem of other instances of discriminations not referred to in this Article but likely to be more numerous and equally harmful to the freedom of trade, still remains to be settled. For this reason the Commission has, on the basis of Article 79 (2) of the Treaty, drawn up a list which does not claim to be exhaustive of the main factual situations which may contain an element of discrimination and should be eliminated under Article 75 of the Treaty.

They include:

- 1) The non-extension of certain inland tariffs to traffic to or from frontier points;
- 2) Certain export or import tariffs granting advantages to the nationals of the countries concerned;
- 3) Certain tariffs with an unjustified clause of origin or destination;
- 4) The unjustified limitation of certain special tariffs to certain stations, lines or routes;
- 5) Distortions caused by differences in the system by which international rates are fixed as compared with rates for internal traffic.

The Commission will therefore continue its activity in this field. It is engaged in an enquiry into the most serious and most urgent cases and will propose appropriate solutions for eliminating any resultant discrimination.

- b) The abolition of unjustified support and aids in the matter of transport rates and conditions.

116. Under Article 80 the application imposed by a Member State of transport rates and conditions involving any element of support or protection in the interest of one or more particular enterprises or industries is prohibited. The Commission is of the opinion that the term "application imposed by a Member State" must be taken to mean that

transport tariffs and rates established under government pressure for the purpose of supporting one or more enterprises or industries come within the scope of this prohibition.

To be able to fulfil its obligations under this Article, the Commission has addressed to the governments the first standard questionnaire asking for information on certain cases which may involve such an element of support. On the basis of the replies received, and having regard to the reservations expressed in paragraphs 2 and 3 of Article 80, the Commission will examine whether and to what extent such transport rates and conditions may be kept in force, taking particular account of the requirements of a suitable regional economic policy, the needs of under-developed regions and the problems of regions seriously affected by political circumstances, and of the effects of such rates and conditions on competition between the different modes of transport.

The same will apply to other measures in the field of transport rates and conditions, which, whilst they cannot be regarded as support measures within the meaning of Article 80, may constitute aid within the meaning of Article 92.

In each case it will be necessary to establish how it will be possible to reconcile the requirements of general economic policy with those of the common transport policy.

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The problem of aids and support measures concerns not only the establishment of the general Common Market but also the integration of transport in the Community and the general organization of transport.

c) Charges or dues collected for frontier crossings.

117. As well as giving rise to difficulties of legal interpretation, Article 81 of the Treaty deals with a complex and delicate matter.

Certainly, however, the crossing of frontiers must gradually cease to be an obstacle or to give rise to substantial charges within the Community.

In this realistic spirit and in pursuance of the aims of the Treaty, the Commission proposes to avail itself of the powers of recommendation conferred upon it by Article 81.

118. These recommendations will have as their purpose:

- i) To adjust charges and dues to the real costs actually incurred in frontier crossings;
- ii) To promote a progressive reduction of such costs.

With regard to the first objective, the recommendations will deal with the adjustment of charges or dues collected by carriers of the various modes of transport in connection with customs clearance, and with the adjustment of the costs charged by carriers on behalf of

national customs or other administrations on crossing a frontier.

With regard to the second objective, the recommendations will concern either the cost of administrative operations which carriers must carry out in order to cross a frontier or the costs resulting from technical or administrative obstacles caused by the very existence of frontiers.

These recommendations may be general in character or concern particular cases where specific improvements are needed.

d) Rules concerning understandings and monopolies in the transport sector.

119. As pointed out in Title I Chapter 2, section 36 above, Articles 85 and 86 of the Treaty, which deal with understandings and monopolies, are applicable to transport. The regulations to be issued pursuant to Article 87 will therefore apply to transport enterprises.

Agreements and cases of abuse of dominant positions may exist which may affect economic relations between the Member States or distort competition within the Common Market.

As transport enterprises come to enjoy greater freedom of action in respect of tariffs and quotas, the regulation affecting agreements and monopolies will - from the angle of healthy competition - become as important in transport as it is in the other sectors.

In Title I, Chapter 2, sections 34 and 37 to 39, reference is made to the conditions under which these rules can be applied to transport and to the ways in which they may be adapted to this sector. Under such arrangements, appropriate measures should be taken if exceptions were to prove necessary in the transport sector.

It must be pointed out that the measures to be taken in this field affect the common policy from the various angles of the establishment of the common market, the integration of transport in the Community and the general organization of transport.

c) Survey of transport obstacles to the establishment of the common market.

120. In a more general way, as full an inventory as possible should be made of situations in the transport sector which are likely to impede the free movement of goods in the common market.

The measures to be taken to abolish them must be decided in each individual case in accordance with the procedure established by the Treaty.

B. INTEGRATION MEASURES IN THE TRANSPORT SECTOR.

121. The measures to be taken in order to bring about transport integration throughout the Community must take into account the close interrelation of the three questions arising in this field: the establishment of common rules for international transport, the admission of non-resident carriers to **domestic** transport services, and freedom of establishment.

The economic repercussions which may follow steps taken under these three headings often merge and must therefore be considered as a whole. It is therefore necessary to bring these provisions into line with each other and to synchronize their entry into effect.

Also, these provisions should be considered not only from the point of view of integration, but also from that of their effect on the general organization of transport at both national and European levels.

1. The implementation of Article 75 (1 a and b)

122. Though the authors of the Treaty did not fully define the content of the common policy they nevertheless indicated in Article 75 certain steps which must be taken to put it into effect. They have moreover given a certain priority to these measures since they must be decided during the transition period.

It is a matter of drawing up common rules for international transport and conditions for allowing non-resident carriers to operate the transport services of each country.

123. The importance of these arrangements and the reasons for giving them a high priority are therefore understandable.

The establishment of the common market is intended to bring about an expansion of trade among Member States, and transport must be put in a position to cater for this increase. Obstacles or impediments must be removed without delay where, under the systems prevailing in the fields referred to in Article 75 (1a and b), they could stand in the way of integration in the transport sectors and thereby hamper the gradual establishment of the common market.

The line indicated in the Treaty must be taken up without waiting for the full effect of the efforts made under the common policy to bring into line the policies of the Member States and the position of the various modes of transport and transport enterprises, because these efforts will continue beyond the transition period. The steps taken to reach the goal at which Article 75 (1a and b) aims must demonstrate each Member State's readiness to make immediate and substantial progress in international transport within the Community and to allow non-resident carriers to operate domestic transport services on its territory.

124. Though the measures adopted under Article 75 (1a and b) must evidently be limited to the objectives stated in that Article, they will be none the less important for the development of the common

policy because of the effects they are certain to have on **the** national transport systems in each country.

They will as it were constitute precedents in planning later measures to be taken under the common policy and they will affect many fields with which such measures will be concerned. Therefore the proposals to be submitted will be based on the principles set out in the preceding Title and will take into account the other measures under the common policy suggested in this memorandum.

On the other hand, it is conceivable that when action taken under the common transport policy begins to make its effects felt, the differences between national and international transport within the Community will diminish to a point where it will no longer be necessary to preserve certain special rules for this category of transport or for the admission of non-resident carriers to **domestic** transport services of each country.

a) Common rules for international transport.

125. The Commission is working out a series of measures to meet the requirements of Article 75 (1 a). In view of the complexity and multiplicity of the problems only the main outlines of this programme will be sketched here.

126. The common rules proposed may concern all modes of transport or only one or two of them. In line with the basic principles of the common policy they are intended to promote in international

transport within the Community a gradual slackening of restrictions and protectionist measures as well as the adaptation of transport to new economic developments.

They may therefore cover a wide variety of subjects extending over all **aspects** of transport.

The following are the most important matters which, in the opinion of the Commission, should be governed by common rules:

- 1) The adoption of an international transport contract for road and inland waterways transport, rail transport being regulated by international conventions concerning the transport of goods and passengers by rail (C.I.M. and C.I.V.).
- 2) The elaboration of a Community system which will assure freedom of transit and the gradual **widening** of existing quotas for international road transport between Member States. In this context solutions will have to be found to the problem of apportioning infrastructure costs within the Community framework.

In view of the special importance of **quotas** for transport integration at Community level, **they** will be dealt with in greater detail ~~under (c)~~; below;

- 3) A price system and publication of prices for the three modes of transport, along the lines explained below;
- 4) ~~Tax adjustments~~ for road transport in order to achieve a certain degree of harmonization;

- 5) Harmonization of certain working conditions and social security arrangements;
- 6) An agreement on weights and dimensions of road vehicles and on any other technical matters relating to the above;
- 7) Approximation of road traffic rules, including those on compulsory third-party insurance.

Not all these matters can be dealt with simultaneously or immediately. Nevertheless, some of them can be settled fairly quickly without major difficulty.

b) Conditions for admitting non-resident carriers to domestic transport services

127. The implementation of Article 75 (1 b) implies in the first place the abolition of any discrimination under the laws and regulations of a Member State on admission to transport services which prevents non-resident carriers from operating a direct service on its territory. Restrictions can also result indirectly from the failure of the regulations in some States to provide for the issue to non-resident carriers of licences to operate a domestic service on their territory. These difficulties must also be removed.

128. All restrictions must be eliminated which stand in the way of foreign participation and which do not flow from the rules governing admission to transport services. Such obstacles are to be found for example in legal provisions governing insurance and contracts.

As there is a legal relation between the admission of non-resident carriers pursuant to Article 75 (1 b) and the right of establishment - in both cases there are ^{often} the same restrictive national rules - it is desirable to eliminate, simultaneously and before the end of the second year of the third stage of the transition period, all discrimination and other restrictions together with obstacles to the freedom of establishment.

129. Important also is the gradual modification of the rules of admission in the Member States so that non-resident carriers do not, despite the removal of discrimination, continue to be excluded by reason of limitations on capacity. A start should therefore be made by according carriers of other Community countries the right to offer their services in a country other than their own, even when access to the transport market is subject to a numerus clausus, provided that such activities are linked with an international transport operation.

130. Next, the approximation of laws and regulations in the Member States on admission to transport activities must be pressed forward as quickly as possible so that non-resident carriers may be entitled to operate **domestic** transport services. In this context the question of quotas will require particular attention.

- c) Greater freedom in international road transport: relaxation of quota and licensing systems.

131. The measures referred to in points (a) and (b) above and, more generally, the integration of transport in the Community call for steps to allow of a higher degree of inter-penetration of transport among Member States. They must include a slackening of the present government restrictions, especially the rigid quotas applied to international transport.

But these international restrictions are closely bound up with limitations imposed within each country, in which zones are determined in the light of other elements inherent in the internal situation and transport policy.

The problem of restrictions in international traffic will come nearer a solution as progress is made in the liberalization of road transport in each country.

Nevertheless any slackening of rules in international traffic must be so timed, while taking this inter-dependence into account, as to adapt itself to the requirements of integration at the Community level and must therefore be speeded up as much as possible.

The problem is different in the two fields of international transport, namely passenger and goods traffic.

aa) International transport of passengers by road

132. For this kind of transport, which includes scheduled services, tourist shuttle services and non-scheduled services, intervention by the Community, especially in the issue of licences, would greatly promote liberalization at international level and facilitate technical harmonization and co-ordination between the modes of transport. If this principle is accepted the details and scope of such intervention will have to be laid down.

bb) International transport of goods by road

133. The following measures are needed if quotas are to be extended:

- i) Preservation of the present degree of liberalization in international traffic;
- ii) Rapid abolition of existing restrictions on transit traffic;
- iii) In the case of any international connection between two points which is subject to quota arrangements, the quota must first be expanded by amounts agreed upon among the Member States. Further expansion will follow as the situation develops.
- iv) These general measures could be followed up by a higher degree of liberalization on certain routes, for certain goods and at certain times of the year so as to facilitate seasonal traffic, especially in the case of perishable goods;

v) Carriers within the Community who operate in international traffic will be gradually enabled to share in traffic between Member States in none of which they are resident. To this end each Member State will open a general European quota on the basis of common rules;

vi) This widening of quotas in international traffic would have to be accompanied by a harmonization of certain working conditions and certain fiscal measures; a system of compensatory levies could be considered, which would be temporary and tapering, for the same purpose of making possible a rapid and appreciable expansion of quotas.

Such levies would correct the differences in the operating conditions of transport enterprises in the various countries (fuel prices, taxes, wages) insofar as such differences are not connected with the productivity of enterprises.

2) Freedom of establishment in transport.

134. The Commission's draft General Programme for the abolition of restrictions on the freedom of establishment also applies to transport enterprises, as has already been explained in the legal considerations set forth in this memorandum.

Under section 5 C and Annex III of the General Programme, restrictions on the freedom of establishment for transport enterprises must be abolished before the end of the second year of the third stage of the transition period.

Restrictions on the freedom of establishment for transport auxiliaries should already be eliminated by the end of the second

year of the second stage of the transition period in accordance with section 5 A and Annex I of the General Programme.

135. Section 4 of the General Programme lays down that together with the elaboration of the directives for implementation (Article 54 (2)) an enquiry shall be made as to whether the lifting of restrictions on the freedom of establishment should be preceded, accompanied or followed by the mutual recognition of diplomas, certificates or other qualifications (Article 57(1)) and by the co-ordination of laws and regulations on access to the transport business.

136. The Commission is of the opinion that there is sufficient time between now and the end of 1967, by which date restrictions on freedom of establishment in transport must be abolished, to take steps to eliminate existing discrimination against foreign carriers both under the common transport policy and in relation to freedom of establishment.

137. Also, a start must be made as soon as possible ^{uniformity} in establishing/ in the right of access to the market for road transport and inland waterways transport, as there is a specially close relationship in these modes of transport between the right of establishment and the common transport policy.

3. Harmonization at Community level in certain fields.

138. If transport is to be integrated throughout the Community, the common policy must comprise the harmonization of certain laws and regulations and of a complex of technical rules and conditions.

e.g. such things as
This is a very wide field, covering the formalities for and vessels
issuing transport licences, the standardization of vehicle parks/
the technical conditions governing vehicle equipment, traffic
and safety rules, the accounts of enterprises, statistics,
carrier's liability and insurance and certain technical
criteria concerning the construction and maintenance of means
of communication.

Harmonization has already been accomplished to a considerable
extent as regards the railways.

In certain fields harmonization is already planned under the
common rules for international transport (see B-1 above); but
the problem arises in a wider context.

139. Of course, such harmonization must proceed gradually and
must be limited to what is really necessary. The role of the
Commission in this field will be to stimulate and to co-ordinate
action.

The close links with the transport systems of the other
European countries must not be lost sight of in this context.
Co-operation must be arranged with the various international
organizations.

C. MEASURES FOR THE GENERAL ORGANIZATION OF TRANSPORT.

1. Tariff measures.

140. The significance of tariffs in the organization of a transport system is so great that arrangements in this matter can be taken as an index to the different transport policies of the countries.

On considering the factual situation (see Annex I, Chapter 3 A) we see that tariff systems differ considerably from one State of the Community to another. In certain cases the carriers are free to fix their rates according to the circumstances of their own enterprises and in the light of the market situation. In others, transport rates are regulated by the public authorities, although the degree of their interference varies widely from country to country.

These diverging systems give rise to difficulties in international traffic as regards competition between modes of transport or between enterprises in any one mode of transport in various countries. At the national level they are a source of strain and distortion adversely affecting not only the transport sector but the economy as a whole.

141. These disparities and distortions may impede the attainment of the objectives of the Treaty.

The rules to be adopted in the tariff field must aim at the elimination of such disparities or distortions and at introducing equal treatment for the three modes of transport whilst respecting their specific characteristics.

142. In passenger transport a distinction must be drawn between scheduled services on the one hand and non-scheduled and tourist services on the other.

The first category is marked, more often than not, by a monopoly situation where it is impossible to fix rates according to case. The concerns operating these services must therefore continue to apply the fixed rates they have previously submitted to the supervisory authorities for approval. Such rates however must be open to review in the light of changes in running costs and in the economic situation.

For the second group the widest possible margin of freedom should be allowed. The system described below for goods transport could therefore be applied to this group.

143. Subject to this observation, the following measures concern goods transport.

The reasons why transport enterprises should within certain limits be free to fix their own rates have been stated above.

The Commission accordingly proposes gradually to establish a system of rate brackets accompanied by supervision and certain publication arrangements.

As has been pointed out in section 63 of Title I, Chapter 2, the provisions of the Treaty of Paris must be observed when this system is applied to ECSC products.

a) Rate brackets.

144. This term denotes any system under which carriers are obliged to adhere to maximum and minimum rates fixed in advance. Within these limits carriers can themselves fix, according to market conditions, the rates applicable to any service or **series of services**. Therefore as long as the conditions referred to above are fulfilled several solutions are **possible** (e.g. a system of pilot prices with a margin above and below).

This tariff system will allow the play of competition to operate in a manner compatible with peculiarities of the transport sector. It is also calculated to make it easier to bring into line the present national tariff policies.

An upper limit is fixed in order to prevent - with due regard being had to the special situation of transport - any abuse of dominant positions or the imposition of excessive rates during boom periods. This guarantee against an unjustified rise of prices is of interest also to the other sectors of the economy in view of the interdependence between them and transport, any anomalous conditions in transport being likely to have automatic repercussions on the other sectors.

A lower limit is fixed so as to prevent unduly severe competition which is likely to have a harmful effect on the transport enterprises as well as on the economy as a whole. An analysis of the structure of the transport market, contained in Annex I, illustrates the causes and effects of such excessive competition.

I45. In the procedure for fixing such brackets, the particulars of which remain to be worked out, the national or Community authorities must have decisive powers of approval but it will also be essential to consult the industry.

Various arrangements could be adopted according to the mode of transport and perhaps even according to categories of enterprise. For obvious reasons connected with the complexity of their organization, the railways might continue to establish basic tariffs, but they must be free to fix special tariffs and to conclude special contracts with their customers provided that the rates laid down in such contracts or special tariffs, as incidentally also those of the basic tariff, remain within the limits laid down and do not contain any discrimination prohibited by the Treaty. The same will apply to certain enterprises in the other two modes of transport.

146. In each country brackets will be laid down for each mode of transport. Those applicable to one mode must not be arbitrarily linked to those referring to another. The brackets will show a tendency to move into line as competition makes its influence felt on transport rates and running costs. But because of the technical and economic characteristics of each mode of transport these brackets will not necessarily become identical.

The brackets which will be fixed for any one mode of transport will probably not be the same in all the Member States. As the establishment of the common market will bring general economic conditions in the Six countries more into line, so it may be expected that the brackets will also tend to move nearer to each other in each mode of transport. Action to promote the gradual approximation of the brackets in the Six countries must be one of the major concerns of the institutions of the Community.

There can be no doubt that the fixing of upper and lower limits will give rise to difficult problems. Allowance must for example be made for **the position and the** ^{competitive} possibilities of the various modes of transport. Care will have to be taken that no transport enterprise can charge exorbitant rates for routes on which it does not have to face competition. This would enable such an enterprise by way of unjustified compensation to operate rates kept systematically near the lower limit on routes where it has to compete with other transport enterprises. This problem is related to that which may arise from the existence of agreements or dominant positions. In approving proposed brackets, the public authorities must ensure that competition between carriers and the equal treatment of users are not jeopardized.

147. It is neither possible nor would it be useful to reach decisions at this stage on the various questions arising in connection with the application of the tariff bracket system.

It may be expected that in the beginning the considerations guiding the governments in approving rate brackets will not be very different from those **underlying** their present decisions

with regard to fixed tariffs and other tariff systems now in force. As the common policy is introduced in accordance with the principles set out, and in the light of experience, the fixing of rate brackets will doubtless become a less troublesome task. Progress made in determining running costs^{and the economic costs}/of transport thanks to joint studies in accordance with a procedure to be explained below will make it possible gradually to arrive at a better definition of these limits, especially the lower one. Studies of the economic situation may also provide useful pointers as regards the upper limit.

Also certain requirements of general economic policy (especially of regional and agricultural policy) can be taken into consideration in fixing the brackets for the transport of certain products. This holds good for the harmonization of brackets among the various countries as well as for their width. It will be the case in particular when measures are taken to implement the provisions proposed by the Commission for certain basic products under the common agricultural policy.

148. No doubt it will take some considerable time to put the whole system into practice. The Member States can take advantage of this to bring about the transition from their present arrangements to the proposed system.

b) The supervision and publication of transport rates and conditions

149. This system which provides a wide margin of freedom for carriers to fix their rates must be accompanied by a system of supervision and certain arrangements for the publication of transport rates and conditions.

The question of supervision concerns all measures to be taken under the common policy and is therefore treated as a whole in sections 173 et seq.

But it is of particular importance and bears on the tariff system, all the more since it is linked with the publishing of rates. For this reason it is necessary to deal briefly here with the question of supervision.

150. Supervision must ensure that the rates actually charged fall within the upper and lower limits of the rate bracket.

It can be carried out in supervising observance of the provisions relating to the abolition of discrimination in accordance with Article 79.

Supervision can be carried out through the transport document introduced by Regulation No. 11 of 26 June 1960. As laid down in that Regulation, rates may, for reasons of commercial discretion, be shown only on that copy of the document which the carrier keeps in his files^{it} being understood that he must keep it at the disposal of the supervisory authorities. To avoid introducing another document, it must be possible to use that prescribed by Regulation No. 11 for this purpose as well as for disclosing cases of discrimination. As in that Regulation, certain exceptions to the obligation to make entries in the transport document could be provided for.

Supervision must also, where necessary extend to the books and accounts of the enterprises concerned.

151. Arrangements for the publication of transport rates and conditions are one of the main elements of any tariff system.

With a view to abolishing discrimination in accordance with Article 79 (1) the Commission felt the "transparency" of the market

should be ensured by the publication of rates. However, it was found impossible for practical reasons to make publication compulsory immediately, and the regulation on the abolition of discrimination deals as follows with this subject: 'unless the publication of transport rates and conditions is made subject to regulation before 1 July 1963 under Article 74 and in pursuance of Article 75 of the Treaty, decisions relating to the nature, form and scope of such publication, and any other relevant arrangements shall be made within the limits and in accordance with the conditions laid down in Article 79 (1 and 3) of the Treaty, taking into account that such decisions must in all cases fall within the common transport policy .

152. If the common transport policy is put into effect in accordance with the principles and by the means set out above, the whole question of publication may be dealt with as follows:

Knowledge of the rates charged, which will enable the supervisory authorities to see whether transport concerns are respecting the tariff rules, will be provided by the transport document and by the inspection of accounts. No supervision requiring extensive administrative machinery seems necessary because sufficient knowledge of the rates can be obtained by spot-checks.

Obviously users are interested in the "transparency " of the market. But they would have less need to know the rates charged if rate brackets were in operation and there were keener competition between transport enterprises, which would limit the possibilities of discrimination.

153. Advance publication of the rates to be charged within the bracket cannot be enforced because it would run counter to the principles and the systems proposed which allow carriers full freedom to fix their rates, provided these are kept within the bracket. Subsequent publication would give rise to extremely complex problems if it were to be complete and effective, and it would necessitate machinery out of proportion to the beneficial results expected from it.

For this reason the Commission believes that obligatory advance publication should consist simply of the publication of the rate brackets. The users are thereby put in a position to check whether the rates charged to them are within the bracket.

The knowledge of the market thus ensured could be completed by the publication of market price lists as is the custom in other industrial and commercial sectors.

154. The characteristics of each mode of transport mean that different arrangements will have to be adopted while bearing in mind the principle that the obligations shall not lead to disparities in treatment.

For the railways, publication would also apply to the basic tariffs which they would continue to draw up and to publish.

For inland waterways the problem of publication has already been partly solved in those cases where freight "exchanges" exist and by the fact that the trade associations frequently publish their rates and conditions.

In road transport, the problem is more difficult. To supplement the knowledge of the market provided by the publication of rate brackets such organizations as Chambers of Commerce could be called upon to assist. Where road traffic is sufficiently large in volume, the establishment of "exchanges" might be worth studying.

2. Greater freedom of transport at the national level: the slackening of quotas and of controls on access to the trade.

155. The measures to be taken in the international traffic sector have been set out under B-1c above. The following remarks deal with this problem in its wider setting.

The question is of particular concern to road transport, and to a lesser degree to **inland** waterways transport. If it were possible to run transport under conditions analogous to those obtaining in the other sectors of the economy, quotas and other restrictions of the same character which are practised by most Member States could be completely abolished.

Abolition of such restrictions is an essential factor in freedom of competition. Under the transport policy which is to be adopted (Title II) the Community should abolish such restrictions. Also, the establishment of the common market will bring with it an increase in traffic which will necessitate a widening of quotas.

Nevertheless, in view of the structure of the transport market (see Title I, Chapter 1) the conditions under which it will be possible to abolish such restrictions are not at any rate likely to come about in the near future.

156. Therefore only a gradual slackening can be planned. The pace at which this is to take place must be fixed in the light of experience and having regard to the measures of harmonization and co-ordination which will have been taken in the meantime. Priority must be given to the admission of non-resident carriers to domestic transport services once they have entered the country to execute an international transport operation.

To ensure smooth progress, common provisions must be adopted in this matter and in that of access to the trade.

157. The widening of quotas will make access to the transport trade easier. Such access must however remain subject to licence in order that the public authorities may satisfy themselves that concerns applying for a licence come up to the standards required.

3) Bringing the methods of operation and the organization of transport enterprises into line

158. One of the peculiarities of the transport sector is the variety of forms of organization and administrative structure displayed by enterprises in the various modes of transport. It is possible to mitigate the effects of this peculiarity which appreciably influences the structure of the transport market.

The railways must have sufficient freedom for them to be managed on commercial lines, more efficiently and on a basis more comparable with that of private industry. In several Member States this will no doubt require institutional reforms affecting the statutory and administrative relationship between the government and the railways.

Means must be sought of mitigating the disadvantages resulting from the existence of a large number of enterprises in inland waterways, and above all in road transport. Various measures should be prepared which are intended to promote the rationalization and modernization of transport, vocational training, the establishment of freight offices for road transport, and provident arrangements to help small concerns through difficult periods.

Such measures must be guided by the twofold purpose of implementing a sound middle-class policy to enable the small concerns to put to good use their special advantages, and of avoiding cut-throat competition for small carriers which would, incidentally, upset the equilibrium of the large firms and also the social conditions of transport workers in general.

A study must also be made of whether some common administrative practice should be introduced for transport enterprises, for example the standardization of accounting methods.

159. In all these courses of action, it would seem desirable to consult the trade organizations of the various categories of carriers so that the views of those concerned may be taken into account and so that any measures taken by the public authorities should be followed up by corresponding arrangements in the trade.

In this way the trade organizations could be asked to help in furthering the aims of the common policy and in carrying out the measures proposed by it. It has already been pointed out that in the

proposed tariff system the trade is to have a say in the procedure for fixing rate brackets.

4) The co-ordination of investments.

160. On 23 June 1960 the Commission submitted to the governments of the Member States recommendations for the development of transport infrastructure in the Community. These recommendations are mainly directed at a co-ordination of certain parts of the national programmes so as to provide trunk routes in the Community capable of meeting the new demands.

The Commission has requested the governments to time their plans as far as possible so as to aim at completion by the end of the transition period.

These initial recommendations will be followed up by a programme for the improvement of regional transport infrastructure, with particular regard for the needs of the less developed regions in the Community.

161. The infrastructure investment programmes of interest to the Community drawn up in future by the governments for each mode of transport should be studied jointly.

It will in general become increasingly necessary to have a comprehensive view of these programmes at national and at Community level so that co-ordination between modes of transport may begin at the stage when plans are being ^{drawn up} / for the modernization and extension of infrastructure.

162. Consultations of this kind could extend to matters of finance. Co-ordinated action at the Community level can be of great advantage in seeking international financing to supplement that provided by the Member States.

163. As has been pointed out, it will be necessary in drawing up infrastructure programmes to give careful consideration to whether the new projects will be profitable, having regard also to their potential benefit to the general economy.

Periodical consultation at the Community level and studies of costs made according to the procedure described on a later page will make gradual progress possible in this field on the basis of and in accordance with common principles.

5) Fiscal neutrality.

164. As has been said the question of direct and indirect taxation affecting transport enterprises as well as industrial and commercial enterprises must be considered in the setting of the overall fiscal policy of the Community. It nevertheless concerns the common transport policy because these charges form part of the overall tax burden on transport enterprises. It is important to make sure that the competitive situation as between enterprises and modes of transport shall not be distorted in this respect.

165. With regard to special taxation i.e. taxes which apply particularly to transport, the Commission feels that the basic principles set out above call for measures to be taken to achieve fiscal neutrality:

- i) Expenditure incurred by Governments to provide transport with satisfactory operating conditions, in particular infrastructure costs, should be apportioned among the modes of transport and the individual enterprises according to certain rules to be laid down. This expenditure can be covered either by a toll system or, more generally, by taxation; and here the apportionment of costs among users must be equitable. This requirement underlines the importance attached to studies of the costs and economic costs of transport, especially the assessment of infrastructure costs;
- ii) The various components of taxes applicable to transport will have to be studied if the systems in force in the Six countries are to be harmonized;
- iii) Finally, measures must be taken as soon as possible to avoid double taxation on international transport within the Community.

Initial measures should therefore be taken so that standard methods can be worked out and applied to assess the basic elements of taxation in transport. After this first step measures will have to be taken to adjust and bring into line the various national tax systems.

6) Social measures.

166. The application to transport of the general rules and specific provisions laid down in the Treaty with regard to the Community's social policy involves a series of measures connected with the common transport policy.

But the special requirements of transport harmonization and co-ordination as well as the problems raised by international transport inside the Community and the conditions under which non-resident carriers are to be admitted to the transport services of a Member State may lead the Community institutions to propose a speedier implementation of certain measures of social policy without prejudice to special measures which may prove necessary for the common transport policy.

167. The Community could and should from now onwards take action in connection with transport in matters of social security, vocational training, health and safety and working hours and conditions. In the transport industry these matters give rise to special problems which can be solved more easily because they have already been studied at the international level.

168. As has already been pointed out there exist general instruments in the field of social security (Regulations No. 3 and 4 of the EEC) and special instruments applicable to transport workers only or even to certain categories of them. The Agreement on social security of crews on Rhine vessels of 27 July 1950 came into force on 14 June 1953 and was revised in Geneva on 13 February 1961.

On the other hand the European Convention concerning social security of workers/^{engaged} in international transport dated 9 July 1956 has not yet been put into effect.

The Commission will seek to improve vocational training and retraining for both wage-earners and self-employed persons. Bearing in mind the general objective of the Treaty, which is to preserve the highest possible level of employment, the Commission will ensure that the development of new methods or rationalization of transport will not entail unfavourable consequences for the workers. Where necessary the European Social Fund will be called upon.

Another important and difficult problem is the education of boatmen's children. The way in which this problem is solved will affect continuity of recruitment to the trade.

169. The Commission will also endeavour to promote measures to improve health conditions at work and the prevention of accidents and occupational disease. Such action is of special importance to the transport sector, where operating conditions are such as to make these matters a major concern.

170. The Commission also attaches great importance to the question of working hours and conditions in transport. It will endeavour to implement harmonization measures throughout the Community within each mode of transport.

With regard to international road transport in particular, the Commission will recommend the early implementation in the six Member States of provisions concerning working hours and other working conditions of crews or teams. These provisions will be based on the draft agreement laying down certain conditions for workers, wage-earning or self-employed, in international road transport prepared by the Inland Transport Committee of the Economic

Commission for Europe in Geneva in February 1961.

With regard to inland waterways the Agreement concerning social security of crews on Rhine vessels and the Agreement on working conditions for Rhine Boat Crews of 27 July 1950 between Belgium, France, the Netherlands, the Federal Republic of Germany and Switzerland, which came into force on 1 December 1959, will have to be studied to see whether they can be adopted and extended so as to apply to all Community inland waterways, or whether it would be preferable to draw up new and more comprehensive agreements.

7) Other measures to eliminate distortions in the transport market.

171. The common policy must also provide for the elimination of distortions which may result from the existence of agreements and dominant positions. There must be supervision to prevent the emergence of such situations even in limited zones or sectors, and where necessary to take any action required in the interest of users or other transport enterprises.

Also, those aids to carriers which are not justified under the terms of Article 77 must be abolished. This applies in particular to aids granted to carriers to compensate them for the loss of support withdrawn under the terms of Article 80.

It may, however, be expected that as the basic principles of the common policy and the measures adopted under it are applied and produce the expected results, the aids referred to in Article 77 will diminish in importance.

8) Measures in support of a common commercial policy.

172. Such measures will have to be determined according to the progress made with the common commercial policy.

They will consist mainly of harmonizing provisions affecting transport in agreements with non-member countries, and systems of aid in transport likely to influence trade among the Member States.

D. SUPERVISION AND SANCTIONS.

173. The common transport ^{certain} policy imposes on the Member States, enterprises and individuals/obligations, the fulfilment of which must be ensured by a reasonable and effective system of supervision and sanctions.

In reserving the right of supervision the Commission, whose duty it is to watch over the application of the Treaty and any measures taken under it, does not intend either to exercise any irksome supervision or to establish any special supervisory machinery which would be disproportionate to the results expected. In accordance with what has already been decided for Regulation No. 11 in pursuance of Article 79 (3) supervision will, in principle, be in the hands of the Member States. In practice the Commission will not act itself except by way of spot checks, and for the most part in answer to complaints.

174. As for sanctions, application to the Court of Justice as laid down in Articles 169 and 170 of the Treaty will be possible in cases where a Member State does not fulfil the obligations imposed on it by the Treaty, or by the measures taken under it in order to implement the common transport policy.

In the case of other offenders, whether they be enterprises or individuals, it will be largely a matter for the Member States to lay down and to apply sanctions.

However, in the case of grave infringements likely to jeopardize the attainment of the objectives of the Treaty, disparities must be avoided which would result from differences in national legislation or from a different interpretation or application of rules. In such circumstances the Council will decide in each individual case whether any regulation adopted by it should be accompanied by direct sanctions to be applied by one of the Community institutions, which in most cases would be the Commission. Article 172 of the Treaty lays down that full jurisdiction may be conferred on the Court of Justice in respect of penalties provided for in such regulations, guarantee the legitimate rights of those concerned, and ensures uniform interpretation and equal application of these provisions.

175. The gradual implementation of the common policy will probably raise, at some date difficult to foresee at present, the question whether an independent body should be set up to watch over the implementation of the measures by which this policy is to be pursued. Several suggestions have already been made that such a body be set up; its powers of supervision and its terms of reference would have to be precisely defined.

Although prepared to put down such a project for study, the Commission believes that a start can be made on the programme of measures here submitted with the assistance only of existing national authorities and the Community institutions set up under the Treaty.

CHAPTER 2

COLLECTION OF DATA NEEDED TO IMPLEMENT THE COMMON POLICY

176. From the foregoing analysis of the principles of the common policy and the solutions it proposes, the need becomes apparent for the institutions which are to carry it out to have available as soon as possible the economic data on which to make their decisions.

In the main, the data required concern the costs and economic costs of transport or are to be derived from transport statistics.

A. SURVEY OF RUNNING COSTS AND ECONOMIC COSTS OF TRANSPORT

177. Such a survey must cover the various aspects of transport costs :

- i) The running costs of transport operation, i.e. the costs incurred by the transport enterprise in providing its services;
- ii) The overall cost of transport to the Community, which is generally described as the economic and social cost and includes the cost of services paid for out of public funds;
- iii) The element represented by the cost of transport in the general economic process, i.e. the share of transport in the value of products and services.

Noteworthy studies have already been made in this field in some Community countries and by several international organizations, but according to differing principles and methods and without entirely comprehensive results.

Whilst appreciating the difficulties attending such studies, the Commission believes that they should be continued and extended in a concerted and co-ordinated manner on the basis of a joint programme and that the conclusions arrived at must be given official recognition.

The Commission has therefore proposed:

- i) That official studies should be made in each Member State;

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ii) That the principles and methods should be co-ordinated and the results collated at the Commission level.

These proposals were considered by the Council at its 40th Session on 6 December 1960. The Council recognized the importance of this question and agreed that a committee of experts be set up to assist the Commission in drawing up and implementing a joint programme for the study of costs and in collating the results obtained.

The Commission is convinced that this will make rapid progress possible in acquiring knowledge of the costs and economic costs of transport. It believes that the work hitherto done separately in each of the Six countries should be continued jointly, regard being had to the results already obtained and to the working methods and conditions characteristic of each country.

B. COLLECTION OF STATISTICAL DATA.

178. The inadequacy of statistical data constitutes a further great difficulty in rationalizing transport policy. The Commission has therefore drawn up a general programme for transport statistics which covers equipment, infrastructure and relations between transport and the other economic sectors.

In carrying out this programme full attention will be paid to the work done by national and international organizations and by Governments or trade associations. It has however become apparent that statistics as compiled at present do not provide all the information needed. Community action in this field aims at ^{filling} the gap whilst carefully avoiding any overlap and ensuring close co-operation with other statistical organizations.

The necessary contacts have already been made. The first point of the programme, which is to establish a standard nomenclature of goods for the purpose of transport statistics, has already, and very rapidly, been completed in full agreement with all the administrations and organizations concerned.

Since then the Commission has requested the Governments of the Member States to appoint a group of experts to work out road transport statistics on the basis of the above-mentioned standard nomenclature.

All this will contribute greatly to providing a solid basis for the implementation of the common policy. It will provide a clearer notion of the economics of transport in the Community and

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a sounder foundation for measures taken under the common transport policy. Furthermore the responsible authorities will have at their disposal an effective instrument enabling them to gauge the effects of the measures they adopt and adjust and improve them where necessary. Comprehensive statistics on these matters will serve as a basis for forecasting movements in the demand for transport services and the corresponding investment requirements. The general dissemination of these data will also be an important factor in guiding transport enterprises in their investment decisions.

CHAPTER III

CONSULTATION PROCEDURE AND TIME-TABLE FOR THE IMPLEMENTATION OF THE COMMON POLICY.

A. CONSULTATION PROCEDURE.

179. The Commission considers that as a first step there should be a comprehensive exchange of views in the Community, in which all interested ^{circles} / should be associated, taking as a basis the ideas developed in this memorandum, in order to reach general agreement on the lines of the common transport policy and to determine the principles which should underlie it.

180. The institutions of the Community must also lay down the measures to be taken under a general programme including a time-table for its implementation.

It would seem reasonable to review the situation systematically every two years. At each of these reviews, which must cover the three general objectives of the common policy, the Commission will in the light of results and of any new developments, make proposals for the future course of the work and for any modifications to the initial programme.

181. Naturally the elaboration of the principles of the common transport policy and of the programme of action, which must be completed as soon as possible, must not delay the implementation of the specific transport provisions in the Treaty. The Commission will of course avail itself of its general powers of initiative under Article 155 of the Treaty.

182. Two things most urgently needed once the broad lines of the common transport policy are agreed upon are a definite stand-still and the introduction of a consultation procedure.

If we are resolved to work out a common transport policy in accordance with jointly defined objectives, the arrangements to be made at the national level must be jointly examined among the Member States and with the Commission to see whether they are likely to jeopardize the transport objectives of the Treaty (Article 5(2)) and whether they are in general compatible with the principles of the common policy.

Similar procedures have been adopted in other fields covered by the Treaty.

If it is a question of arriving at some agreed arrangement, the measures to be taken will not necessarily be the same in all Member States because the positions from which they start are not the same.

B. THE TIME-TABLE FOR THE IMPLEMENTATION OF THE COMMON POLICY

183. In pursuing the transport objectives of the Treaty through the common transport policy care should be taken not to have this sector fall out of step with the others. On the contrary, the common transport policy must ensure that transport keeps up with the general pace of the Treaty.

184. Accepting the views expressed by the European Parliament in its resolution of 31 March 1960, the Council of Ministers has approved this idea of synchronization and ⁱⁿits declaration on the speed-up in the implementation of the Treaty of Rome dated 12 May 1960, it expressed the intention to pursue a transport policy in step with the development of the other spheres of the Common Market.

The Commission, for its part, believes that this course is logical and necessary. Since the economy of the Community is a single entity its various branches must develop at the same pace as far as possible.

185. Irrespective of the exact timing laid down in the Treaty for certain measures in the transport field, the establishment of the common transport policy as such is not directly tied to the stages laid down in Article 8. As we have seen in the present memorandum, the development of the common transport policy will continue beyond the transition period.

But the need still remains, as we have emphasized, for the earliest possible effective application of the common policy so that transport may adapt itself to economic developments resulting from the establishment of the common market and to the pace of achievement in other fields of Community action.

The timing of the various measures must also be fixed to take into account the internal equilibrium of transport in each Member State.

186. With these considerations in mind, it would be unrealistic to propose forthwith a schedule for all the measures to be taken in establishing the common transport policy. Nevertheless, certain points can be put forward here.

In the first place, particular importance attaches to the end of the second stage of the transition period. From that date onwards decisions on the common transport policy can be taken by a qualified majority. Therefore it is necessary that by then the foundations of the common transport policy should be laid sufficiently firmly to allow the qualified majority vote to operate normally without creating major political difficulties in the Community.

The Treaty also treats the end of the transition period as an important milestone.

A careful review of the situation is therefore needed both at the end of the second stage and at the end of the transition period. The proposals which the Commission must submit at these two points fixed by the Treaty will be of special importance as regards further measures to establish the common transport policy.

187. It is also possible to suggest a provisional schedule for putting some of the measures into effect, subject to their being adapted to the pace of development of the Community's activities.

The timing for other measures will be indicated when the formal proposals required by the Treaty are submitted to the Council of Ministers.

1. Abolition of discrimination in the field of transport rates and conditions (Article 79)

Under Regulation No. 11, abolition of such discrimination must commence on 1 July 1961 and be completed not later than by the end of the second stage (end of 1965).

2. Abolition of transport rates and conditions involving any unjustified element of support (Article 80)

This must occur before the end of the first stage (end of 1961).

3. Abolition of State aids constituting reimbursement for obligations connected with the support rates which are to be abolished in accordance with point 2 above (Article 77)

In principle, the practices referred to in 2. and 3. above should be abolished simultaneously but in fact there will be a certain time lag (end 1963).

4. Application of common rules to international transport (Article 75 (1a))

The Treaty lays down that the latest date for drawing up common rules will be the end of the transition period (end 1969). Nevertheless, the general speed-up of the implementation of the Treaty must be taken into account.

Provisional timings can be suggested for the implementation of some of the measures which will be laid down in these common rules:

a) Introduction of an international contract for goods transport by road: A Convention has already been signed by five States which are members of the ECE in Geneva, but some of these States have not yet ratified it. If the Convention is to enter into effect the ratification procedure must be completed and a sixth State must be persuaded to accede to the Convention, which may be expected to come into force before the end of 1963.

b) Introduction of an international contract for goods transport by inland waterway: A Convention has been prepared, also under the ECA in Geneva, but not yet signed. This instrument will have to be studied to see how far it can be used. The question should be settled before the end of 1965.

c) Agreement on the weight and dimensions of road vehicles:

In view of the importance and urgency of this question an effort will have to be made to settle it as soon as possible, and in any case before the end of 1962.

d) Abolition of obstacles to free transit in road transport:

For such time as quotas cannot be completely abolished in international traffic, free transit will have to be ensured as an initial step in the measures taken to make the quota system more supple. (end 1964).

e) Expansion of quotas in international road traffic : These quotas may expand automatically as restrictions at national level are relaxed in general. Nevertheless gradual expansion will have to take place in the international field at an early

date (1964) in order to keep pace with liberalization in the other spheres of the Treaty.

5) Abolition of restrictions on the freedom of establishment for transport (Article 54): Under the general programme this should be completed before the end of the second year of the third stage (end 1967). This period may be reduced in the light of the general speed-up in the implementation of the Treaty.

6) Easing of internal quota arrangements: In addition to the general reasons which make an easing of the internal quota arrangements necessary, it must be borne in mind that this action is also required if freedom of establishment is to assume any real economic importance.

With this object in view, action to expand quotas must have yielded substantial results before the end of 1967.

7) Easing of conditions for the accession of non-resident carriers to internal transport services in a Member State (Articles 75 (1b))

This must proceed concurrently with the easing of the arrangements referred to in the previous point. However, a limited degree of expansion should take place at an earlier date in the case of return freights following upon an international transport operation (end of 1964).

8) Tariff measures: Rate brackets, supervision and publication of rates: The general introduction of the proposed systems of rates and publication and the corresponding supervision arrangements must take place as soon as possible, and in any case before the end of 1964.

Decisions should in any event be taken before 1 July 1963 on the matter of tariff systems and publication, so that arrangements may be made accordingly for giving effect to Article 10 of Regulation No. 11.

CONCLUSIONS

188. The Commission is aware that difficulties are bound to arise in working out the common transport policy of which the general lines and time-table have been sketched above.

These difficulties can be overcome by close and cordial co-operation between the various institutions of the Community. There must be similar co-operation with the High Authority of the ECSC and other international organizations dealing with European transport problems, more especially the European Conference of Ministers of Transport. Also, contact will have to be maintained with all interested circles, carriers, trade unions and users.

The Commission hopes that the general lines of the common transport policy as outlined above and the programme for its implementation will be the subject of detailed consultation with the institutions of the Community and will be fully discussed with the interested circles.

The Commission will study with the closest attention the results of these broad discussions and will carefully consider any comments on this memorandum. It will then with an open mind re-examine its views and it hopes to benefit from any observations or suggestions made.

This will enable the Commission to submit to the Council in the manner prescribed by the Treaty, acting independently and in the general interest of the Community, concrete proposals to translate its programme into practice.

E U R O P E A N E C O N O M I C C O M M U N I T Y

C O M M I S S I O N

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MEMORANDUM ON THE
COMMON TRANSPORT POLICY

ANNEXES

VII/COM(61)50 final
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Brussels, 10 April 1961

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MEMORANDUM ON THE COMMON
TRANSPORT POLICY

ANNEX I

THE FACTUAL SITUATION OF TRANSPORT

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THE FACTUAL SITUATION OF TRANSPORT

1. The Community's work in the field of transport must be based on the factual situation in that sector. It would be illusory to propose any system or measures, however satisfactory in theory, which did not pay sufficient regard to reality.

This annex is therefore devoted to a study of the precise situation. Statistical tables are presented in annex II. We do not claim that they represent a comprehensive analysis, still less a study of the economic theory of transport. Such an analysis or study would not answer the purpose of this memorandum. The task in hand was intentionally limited to presenting the salient facts and figures which should guide those responsible for setting on foot a common policy.

In the first chapter transport is viewed in the general economic context of the Community. The second chapter deals with the social aspects of the transport situation. The third surveys the national transport policies in the six Countries of the Community and sets out the views of the interested circles; this chapter discusses certain trends which are becoming apparent in the transport policies of the Member States. The fourth chapter briefly reviews the activities of the international institutions in the field of transport and the fifth deals in particular with the work of the Community institutions.

CHAPTER ONE

ECONOMIC ASPECTS

2. If the place of transport in the economy is to be appreciated and the reasons for government intervention in its operations understood, it is not enough to say that transport plays a part in all stages of economic life; a thorough study of its structure and the characteristics of its exploitation must also be made on the basis, where possible, of statistical data.

After a survey of the overall situation in the transport sector in its relations with the rest of the economy, and of the structure of the various types of inland transport - rail and inland waterways - we devote the greater part of this study to the special aspects of transport.

3. The statistical tables which refer to this chapter will be found in annex II.

The number of tables given is limited because we wished to present only the most important data and because there is a lack of statistics presenting an adequate basis of comparison as between the six Community countries in the field of transport.

In fact, the surveys were sometimes based on criteria differing considerably from one country to another. Therefore the problem of collecting overall statistics for the six countries lay not so much in the absence of data as of in the fact that the data were not readily comparable.

Moreover, certain types of transport, such as railways and inland waterways, are organized in such a way as to make it a simple matter to compile fairly complete statistics, whereas considerable difficulties are often met in the case of road transport.

As a result it is sometimes doubtful whether the data are strictly comparable both on the national level and on that of the six countries.

Subject to these reservations it is nevertheless possible to use the available figures in order ^{to present} a picture sufficiently true to reality.

A. THE ECONOMIC ASPECTS OF TRANSPORT

4. The inadequacy of the statistical data available becomes especially clear when we try to say how large is the transport sector in relation to the whole of the economy. We must therefore be satisfied with some incomplete figures of evidently limited value.

5. As is shown in Table 1 of Annex II the contribution of transport to the gross national product ranges from 7% to 9% in the various countries.

With the exception of the Netherlands where the proportion is greater, transport represents one fifth of the contribution made by the manufacturing industries to the gross national product and it employs approximately one sixth of the labour force working in these industries.

6. Compared with investments in the other branches of industry those in the transport sector are relatively high.

Table 2 shows the percentage of gross investment, by mode of transport and by country, in inland transport as compared with total gross investments from 1953 to 1958 inclusive.

In the Community countries the total of these investments ranges from 7,4% (Italy) to 14,7% (Germany) of total gross investment.

7. The importance of transport is further indicated by the proportion of total energy it consumes. Internal transport accounts for nearly one fifth of this.

Tables 3, 4 and 5 supply interesting information on the trend of energy consumption by transport and the breakdown by sources of energy.

One third of the total consumption in the transport sector is accounted for by the railways and one half by road transport (including for own account private private transport/and/motoring); inland waterways transport and sea going vessels take up the remaining sixth.

The pattern of energy consumption by transport is changing. On the one hand total consumption is rising. By 1965 it will reach a figure of 74.000.000 tons coal equivalent, which represents an increase of 41% over 1955. This increase is largely accounted for by road transport whereas consumption by the railways is expected to diminish. On the other hand the breakdown of consumption is changing as coal is more and more supplanted by petroleum fuels and electricity.

8. Another index to the relative importance of transport is the length of routes and the density of networks: these are shown in Table 8.

The figures are impressive. The European Economic Community has the network of communication in the world. The railway network for instance has 11 km of lines per 100 km² and 6,6 km per 10.000 inhabitants of the Community as a whole. This density varies from one country to another; for railways it ranges from 5,5 km per 100 km² in Italy to 19,6 km in Belgium and from 2,9 km per 10.000 inhabitants in the Netherlands to 12,2 km in Luxembourg.

For road transport differences in administrative classifications make comparison precarious. According to figures supplied by the national statistical offices France has the longest road network whereas that of Luxembourg is relatively the most dense.

The density of inland waterways also varies greatly as between the individual countries; and it is by a large margin greatest in the Netherlands.

B. SITUATION AND EVOLUTION OF THE TYPES OF TRANSPORT

9. For a clearer understanding of the situation, certain information concerning each mode of transport should be added to what has been said on transport as a whole in order to give a picture of the position occupied by each of them in the transport economy of the Community.

10. Railways: Table 8 shows that the Community has a network of nearly 100,000 km in length.

Tables 11, 12 and 13 give the figures of locomotives and rolling stock used on this network and Tables 18, 19, 21 and 22 show that rail traffic in the Community amounts to 116 thousand million passenger/km and 127 thousand million km/t of goods traffic.

The average passenger - or ton of freight - distance is given in Tables 20 and 23. The wide divergences between the data for the various countries are due to geographic and economic factors. The figures were mainly derived from a study of the data concerning the average distance covered by a ton of freight.

11. The evolution in railway technique and management which is important emerges from these statistics. For several years now, great efforts have been made to modernize and rationalize this form of transport.

The tables to which reference has been made show that both passenger and goods traffic have steadily expanded, with a slight time-lag, in proportion to industrial production.

The employment trend which is reflected in Table 6 must be considered in the context of this increased railway activity. The table shows that the number of persons employed by the railways has fallen off everywhere, and very considerably in certain countries. This reduction of staff is the more remarkable in that in most cases it is accompanied by shorter working hours.

This development is explained by the progress made in the construction and use of ^{rolling} stock and in the design and maintenance of the permanent ways, in telecommunications, handling and the organization of traffic. Progress in new means of locomotion and improvements in rolling stock merit particular mention.

Table 11 shows the reduction in the number of steam engines and the increase in the number of electric and diesel locomotives. Table 9 gives the percentage of electrified lines for passenger and goods traffic both for each national network and for the whole of the Community in 1959.

We see, then, that electrification ranges from one tenth in Germany to more than half in the Netherlands, where the remaining lines are served by diesel locomotives. The main point to be noted for the Community as a whole is that more than 40% of goods traffic and more than half of passenger traffic was carried by electrified lines although these represent no more than one-fifth of the total network.

Electrification of lines carrying heavy traffic and the use of diesel engines on less important lines allow of a considerable increase of performance. In France, for instance, the number of trains on a particularly busy line increased by 92% after electrification, the volume of goods transported went up by 155% and the average tonnage per goods train increased by 30%. Generally speaking the number of coaches or waggons per train has risen.

As for rolling stock, progress has meant a reduction in the number of waggons and an increase in unit capacity as well as a higher degree of specialization. For one network it is stated that since the last war the average size of uncovered waggons has increased by 35% and that of closed waggons by 50%.

12. Thus the productivity of the railways has increased considerably. This progress has made it possible to improve the social conditions of the personnel employed. The volume of transport in general has increased and has followed, though at some distance, the expansion of production. This heavier traffic is handled despite shorter working hours, and the quality of transport services has improved. There is reason to believe that this development will continue.

13. Inland waterways cater for approximately one quarter of goods transport in the Community.

This is shown in Tables 24 and 25 which compare the development of this form of transport with that of industrial production.

By percentage the increase in the volume of transport by inland waterways has, in the countries under review, exceeded the level reached by the railways. Taking 1950 as 100, the volume of transport by inland waterways in 1959 was 198 in the Federal Republic, 171 in the Netherlands, 160 in Belgium and 140 in France.

14. The total length of inland waterways in the Community is about 27.000 km. But the network is far from homogeneous in the six countries, as will be seen from Table 10. Whilst a large part of the inland waterways in Germany and in the Netherlands can take vessels of more than 1.000 tons, this is not so in the other countries. Especially in France, but also in Belgium, the greater part of the network is navigable only for vessels of up to 300 tons.

The sums spent by the Member States on improvements to inland waterways also vary greatly from one country to another.

Table 7 indicates the amounts allocated to investment for infrastructure in inland transport in the six Countries from 1953 to 1958. It will be seen that expenditure on waterways amounted to no more than 2,83% of the total investments for infrastructure whereas the share of the waterways in total traffic is 29%. The corresponding percentages are 10,72 and 30 for Belgium, 2,09 and 11 for France and 16,07 and 72 for the Netherlands.

But this position is changing and in several countries capital expenditure on the improvement and modernization of inland waterways is going up considerably.

15. Tables 16 and 17 give the figures concerning the inland waterways fleets.

These tables show that the number of self-propelled vessels has increased, as has overall capacity. Furthermore the "Mississippi" method has been introduced.

Taking the Community countries as a whole, we find that the total capacity has risen from 13,138,382 t. in 1950 to 16,222,656 t. in 1959 - an increase of 23%. Between 1950 and 1959 self-propelled capacity has mounted from 3,441,111 t. to almost 8 million t. or almost 130%. In 1959, the fleet of self-propelled vessels constituted more than 50% of the total as compared with only 37% in 1950.

The average load capacity of self-propelled vessels has risen from 232 t. in 1950 to 327 t. in 1959 (an increase of 41%) whereas the capacity of towed barges has scarcely changed in the same period.

Despite modernization and the increase of capacity the average age of vessel remains high. In fact, depending on the country, 2/3 to 3/4 of the vessels are more than thirty years old. In the Community as a whole the greater part of the vessels are between 25 and 55 years old.

16. It is clear therefore that, like the railways, the inland waterways have made a great effort to modernize their ^{and fleet of vehicles} equipment. The introduction of the "Mississippi" ^{method} navigation by radar, and continuous traffic are evidence of the progress made.

17. Road transport: as has already been said, it is here that statistical information is least complete.

Table 8 contains the figures for the length and the density of the road network.

Fairly precise, but not always comparable, information is available on the amounts allocated to road building and improvement (see Table 7). Expenditure for these purposes and on vehicles represents the greater part of overall transport investments (67% in the Federal Republic, 77% in France and 58% in Luxembourg).

In the past ten years a great deal of work has been done to improve both roads and vehicles, in order to increase road safety and the speed of traffic.

18. Tables 14 and 15 give a survey of motor vehicle fleets for both passenger and goods transport.

They show the growth in the number of private motor cars. From 1950 to 1959 the number increased by 483% in Germany and by 298% in the whole of the EEC.

This is confirmed by the trend of expenditure for the purchase of private motor cars. As compared with 1953 this expenditure had by 1958 risen to 199 in the Federal Republic, 197 in the Netherlands, 165 in Italy, 164 in Luxembourg and 153 in France (1954).

The figures for the trend of investment in utility vehicles, lorries and motor coaches are markedly lower: 179 in the Netherlands, 130 in France (1954), 128 in the Federal Republic, 104 in Luxembourg, 102 in Italy and 97 in Belgium.

It must however be observed that generally speaking the number of utility vehicles rose considerably between 1950 and 1959. Nevertheless it is unfortunately not always possible to distinguish between vehicles operated for hire or reward and those used for transport on own account.

In any case the rate of expansion has clearly fallen off since 1956, which justifies the conclusion that a certain ceiling has been reached.

19. There is hardly any reliable information available for road transport. According to certain estimates passenger transport by road, both public and private is now double that of transport by rail whereas goods transport by road amounts to no more than 2/3 of goods transport by rail.

20. The distribution of goods traffic amongst the various modes of transport expressed in ton/kilometres is shown in the table below, the figures of which refer to 1959. The figures for road haulage are based on estimates covering the whole field of transport for own account and for hire or reward (local traffic, short and long haul traffic). No recent data are available for road transport in Luxembourg.

(million ton/kilometres)

	<u>RAILWAYS</u>	<u>ROADS</u>	<u>INLAND WATERWAYS</u>
Germany	47.831 43%	32.000 28%	33.098 29%
Belgium (1)	6.118		4.813
France	53.400 60%	25.900 29%	9.450 11%
Italy	14.328 28%	35.608 71%	0 1%
Netherlands	3.210 13%	3.679 (2) 15%	17.296 72%
Luxembourg	595		

Source: United Nations Annual Statistical Bulletin of European Transport 1960

(1) - No data are available for road haulage in Belgium; according to a survey made by the European Conference of Ministers of Transport the distribution of goods traffic in 1957 showed the following percentages: railways 42%, roads 30.5%, inland waterways 27.5%.

(2) - The figures for road traffic in the Netherlands refer only to transport for hire or reward.

As regards comparability these figures must be treated with reserve; they do however reveal wide divergencies in the distribution of traffic over the three modes of transport from one country to another. The marked predominance of one mode of transport in one country (road transport in Italy and inland waterways in the Netherlands) is largely due to geographic and economic, and even historical factors.

21. Pipelines: this form of transport is growing in importance and for petroleum products is directly competing with conventional means of inland transport.

So far pipelines have been used mainly to transport crude oil. With one exception all the great pipelines in use, under construction or at the planning stage in the Community countries are designed for the transport of crude oil. For refined products, however, satisfactory conditions for the efficient and economic use of pipelines seem rarely to exist at the moment. The reason for this is to be found as much in the insufficient concentration of consumption as in technical difficulties connected with the transport of high viscosity products. It is difficult to forecast the trend in this respect for the coming years (see Tables 26, 27 and 28).

As for the transport of solid fuels such as coal by pipeline, work has not yet passed the stage of preliminary study.

22. A comparison of the statistical data with those of other industrialized countries and areas in the world will show that the position is rather similar in the other Western European countries but very different in the United States of America and above all in the USSR and the countries of Eastern Europe. It shows at any rate the exceptional density of communications among the Six.

C. SPECIAL ASPECTS OF TRANSPORT

23. Transport differs rather widely from most other economic sectors, both because of the way it is handled by the public authorities and because of the structure of the market.

This problem of the peculiarities of transport, their nature, their causes, their effects and the importance to be attached to them has always been one of the great topics for discussion in economic theory and in transport policy. Though there is no need here to go over all the details of the problem, we must nevertheless bring out the essential features of this sector if the national policies and the Commission's proposals for a common transport policy are to be understood.

24. The first point to be noted is the exceptionally high degree of public intervention in transport. The reason for this is to be found above all in the role of transport whose smooth running is essential for the normal functioning of the economy as a whole, and in the monopoly position which the railways have held for a certain time. This has led to transport being considered to some extent as being a public service and therefore having certain charges and obligations laid upon certain departments of it which are alien to the normal requirements of purely commercial operations.

To this basic reason for intervention there are added those which stem from the States' conception of transport as a means to attain general economic, social, cultural or military ends.

25. Governments also intervene in the matter of transport investments. Carriers are generally free to make their own policy so far as ^{fleets of} their vehicles or vessels are concerned. Only the railways are in a position; - after making allowance for the influence exercised on their operation by the public authorities - to keep their policy for rolling stock more or less in step with their infrastructure investment policy. As regards inland waterways and road transport, decisions concerning infrastructure are exclusively a matter for the governments.

Thus road and inland waterways carriers have no control over an essential element of their service, and the costs they bear under the heading of infrastructure do not necessarily tally with the real costs. This leads to problems both with regard to synchronization and co-ordination in matters of infrastructure and equipment and with regard to the fair apportionment to transport of the costs borne by the general public.

26. The structure of the transport market presents one special feature in that there exist, besides a multitude of private enterprises, railway networks which by the very characteristics of their operation are necessarily enormous undertakings, more or less closely bound up with the governments and thus representing a powerful economic force. These undertakings, which the governments frequently use as instruments of their economic or social policy, in general operate under a regime which on the one hand exempts them from certain essential rules of commercial and financial management and

which on the other hand imposes certain obligations on them. Although in most fields the railways are frequently exposed to fierce competition from other modes of transport, they still enjoy a monopoly position in certain spheres and for certain kinds of traffic.

Road and inland waterways transport on the other hand show a much more fragmentary structure. In May 1959, there were in Germany 11,492 long distance road hauliers of whom 5,938 had only one vehicle. In Italy, there are more than 80,000 hauliers for a total of about 100,000 vehicles. In the Netherlands there were 10,617 on 1 January 1960, of whom 5,154 had only one vehicle. The situation is similar in the other countries.

Inland waterways transport is also very fragmentary. Of a total of 23,000 firms counted in the Community (excluding Italy and Luxembourg) almost 85% own only one vessel; the capacity of these firms comes to no more than 43% of total capacity.

This special structure of road and inland waterways transport, compared with the near-monopoly of the railways, is the reason for many difficulties in relations between forms of transport and even within each form itself.

27. Another characteristic of the transport market has its origin in the very mobility of the undertakings. In providing its services a firm moves part of its means of production to a point sometimes far removed from its usual centre of activity. Naturally it endeavours to use this part of its means of production to offer new services.

It thereby creates in a local market an additional supply which it is difficult to forecast. Whereas in the commodities market the price of a product coming from an area remote from the place of consumption is increased because of the cost of transport, the cost price of a transport service carried out by a firm which has moved part of its equipment in the manner described is not higher than that of a local carrier.

Together with the lack of symmetry so frequently observed in transport relations, this gives rise to the problem of return freights. Rather than allow an available vehicle to make the return journey empty, the carrier is tempted to accept a return freight at any price, but what this firm regards as a return freight is an ordinary freight for the carriers at the other end of the route.

28. Another feature of the transport market is that to some extent alternative services can be provided in degrees by various techniques. However, the differences between rail, road and inland waterways transport are not only differences of technique but also make themselves felt, as we have seen, in other spheres such as the structure of concerns, administrative organization, social problems and so on.

These differences of techniques must be considered a permanent factor because it is hard to imagine that any single technique could take the place of the various means of transport. It looks on the contrary as if

an even greater specialization of techniques is to come about. The development of pipelines is evidence of this, as is the growing tendency towards specialization of vehicles or vessels within each means of transport.

In transport we therefore find ourselves in a position rather comparable to that which exists in the field of energy. Just as there is a problem of co-ordination in that sector, difficult problems of co-ordination arise between the various techniques of transport.

Though specialization gives rise to certain problems it may nevertheless mitigate others, such as that of return freight.

29. Under the heading of special aspects of the transport market we must also note an inelasticity of both supply and demand.

Generally speaking transport capacity is not sufficiently adaptable to demand. The need to cater for seasonal variations in demand, which are specially marked in transport, and the difficulty of mitigating these fluctuations because it is impossible to stock-pile transport services, compel certain carriers to maintain reserves of capacity. The unequal demand for transport in the two directions of one route produces similar effects. Especially in the case of the railways all this adds to the preponderance of fixed costs which comes from the high level of capital investment and the employment of workers who are to a large degree specialized, so that it becomes difficult to cater for traffic fluctuations.

This difficulty of adjusting capacity to demand is not peculiar to transport, but it can be said to be more pronounced there than in any other sector. What truly makes it a "special aspect" is that it occurs in the context of a market structure characterized by a large number of road and inland waterways transport concerns of varying size and very frequently of the one-man business type which do not always dispose of an adequate trade organization. This leads to a very high degree of inelasticity to price fluctuations. A drop in prices does not in general lead to a reduction of supply; on the contrary, the carriers continue to offer their services on the same scale and may even undertake more work in order to maintain their revenue..

30. The inelasticity of supply is matched by a certain inelasticity of demand for transport in relation to price, at least in the goods sector.

The demand for transport in fact mainly depends on the general level of production and consumption of the goods to be transported. In the short run a lowering of freight rates only rarely causes an increase in the demand for transport.

It is true that a reduction of freight rates increases the possibilities of marketing - and thus of transporting - especially of low-price goods. But it is only in the medium or long term that the price level can influence the location of industry and generally speaking the demand for transport.

Though the demand for transport as a whole is inelastic it is nevertheless sensitive to price variations as far as its breakdown between the various forms of transport and between firms is concerned. The manner in which the various forms of transport are able to respond to these variations differs and to a certain extent depends on the system of rates to which they are subject. Moreover, when the volume of goods for transport shrinks, the users who have recourse to back transport firms and their own transport naturally tend to use the latter first, so that the transport firms proper may be more than proportionally affected by such a drop in demand. Thus it has been said that in times of recession the transport firms are in danger of being reduced to a stand-by service.

31. From this brief survey of the ^{principal} special aspects of transport we may observe:

that most of the features briefly sketched above may be found to exist more or less acutely and in more or less the same form in other sectors of the economy;

that in transport however they are more important and their effect is more marked because they accumulate.

that whilst certain peculiarities may depend on circumstances and may therefore be put right or mitigated, others seem to stem from very nature of transport and therefore not to be capable of complete elimination.

However that may be, these special aspects have so far been considered sufficiently important to justify transport being treated differently from the other sectors of the economy, in particular because they entirely free competition. hamper

CHAPTER II

SOCIAL ASPECTS

A. THE IMPORTANCE AND CHARACTERISTIC FEATURES OF SOCIAL PROBLEMS IN TRANSPORT

32. In all sectors of economy there is a close link between social and economic problems. If a study of the factual situation in transport is to serve as a useful basis for working out a common policy, it must not confine itself to the economic but must also cover the social aspects.

In signing the Treaty of Rome the Member States have stated their resolve to couple economic progress with social progress, and this emphasizes the importance to be attached to social problems in all sectors covered by the Treaty.

Nevertheless the social factor comes to the fore in different ways according to the special features of each sector.

33. In transport the main characteristics to be taken into account are the following:

The relatively large number of persons employed in this sector in general and on the railways in particular;

The fact that transport belongs to the category of economic branches in which wages and social benefits account for a large part of operating costs;

The migrant nature of the work of certain workers which forces them to move, sometimes with their family, either in their own or in a foreign country;

Irregular hours due to conditions of operation;

The working hours, which are often longer than in many other sectors. This problem is especially important because it is closely tied up with safety requirements and therefore affects not only the persons employed in the sector but all road users and therefore the general public;

The frequently considerable differences in wages, social benefits and other working conditions in the same form of transport and between one form of transport and another;

Rapid technical advances which may entail reductions of staff or a change in their distribution over the various categories and may therefore create problems of vocational retraining.

34. For an understanding of the significance of these various characteristics it would be useful if they could be illustrated by full and up-to-date statistics. Unfortunately such statistical data are not at present available in the Community. Until the gap is filled we have to be satisfied with incomplete information which can give us only an approximate picture of the situation.

35. Transport workers form a significant proportion of the total labour force.

According to certain estimates in the six Community countries, 3,600,000 persons or 6% of the total working population are employed in transport. It is however difficult to quote reliable figures.

Accurate information exists as regards railway employees but the various countries have different methods for the construction and repair of rolling stock and installations; in certain cases they have recourse to specialized firms whose employees are not included in the statistical data, whereas in others this work is done by the railway employees.

Whilst there is sufficient information concerning the labour force employed on inland waterways, the position is much less satisfactory in the case of road transport. The lack of precision with regard to this form of transport is aggravated by the existence of transport on own account and by the fact that in this case transport may be no more than a subsidiary activity so far as these employees are concerned. Finally, in inland waterways as well as in road transport the labour force employed in construction, maintenance and management is not included in the data showing the employees in these two forms of transport. This distorts from the outset any comparison with the figures for the railways.

the supply of
36. As in most services, manpower accounts for a relatively large share in the cost of transport.

But the figure which can be quoted to support this statement are even less precise than those referring to the previous case. They must be based on a precise knowledge of the cost price and the economic cost of transport, and we are far from possessing such knowledge at present. We must therefore be content with a few random figures.

In a survey of the European economic situation in 1956 the Economic Commission for Europe gave 54% as being the average proportion of labour costs in the total running cost of the European railways per unit of traffic in 1954. On the other hand an inquiry conducted by the International Labour Office revealed that the cost of labour represented up to 70% of the total running cost of the railways. But these divergent estimates were drawn up on different bases and it is difficult to say what significance attaches to them. It seems, however, that at present the percentages, which incidentally vary from network to network, are somewhat lower on an average.

For inland waterways figures ranging from 25 to 35% have been suggested, at a period however when the "Mississippi" technique was not yet known. Of course this percentage drops as the tonnage of the vessels increases. For road transport the percentage may vary from 20 to 50% according to the capacity of the vehicles used.

These figures must be considered as expressing orders of magnitude only. They indicate that the manpower element in the running costs of transport is relatively large, but this element can vary considerably within one form of transport and the figures recorded show that there are marked differences from one Community country to another.

37. The migrant nature of transport work is more or less marked according to the various modes of transport.

It is above all in inland waterways that it affects not only the workers themselves but also their families. This therefore gives rise to some very difficult problems such as participation of bargees in social and cultural life and the education of their children.

Many measures have been taken in the Member States either by way of legislation or through the trades concerned or in the framework of agreement between employers' associations and trade unions in an attempt to remedy the disadvantages to which this feature gives rise.

This problem is to some extent linked to that of the irregularity and in particular the length of working time. Clearly the very conditions of operation mean that in transport the terms of the problem are completely different from those which apply in most other industrial or commercial sectors. Working hours depend on requirements peculiar to transport and also frequently on unforeseeable contingencies. Moreover it is often difficult to check that the rules on working hours are observed.

The Member States have therefore taken many steps in this field which have helped to improve the situation and to counteract abuses. But their regulations differ according to the various forms of transport and also from country to country. The transport workers' unions attach great importance to these matters and frequently bring pressure to bear upon the public authorities to ensure satisfactory arrangements.

Also, the problem of working time is bound up with that of overtime pay for which the regulations differ greatly from country to country.

Finally, the solution of these problems is made more difficult because in the transport industry there exist many small and family type firms which are not affected in the same way as the larger concerns.

38. There are great differences in wages, social security arrangements and other living conditions within each form of transport, amongst the various forms of transport, and from one country to another.

The wage problem must be considered in the light of the fact that the nominal income of the labour force is composed of their wages as such and of an indirect income paid in the form of supplements and social benefits. These two elements depend on the conditions obtaining in the various countries and this entails differences in the respective levels of nominal income. Therefore in making comparisons, these conditions should as a rule be taken into account and the nominal incomes placed in their overall social context.

In view of this there are appreciable differences between the systems and levels of remuneration. Generally speaking the public authorities do not interfere much in this field and leave it to the employers' organizations and the trade unions to settle these matters by way of agreement.

The position varies greatly according to the form of transport. In all the Community countries the railway employees have a well defined status. In some countries this even comes more or less close to that of the civil service. Therefore the railway employees have a special system which is on the whole more favourable, especially in matters of social security and pensions, than the systems applying to employees in the two other forms of transport, which are in many cases closer to and sometimes identical with the general systems.

39. The degree of specialization amongst transport workers differs according to the form of transport.

vocational

In certain categories thorough training is provided in all the countries either through the public educational system or more generally in the industry with perhaps some State aid. Here again the schemes vary from country to country.

Generally the railways have themselves taken charge of the training of their future employees and the results have almost everywhere been found satisfactory.

Worthwhile results have also been attained in inland waterways. For road transport the situation is more irregular.

The employment and retraining problems which follow in the wake of technical progress in transport have not yet assumed serious proportions and have so far been solved without undue difficulty.

B. SOCIAL PROBLEMS ARISING FROM THE DEVELOPMENT OF INTERNATIONAL TRANSPORT AND INTERNATIONAL AGREEMENTS ON SOCIAL MATTERS CONNECTED WITH TRANSPORT

40. The development of international transport has made some of the problems referred to above more acute and has given rise to others. As non-resident carriers will be admitted to national transport services within a Member State, analogous problems will arise for these foreign carriers.

41. Evidently the significance of problems such as those created by the migratory nature of the work, irregular working hours, the length of working hours, differences in pay and social security systems, is bound to increase as the distances covered by transport grow and the differences existing within one country are rendered more complicated by the addition of those found to exist between the several countries.

These new aspects have their origin mainly in the fact that the provision of transport services is frequently accompanied by the move of a part of the enterprise itself, sometimes even outside the national territory. From the social point of view such moves cause difficulties because of the application of social legislation and because the carrier operates in the receiving country under conditions which to a large extent are those of the country of origin.

42. Without going into all the possible effects of these circumstances a few examples may be considered:

With regard to the extent of working hours, international road hauliers virtually escape all rules and regulations.

The regulations relating to benefits in the case of sickness or accidents at work may be cumulative or they may fail to cover certain special cases.

The amounts and methods of pay and other allowances are those of the country of origin and may sometimes differ widely from those applicable to employees of the same category in the receiving country.

43. These disparities tend to hamper the development of international transport. The trade associations concerned have frequently pointed this out and for some years the governments have been trying to reach international agreements on the most serious problems.

So far, however, only few such agreements have come into force.

The International Labour Office has done a great deal of work in this field. It has drawn up recommendations on working hours, rest periods for drivers, regulations for night work and so on. The individual countries have in varying degree taken these into account.

A Convention No. 67 on working hours and periods of rest in road transport was drawn up in 1939 but it was ratified by two non-European countries only.

44. Certain positive results have been attained in the field of ^{social} security.

44. Besides the fairly numerous existing bilateral agreements an Agreement ^{of} on the social security/crews on Rhine vessels was signed on 27 July 1950 by Belgium, France, the Netherlands, Germany and Switzerland and came into effect on 14 June 1953; it was revised on 13 February 1961.

On 9 July 1956 there was signed in Geneva a European Convention on social security for international transport workers. This Convention has not yet entered into effect. The six Community countries are amongst its signatories.

Mention should also be made of Regulations 3 and 4 of the Council of the EEC, on social security for migrant workers, the provisions of which apply to transport workers as well as to workers in other industries insofar as there are no special arrangements for the former (as for instance in the case of Rhine boatcrews).

With regard to working conditions, there is the Agreement on service conditions for crews on Rhine vessels, signed on 27 July 1950, revised in 1954 and in effect since 1 December 1959.

The Economic Commission for Europe has drawn up an Annex to the General Agreement on economic regulations for international road transport signed in Geneva on 17 March 1954, embodying detailed regulations on working hours and conditions for this category of transport. But the Agreement has not entered into force.

CHAPTER III

TRANSPORT POLICY

A. TRANSPORT POLICY IN THE MEMBER STATES OF THE COMMUNITY

45. The public authorities have always attached particular importance to transport and its smooth functioning. The growing importance of transport in modern economic life has impelled the governments to give even closer attention to its organization. The tendency on the part of governments to intervene in transport has therefore become more marked.

But the aims and in particular the methods of such intervention have differed considerably in the course of time and vary greatly from country to country.

46. The governments are primarily concerned because they realize that transport affects all stages of the national activity and is therefore an element in the development of this activity not only economic, but also social, cultural, military and other.

This concept of the function of transport underlies two principles which have to a greater or lesser extent influenced the policies of certain countries: they are the principles of "Gemeinwirtschaftlichkeit" (public interest) and of public service.

Although these principles are not identical they have common features and to the extent that they have influenced the attitudes of the public authorities they have led to certain obligations being imposed upon transport by which most other industrial or commercial sectors are unaffected. This being so the governments have tended to use transport

as an instrument of their general economic policy and even to use it as a means to pursue non-economic ends.

47. The emergence of the railways and the monopoly position they rapidly occupied gave rise to another kind of concern felt by the public authorities: to avoid the risk of that monopoly position being abused. They therefore laid down rules and regulations governing relations between carriers and users.

From these two preoccupations there has resulted the obligation to provide and maintain transport services and to adhere to tariff rates. These fundamental obligations are amplified and defined in greater detail by others such as the obligation to publish tariffs, to give equal treatment to all users and to charge equal rates throughout the system.

These obligations only affect carriers providing scheduled services. First they were imposed upon the railways only but they were later extended to other forms of transport offering such services.

48. Government direction of investments for infrastructure has made it possible to keep within certain limits the competition between inland waterways and rail transport. The advent of the motor car brought about a new and powerful upsurge in road transport, a third concern arose for the public authorities. It was to regulate and keep in check competition between forms of transport. The rapid expansion of road transport has meant that not only there has been sometimes fierce competition between rail and road but also that competition between railways and inland waterways has become keener.

The economic crisis between the two wars had disastrous effects upon transport because of its special characteristics. For this reason the governments of the six Community countries have taken measures to protect their transport economy. At that time no one had yet seriously considered relieving the railway networks of their public service obligations or extending these obligations to the other forms of transport except, as already indicated, to public passenger road transport on regular or concession lines. In most cases it has been thought sufficient to impose more or less strict limits on the expansion of road transport and, in some countries, of inland waterways transport.

But the national transport authorities have realized that such a limitation of competition is insufficient and that what they needed was to establish a balance between the various forms of transport so that each transport operation should be carried out by the means best suited to it.

This has given rise to the ideas of co-ordinating and harmonizing transport. It is only recently that a distinction has been suggested between these two notions, in the report of the Transport Committee of the Common Assembly of the ECSC, presented in 1957 by M. Kapteyn. By now there is widespread agreement that co-ordination refers to the relationship between the various modes of transport, whereas harmonization is more concerned with one mode of transport in all the countries.

Though the public authorities are now fully aware of the need to co-ordinate and harmonize the various forms of transport, this does not, however, mean that the statutory or administrative regulations

applicable to transport in the six Community countries are already in a general or systematic way based on these two notions. The very terms co-ordination and harmonization appear in only few such regulations.

49. These problems, the terms of which are constantly changing, influence in varying degree the transport policies of the Member States, sometimes even when the causes or situations which have given rise to them have wholly or partly disappeared.

At present transport policy therefore aims at meeting a whole series of preoccupations, among which rational co-ordination may be the predominant but not on the whole the only one.

50. The means employed to reach the objectives in the various national transport policies often differ to a considerable degree.

These differences are mainly due to geographical factors, historical development, economic and social structure and to political concepts. Moreover, developments have taken place within one and the same country.

The measures which make up national transport policies often appear to be an assortment of means by which a balance is maintained between the various concerns and which give due regard to the characteristics and requirements of transport in each country. Different as their principles and methods may be, the transport policies of the Member States nevertheless each constitute a coherent whole, even though no single underlying principle may have gone into their making.

This must be borne in mind when the common transport policy provided for in the Treaty of Rome comes to be worked out and implemented.

51. For a comparative review of the transport policies of the Member States we need some indication of their general lines and main provisions. We will not attempt here to draw up a chart showing the differences between the policies, but will simply bring out the most characteristic features of each in order to give a general idea of the present situation. It is, incidentally, often difficult to draw a line of distinction between these various aspects.

Public intervention in transport policy can take the following forms:

- i) Direct action to influence the supply of transport
- ii) Direct action to influence transport rates and conditions
- iii) Fiscal measures and financial intervention
- iv) Action to influence investment
- v) Technical measures
- vi) Promotion of agreements between interested circles.

The public authorities have also taken steps in the field of international transport and concerning non-resident carriers; these measures will be considered under a separate heading.

Direct action to influence the supply of transport

52. In contrast to the practice in most other trades, carriers must in many cases obtain concessions or administrative authorizations of various kinds.

53. The railways everywhere operate under concessions. At the time when these concessions were granted questions of competition were as a rule of secondary importance only. The main concern was to prevent the construction of more than one track over the same route. The competitive struggle which nevertheless sprang up in some cases between the railway networks within one **country** have practically disappeared since most of the lines have been united in national networks closely dependent on the State.

The lines still operated by private companies are also subject to a system of concessions.

Under the terms of the concessions the railways enjoy a certain liberty in working out their own operating programme, which is however restricted mainly because of their dependence on the public authorities with regard to investments, and because of the obligations laid upon them.

54. In road transport the arrangements are generally very different for passenger and goods traffic.

The public authorities grant concessions to individual firms for regular passenger traffic lines. The decisions of the public authorities are taken in the public interest, in other words the transport services must answer the requirements of the general public.

For non-scheduled transport a simple permit is often sufficient and is granted without such thorough prior enquiries; proof is demanded only of the applicant's personal integrity, and of the suitability and capacity of his firm.

55. Though road haulage is more or less strictly controlled in all the countries of the Community, it is nevertheless difficult to present a survey of the relevant rules and regulations, because they differ widely from one country to another and have even varied to a marked extent within one and the same country.

All these rules and regulations lay down several categories of road haulage for hire or reward. In the Netherlands a distinction is made between scheduled and non-scheduled traffic. Other national regulations lay down various traffic zones, for instance a local zone, a short-haul and a long-haul zone, but the extent of these zones varies greatly from one country to another. In Germany, for instance, the short-haul zone is limited to a radius of 50 km. from the headquarters of the enterprise, whereas in France authorizations for short-haul traffic extend to a radius of 100 to 150 km. from headquarters. The long-haul zone may either cover the whole country or refer to certain defined routes.

the

Likewise/conditions for the issue of licences vary. They are less strict for the short than for the long distances. Also, in some countries licences are issued almost automatically whereas they are obtained with much more difficulty in others.

These licencing systems are often tantamount to quotas. Here again the types of quota vary. They are either non-existent or very elastic for short distances, but more or less strict for long distances. The quotas can refer to the number of vehicles or the load capacity per enterprise. Except in Luxembourg where no limit is imposed there are several quota systems, some of which block the development

of long distance road haulage at the level of the tonnage existing at the time when the quota was imposed, while others allow of a certain adaptation to the trend of demand. In several countries there is a certain tendency to slacken the application of quotas for long-distance traffic.

It must also be pointed out that apart from co-operation agreements with private haulage contractors, which is dealt with elsewhere, the railways are authorized to a greater or lesser extent to undertake road transport.

56. Road haulage on own account is not in general affected by these regulations. Subject to their being used in accordance with the conditions laid down in each country for this type of transport, the vehicles operated exclusively for transport on own account can be put into service and move freely without licence or quotas. Nevertheless, in the Netherlands a licence is required if a road vehicle is to be put into service for transport on own account. The licence is granted after an enquiry by representatives of the transport industry in conjunction with the enterprise concerned to ascertain whether the service may not be provided on reasonable terms by the transport industry.

57. In inland waterways intervention with regard to admission to the market is less widespread. Only in France does there exist a capacity quota; no new vessel may be put into commission, unless equal tonnage or, in the case of a self-propelled vessel, double the tonnage, is broken up; this regulation, however, does not apply to the Rhine fleet.

On the other hand all the countries with extensive inland waterways have taken steps to control competition in inland traffic. These measures, which distribute freight amongst the carriers either by a system of each taking his turn or by procedures which lead to the same results, were imposed at the time when the existence of surplus tonnage had given rise to cut-throat competition. In certain countries there are signs of a relaxation of such measures.

Direct action to influence transport rates and conditions

58. As we have seen, the action of the public authorities to influence the supply of transport is at present concentrated mainly on road transport. Their action in the field of transport rates and conditions has mainly affected the railways and then spread to some extent to the other forms of transport in a manner varying from country to country.

The regulations concerning transport rates were in the first place intended to protect users against the dangers to which they were exposed by the monopoly position of the railways. At the same time they were one of the means by which the States used transport as an instrument of economic policy. It was only later that it was found that scales of transport charges could also contribute to the introduction of co-ordination between forms of transport.

59. In all the Community countries the railways are subject to regulations compelling them to lay down and publish their tariffs.

Although there are differences of structure, the tariff systems in most of the railway networks in the six countries have certain features in common. To a large extent they are determined by considerations of

public interest; they apply the ad valorem system and adhere to the principles of publication, equal treatment of all users, standardized country-wide tariffs and, within certain limits, the principle of tapering rates.

In certain countries, however, these obligations have already been slackened to varying degrees in the goods sector.

Especially in the Netherlands where maximum rates are published for goods transport, these must be approved by the Ministry concerned. But a large part of goods transport - more than 80% of the total - takes place on the basis of specific agreements which are not published and by which prices can be fixed in the light of competition and the market situation.

In Italy the railways can also conclude contracts which are not published, but in general they require prior approval of the Minister of Transport.

Immediately after the war a far-reaching reform of the railways rates system was taken in hand in France. Among other things, there was some relaxation of the principle of standardized country-wide rates and of compulsory publication. The new elements introduced by this arrangement include more attention to cost price, a differentiation of rates according to the situation and importance of the terminal station, a slackening of the procedure to apply certain prices within an authorized bracket and the possibility of concluding specific and unpublished agreements which are, however, subject to prior approval by the controlling authority.

60. In the case of road transport for hire or reward a distinction must again be made between passenger and goods transport.

The scheduled passenger services are nearly always subject to compulsory and published rates which are imposed or approved by the controlling authority. Non-scheduled services are, however, on the whole free from any rate regulations.

The situation is very different in the case of goods transport by road. In Belgium, France, Italy and Luxembourg it is not at present subject to any compulsory rates system.

But in France compulsory rates, which have in principle already been laid down in co-ordinating legislation, will enter into force on 1 July 1961 for long distance traffic. In Belgium a recent law also provides the possibility of introducing a rate system for goods transport by road.

In the Netherlands the inland road transport services must adhere to maximum rates fixed by the Ministry concerned. For international transport there exist fairly wide rate brackets within which the carriers fix their terms.

The Federal Republic has different rate regulations for road traffic according to whether they refer to long or short distance transport. Long distance traffic operates at fixed rates which as a rule are the same as those of the railways. Nevertheless there are already certain exceptions to this rule; for instance, of some 190 special railway rates only 75 have been made applicable to road transport. Moreover, the 20-ton category is not applicable to road transport; the latter benefits from special arrangements for the 5-ton category. Short distance transport is subject to rates including pilot prices with a margin of

10 % above and 30% or even 40% below for long-term contracts approved by the competent authorities.

61. Transport by inland waterways is also subject to rate regulations applicable to inland traffic which have many features in common. In Germany there are fixed rates laid down by freight commissions composed on an equal footing of representatives of the users and the carriers and approved by the Federal Ministry of Transport. In view of the fact that international freight rates on the Rhine develop freely, certain difficulties can arise from the simultaneous existence of fixed rates for inland traffic.

In the Netherlands regular inland traffic is subject to a maximum rate fixed by the Minister concerned on the advice of a consultative committee. Non-scheduled internal transport must in general remain within fairly wide brackets, which the rates are periodically fixed by a committee.

In France all inland waterway transport effected under a freight agreement, with the exception of transports for export or import, must apply the officially binding freight rates. . . . To make the official rates which are fixed and periodically reviewed by the Office National de la Navigation more flexible, a central and several regional freight commissions can vary in either direction by 20% the freight rates laid down by the central commission and by 10% those laid down by the regional commissions. Prices fixed by tonnage or by time are supervised by the regional committees which authorize them. Also, the charges for transport of liquids in bulk are subject to limits laid down by the Governments. The Rhine freight rates are freely formed having regard to the agreements concluded between the shippers.

In Belgium the regional committees can also in certain circumstances and for certain services on various routes, fix freight rates with a margin of 25% above or below the basic rate fixed by the government. Freights from the port of Antwerp to the interior of the country are charged on the basis of a minimum rate.

Fiscal measures and financial intervention

62. The fiscal policy of the States is without doubt an instrument that can be used to influence supply and demand in the transport sector.

This has been the subject of many discussions which have issued in a great variety of proposals on the ways and means to be employed in order to avoid a distortion of competition through fiscal measures.

Discussion has also turned to the question of the allocation of revenue from transport taxes; any such allocation is incompatible with the principle of a universal budget which is generally accepted in the six Member States.

It would be equitable if by appropriate taxes the governments were to recover from the various forms of transport, in proportion to their share, the amount of public expenditure on construction and maintenance in the use of means of communication^{and or traffic}. Some such measures have already been taken but the difficulties involved in determining and apportioning the costs of infrastructure have so far impeded any satisfactory solution.

63. Certain States have manifested their intention to utilize taxation as an instrument to co-ordinate transport, as witness the special taxes introduced in recent years in France for goods transport and the taxes applied in Germany to long distance road transport on own account.

The opinion has been expressed in various quarters that it was desirable for governments to adhere to the principle of "tax neutrality" as between the various forms of transport.

Despite a number of specific fiscal provisions for transport it can be said that at present the tax position of transport in the Community countries is still closely linked with the overall tax situation.

64. As certain forms of transport or transport concerns are closely dependent on the public authorities, who sometimes impose upon them obligations that are not necessarily compatible with their financial interests, these public authorities have to offer compensation, in other words grant subsidies.

Such compensation or subsidies are another way in which governments intervene in the operation and the balance of the transport systems, and are open to the same comments as those made in connection with taxation.

Action to influence investment

65. Transport infrastructure depends almost entirely on the States and other public bodies. The importance of a sound investment policy in infrastructure for a harmonious development of transport is questioned by no-one. In their investment policy the States endeavour to avoid mis-directed investment and to build up a system of communications calculated to satisfy the requirements of the economy with due regard to long-term economic developments.

It seems nevertheless that more often than not the strictly "transport" aspects of matters of infrastructure are not detached from other considerations which guide the public authorities in their decisions. It does not seem, therefore, that the investment policy of Governments is always reflected in their transport policy.

All the Member States have made immense efforts to repair as quickly as possible the means of communication damaged in the last war. They seized this opportunity to improve and modernize the system of communications as a whole. Some priority has often been given in this context to the railway network.

66. Investment policy for transport infrastructure is often handicapped by insufficiency of capital. In all Member States detailed plans were drawn up for long term investment but owing to inadequacy of funds these could only be put into effect in part.

Financing systems have therefore been sought, especially for road building, which are less dependent upon annual budgets and promise easier access to the capital market.

67. On the whole the governments have refrained from direct intervention in investment for equipment, rolling stock or fleets, which remain the responsibility of the enterprises. The States have been satisfied with a facility for flexible and indirect action to encourage enterprises to operate in a way which seemed to them economically desirable. In the case of the railways, however, in view of the close links which generally exist between them and the governments, the latter have been able to exert a certain influence on decisions. But it would be wrong to speak of co-ordination between investment for infrastructure and for equipment.

In the case of France, however, the role played by the Commissariat Général au Plan in guiding investments must be noted.

68. Also, for some years past the governments have endeavoured to pursue an investment policy covering more than their national territory and bearing in mind the requirements of an extended European economic area. In this context reference should be made to the work of the Economic Commission for Europe and the European Conference of Ministers of Transport.

An interesting example of international co-operation in this field is furnished by the European Company for the financing of railway rolling stock (EUROFIMA).

Technical measures

69. The public authorities have also intervened in the transport sector by applying purely technical measures. Generally speaking such measures spring in the main from considerations of reliability and safety in transport, for the good of both users and personnel. Nevertheless they have

an undeniable influence on the competitiveness of various forms and categories of transport.

Amongst the technical measures are some which concern vehicles, laying down conditions which they must satisfy; they deal with weights, dimensions and roadworthiness; similarly there are rules concerning the rigging and gear of vessels, inspection etc.

For the railways, too, there are laws and regulations to lay down the technical and administrative conditions with which the railway authorities must comply.

Promotion of agreements between interested circles

70. In several countries efforts have been made - sometimes on the initiative of the government - to draw up voluntary agreements between different forms of transport in order to divide the traffic according to the advantages presented. Such efforts have rarely had any decisive effect in sectors where competition is keenest. Where feelings ran less high, however, certain results have been achieved. This is so, for instance, in the case of the agreements concluded almost everywhere between the railways and carriers operating passenger services by road. Examples of collaboration between road and rail transport can also be found in goods traffic, especially retail consignments.

71. Under this heading fall the successful arrangements for technical co-ordination, introduced some years ago, such as the interchange of pallets and containers between various forms of transport.

Another example is that of so-called "mixed" transport, examples of which are rail-road trailers and lorry- and trailer-carrying waggons.

72. Agreements to regularize competition have also been concluded within one and the same form of transport. The pools and conventions on international river navigation are examples of this.

Analogous conventions also exist between the railway networks and between some of these and inland navigation. Amongst them there is the agreement to share traffic between the Rhine navigation and several railway networks (AVER).

There also exist some agreements between certain associations of transport commission agents and ^{brokers on} associations of carriers for the purpose of promoting a better division of work, especially in the case of international transport.

Policy of the Member States in the field of international transport and with regard to non-resident carriers

73. For some time the States have been encouraging the development of international transport by rail. This has resulted in close collaboration between the railway authorities leading to the conclusion of many agreements and conventions which in general go beyond the boundaries of the six Community countries.

They include:

The International Convention concerning the Transport of Goods by Rail (CIM);

The International Convention concerning the Transport of Passengers and Baggage (CIV);

The Geneva Convention and Statutes on the international arrangements for railways;

The International Conference for promoting technical uniformity on railways (U.T.);

The International Railway Wagon Union (RIV);

The European Conference on Time-tables for goods trains (LIM Conference);

The Convention for the joint use of goods wagons (EUROP Convention);

The establishment of the Société ferroviaire internationale de transports frigofériques (INTERFRIGO).

Apart from these agreements and conventions, collaboration between railway administrations has led to technical and commercial achievements of great interest, such as the "Trans-Europ Express" trains.

74. Traffic on the European inland waterways is subject to a series of international regulations whose purpose it is to guarantee the freedom of navigation to the widest possible extent. However, in contrast to what is happening in rail traffic, there is no uniform international legal system applicable to the whole of the European inland waterways.

Freedom of navigation on rivers, which divide or cross the territories of several states was laid down by the Congress of Vienna in 1815. The following conventions were drawn up on the basis of this principle:

The revised Convention for Rhine Navigation of 1868 (the Mannheim Navigation Act) is the river statute which governs traffic on the Rhine and guarantees freedom of navigation.

The Franco-German-Luxembourg Convention of 27 October 1956 for the canalization of the Moselle provides for freedom of navigation in international traffic for the vessels of all nations. The Danube Convention of 1921 is also based on the principle of free navigation laid down in the Acts of the Congress of Vienna. This Convention was unilaterally amended in 1948 by the East bloc countries.

The principle of free navigation also applies to the other rivers whose internationalization was laid down in the final act of the Congress of Vienna, even though special statutes have not yet been agreed for them.

There is no direct State intervention in the formation of international freight rates for Rhine navigation. In principle the rates are formed freely in line with supply and demand.

International traffic on inland waterways for which there are no arrangements comparable to the Rhine statute is subject to restrictions in certain cases.

In fact, certain regulations aim at giving a privileged position to national flags and at keeping freight rate fluctuations within the closest possible bounds.

75. Of the three forms of transport, international road haulage is the one most strictly governed by regulations.

The efforts made to obtain the application of common principles have not so far been very successful. Nevertheless, some results have been attained, especially in the field of tourist and transit traffic.

Co-operation between States is largely reflected in bilateral agreements which can, moreover, only be in the form of simple administrative and sometimes only verbal arrangements. In certain cases the granting of authorizations has taken place by unilateral decision.

76. On examining the main features of these bilateral agreements we find that the States grant themselves quotas within which personal and non-transferable authorizations are granted in respect of individual vehicles in accordance with various administrative procedures. Generally speaking the arrangements are of a restrictive nature.

The quotas generally provide for open licences of limited duration and travel authorizations issued for specific transports with regard to their nature, their route and the time by which they are to be effected. Less restrictive arrangements are often granted for transports on own account and for certain special transports which hardly affect the problems of transport co-ordination. Facilities are also often accorded for border-crossing traffic within limited areas.

As a general rule the right to issue licences under a bilateral agreement for any transport going to one country or crossing it is reserved to the regional authorities or, where applicable, to the central authorities according to the size of the area in which the authorized activity takes place.

77. There remain the provisions at present governing the right of establishment of non-resident carriers in the Member States.

In the case of railways the problem does not arise in practice, because there is hardly any question of the establishment of new railway enterprises.

With regard to the road and inland waterway carriers there are, however, in practically all the Member States a number of rules which make it difficult or even impossible for nationals of other Member States to set up a transport business. Furthermore, where freedom of establishment is allowed by law, the statuting or administrative regulations governing the pursuit of this occupation may limit its practical effects.

USERS

B. THE VIEWS OF TRANSPORT EMPLOYERS' ASSOCIATIONS, AND/TRADE UNIONS ON PROBLEMS OF TRANSPORT POLICY

78. These associations are interested in transport policy for various reasons and make their views known through their representative organizations. The categories most directly interested are carriers, the enterprises engaged in activities ancillary to transport, the users and the trade unions. We cannot in these pages set forth even briefly the views of the national organizations representing these categories. But there are organizations on the international level and their opinions throw light on those of the categories concerned.

It must, however, be remembered that the opinions of the international organizations are often the outcome of a compromise between national views and are frequently far removed from them.

The railways

79. In October 1957 the International Union of Railways (UIC), complying with a request from the Committee of Deputies of the European Conference of the Ministers of Transport, explained its views on the measures necessary in the field of transport in a report on the problem of the financial situation of the railways.

After the publication of the report submitted by M. Kapteyn on behalf of the Transport Committee of the Common Assembly, the railway administrations of the six countries made known their views on the co-ordination of transport in the European Economic Community; their memorandum amplifies certain of the points brought out in M. Kapteyn's report.

80. The UIC attributes the difficult situation in which many railways find themselves mainly to the fact that despite the disappearance of their monopoly position a large number of the burdens and obligations imposed by the governments still exist although most of these had been intended as a counterpart to that monopoly position. This is true in particular of the obligation to operate services which is maintained unchanged for certain lines which do not pay, of the obligation to transport which must be fulfilled within certain limits at peak periods, of the obligation to accord equal treatment to all users and of all the other conditions inherent in the compulsory rates (licences by the public authorities, publication) to which other forms of transport are not usually subject.

The UIC also refers to the obligation imposed on the railways to bear their own infrastructure costs, which is not necessarily the case for the other forms of transport.

The UIC is of the opinion that the steps to be taken should be guided by three principles:

- i) For the railways themselves, a firm resolve to attain financial balance, to reduce running costs and to increase productivity;
- ii) For the users, free choice and a constant concern for their requirements;
- iii) For transport as a whole, a reduction of the cost of transport to the national economy and healthy competition between forms of transport.

81. On the basis of these principles the UIC has made the following proposals, apart from measures of technical co-ordination:

- a) that the restrictions on the Railways should be generously relaxed, by giving them the same treatment as an industrial and commercial concern having a wide degree of independence, by allowing them to adapt the composition of their networks to changed circumstances and to apply motor transport techniques themselves, and by granting them extensive latitude in the matter of rates;
- b) that conditions at the start, particularly the liabilities and obligations incumbent on the Railways and on other forms of transport, should as far as possible be equalized, special attention being given in this respect to infra-structure costs, but without overlooking what might be done as regards the "obligation to operate" and the "obligation to carry", rate structures, regulations concerning carriers' liability, etc.
- c) that wherever required railway rates and those of other forms of transport should be co-ordinated in such a way that the choice of the user is attracted to the form of transport involving the least variable cost;
- d) measures designed to solve the problem of the coexistence of motor transport "on own account" and public transport;
- e) establishment of close co-operation, at European level, between the Railways and Airlines;
- f) lastly, the achievement of an effective co-ordination of investment, based on the establishment of "transport accounts", and involving, at international level, the setting up of appropriate specialist organisations.

.../...

82. With regard to tariffs the UIQ believes that the railways should enjoy the greatest possible liberty especially for goods transport.

The railways therefore are in favour of a certain "tariff co-ordination" since it is impossible to have complete equality of the charges and obligations as between the various forms of transport, especially between rail and road transport.

Whilst pointing out that no such condition is imposed on any other sector of the economy, the railways agree that, subject to certain precautions, the cost price be taken into consideration in fixing transport rates.

As for the publication of tariffs, the railways only ask that whatever obligation is imposed upon them should be imposed equally on all other forms of transport.

Road transport for hire or reward

83. In 1958 the International Road Transport Union (IRU) defined the position of road transport for hire or reward in a brochure on general transport policy and the European Economic Community.

The IRU holds that the transport industry must be regarded as independent and not as an activity subordinated to other economic sectors or as an instrument of economic dirigisme in the hands of the public authorities.

84. On the other hand the enterprises must themselves ensure the balance between receipts and expenditure. This necessity should make the various forms of transport turn more and more to the sort of traffic for which they are best suited. The result would be a better distribution of traffic and a reduction in the cost of transport.

The IRU attaches a great deal of importance to the idea of equal treatment. This idea should be respected both as between the transport industry and the other sectors of the economy and amongst the various forms of transport. Moreover, the user's freedom of choice must be ensured.

85. The IRU believes that intervention on the part of the public authorities is inevitable in transport and that certain rules and regulations are necessary.

Nevertheless, these rules and regulations should be confined to what is strictly necessary. Regulations must be drawn up for each form of transport and traffic must be distributed in the light of the full cost of each method of transport. Regulations must deal with access to the trade, a flexible application of quotas, the authorization and supervision of tariffs and the harmonization of technical rules, especially those relating to the weight and dimensions of vehicles.

The IRU believes that the co-ordination of investments may be dangerous to the economy inasmuch as it may consist "largely in crystallizing the present situation" and that the railway administrations should not have the right to operate road service.

86. In a recent report the IRU explained the position of the road haulage business with regard to road tariffs. This report reaffirms the principle of a compulsory tariff regulation for each form of transport; the tariffs established on the basis of cost price, would be worked out and supervised by an industrial organization of each of the forms of transport. Intervention by the public authorities would be limited to approval of the tariffs.

Such a tariff system would, however, have to be sufficiently flexible to allow of an adaptation of rates in line with changes in the costs of the various transport services.

The IRU also holds that obligatory tariffs imply prior publication. It believes such publication to be essential for the smooth functioning of the transport market, because it facilitates the user's choice, the normalization of competition and the abolition of discrimination on grounds of nationality.

Inland waterways

87. The International Union for Inland Navigation (UINF) in 1958 made the following suggestions for a common transport policy in the EEC.

The UINF is of the opinion that if transport is to operate smoothly in the Common Market, equal treatment amongst users and carriers is required as well as freedom of traffic. It believes that these principles, which underlie the internationalization of rivers laid down by the Acts of Vienna of 1815 should be extended to all European inland waterways.

Equal treatment is made more difficult by aids and subsidies for which, in the view of the UINF, the Treaty of Rome leaves a loophole in the case of transport whilst it forbids them in all other fields in the common market. The States should relinquish their power to use transport as a means of giving aids or subsidies to economic areas or to users. However, for as long as such aids or subsidies are accorded through the medium of transport, all the means of transport should be treated on an equal footing.

88. In view of the difficulties in implementing the principle of equal treatment for all means of transport arising from the fundamental differences between the structures of the railways and the inland waterways fleets, the UINF proposes that a central institution be set up for the industry and instructed to watch over the smooth and satisfactory functioning of the transport market.

89. In the sphere of trade organization there have been concluded pooling arrangements and conventions for traffic on the Rhine which aim at efficient operation. If such an organization is to be encouraged and the periodical crises which affect inland waterways navigation avoided, the inland waterways fleets must be co-ordinated, a reserve fleet must be organized and investments guided.

On waterways other than the Rhine internal transport is subject to rules and regulations which differ in all the Member States of the European Economic Community. However, all these arrangements have as a common feature the distribution of cargoes amongst shipping and a certain stability of freight rates. The Treaty does not require any uniformization of these arrangements.

With regard to international transport on these waterways the UINF has given a majority opinion in favour of a system of chartering, through "exchanges" organized by the trade, at obligatory rates laid down by committees of the trade for all carriers. Transport would then be equitably distributed throughout the trade. This would not exclude rota systems, pooling, long-term contracts or any other arrangements.

The reserve capacities for cabotage must be gradually eliminated. Transport on own account must be freed, on condition that it does not jeopardize the balance of transport for hire or reward and that it bears the same burdens as the latter.

90. It has not yet been possible to reach unanimous agreement within the UINF on the publication of transport rates and conditions. The majority is in favour of a compromise solution according to which international freight rates should for the time being remain subject to free discussion, but should be registered by freight exchanges.

91. The need to set up a special organization to safeguard the interests of Rhine shipping has led to the establishment of the Rhine Navigation Group. At the request of this organization, which is acting in close co-operation with the UINF, the Central Commission for Navigation of the Rhine called a second economic conference in 1959, following upon that of 1952, its purpose was to study why the latent

crisis in Rhine navigation had deteriorated and to seek the proper means to remedy that crisis. The conference expressed the opinion that an industrial organization for the purpose of equalizing the activities of transport by water could provide an effective solution for the existing problems (see chapter IV, section 118).

Transport Users

92. The International Chamber of Commerce has explained its position in a report on the General Transport Policy in Europe drawn up in 1958 by its Committee of Transport Users. The views expressed in this report on the whole agree with those of the industrial organizations.

Despite all the real difficulties and differences which exist between the national policies, the International Chamber of Commerce believes that a common transport policy is feasible and that it should be gradually worked out as European integration proceeds.

In the opinion of the International Chamber of Commerce this common policy should be based on the principle of free choice for the users, freedom in transport on own account, and the establishment of sound competition.

To achieve this, the various means of transport must be placed on an equal footing in competition and they must be made responsible for their own financial stability. Tariff obligations must be made as flexible as possible, it being understood that the tariffs must come into line with cost.

The obligations weighing upon the various means of transport, and especially the railways, should be lightened as far as possible. If the States wish to aid any particular economic sector, they must do so not through transport, but by direct action in the sector concerned.

The International Chamber of Commerce states that it feels the prior publication of tariffs to involve risks.

93. It further considers co-ordination of investments to be important, It is aware of the complexity of this problem and considers that long-term programmes should be drawn up which should cater for all factors influencing economic expansion.

94. The International Chamber of Commerce does not pronounce on the means by which the common policy should be implemented. Nevertheless, it feels that great caution is required in the matter of establishing in Europe an organization similar to the Interstate Commerce Commission of the United States.

95. Recently, the International Chamber of Commerce has made known the results of a comparison of the views on the co-ordination of transport held by the users and the transport industry:

This comparison has shown them to be unanimous in the opinion that it is the purpose of such co-ordination to find a policy which will lead to the use of that type of transport which is of the greatest advantage to all, and in the conviction that competition between means of transport, placed competitively on an equal footing, plays a useful part in reaching this optimum. It has also been accepted that in practice competition in transport cannot prevail everywhere, nor can it be entirely free.

The means of ensuring healthy competition are the following: Freedom of choice for users, the running of enterprises on commercial lines, implying that they must ensure their own financial stability, and the establishment of equal conditions of competition.

Any regulation involving possible restrictions on competition must be as flexible as possible.

However, the views of the users and of the transport companies do not agree on the means by which the conditions of competition should be brought into line. The transport companies consider tariff regulations to be indispensable for the three means of transport, whilst the users oppose a system of obligatory tariffs for road haulage and inland waterways transport. There is a fundamental difference of views on the obligation to publish transport rates and conditions.

96. For its part, the Standing Conference of Chambers of Commerce of the European Economic Community set up within the International Chamber of Commerce defined its attitude in a resolution adopted in 1958 approving the following principles of a common transport policy:

1. The free choice of users must be ensured, including the free use of transport on own account;
2. Competition must be as free as possible and intervention limited to cases where it is necessary to prevent cut-throat competition;
3. Equal treatment of the various means of transport must be guaranteed;
4. Enterprises must be run on commercial lines. Cost must be given full consideration in the fixing of transport rates. No state intervention by means of transport policy for reasons of economic or social policy must involve the transport companies in any cost, nor must it distort competition;
5. Investments for infrastructure must be co-ordinated and adapted to developments in transport.

Recently, the Standing Conference stated the great interest with which it followed the Commission's action on its recommendations concerning the development of transport infrastructure. It considers that the study of possible improvements to infrastructure of Community-wide interest should be actively pursued, and that these programmes should be synchronized with the national programmes and perhaps with those of interested non-member countries.

The Trade Unions

97. The International Transport Workers Federation (ITF) officially gave its views at its Congress in Amsterdam in 1958 when it issued a report on "Problems of National and International Transport Policy".

The ITF emphasizes the public aspect of transport, which justifies control, but not subordination of this sector to the interests of other branches of the economy. So far as possible costs should be covered by receipts (the principle of profitability) but social conditions must not be less favourable than those in the other branches. At any rate it seemed that the principle of profitability could not fully apply in the passenger transport sector.

98. On concessions, tariffs and investments, policy should aim at the best utilization of transport capacity and the best spread of the traffic over the various means of transport; to this end there should be institutional co-operation between the public authorities, the workers, and users of transport.

The ITF demands in particular that transport should be relieved of all charges other than operating costs, or that it should be compensated for such charges; tax legislation should be neutral; and disparities in social conditions and in carrier's ^{responsibility} should be eliminated. The ITF would prefer infrastructure costs to be spread over the three means of transport in such a way as to ensure equal conditions of competition, rather than that the State should bear part of this expenditure.

99. It proposes that in road haulage a system of common carriers be introduced, modelled on that existing in the United States; such common carriers should have the greatest possible freedom of action in expanding capacity as compared with transport on special request or transport on own account, which should be subject to strict quotas. It recommends that in order to limit transport on own account a system of licences and quotas be introduced.

100. On tariff policy, the report favours freedom of action for the various means of transport, within the limits of maximum and minimum rates.

101. Investment policy should avoid unprofitable expenditure or the creation of unused capacity, and there should be adequate co-ordination between private and public investment.

102. At the international level, the trade unions are in favour of a progressive harmonization of transport policies and fiscal systems with special reference to differences between social conditions. Tariff obligations, the abolition of broken rates, the gradual expansion of quotas and the right of establishment should also be harmonized.

103. Special attention is given to the influence which wage differences have on competition in international traffic. In this context emphasis is placed on certain special features of transport. The ITF feels concern lest any complete abandon of the harmonization of pay and cost conditions upset the common transport market. Nevertheless, the total harmonization of wages is not considered feasible, if only for considerations of regional policy and productivity.

104. Summarizing, the report says that the establishment of a common transport market is an indispensable prerequisite for trade. Consequently priority should be given to measures calculated to bring into line the various systems of co-ordination applied in the countries concerned.

105. The International Federation of Christian Trade Unions (IFCTU) considered problems of transport at its Congress in 1958. The International Railway Transport Committee (CIT), which is part of this organization, has published a statement of principle on transport policy in the EEC and its main social aspects.

In this statement the CIT says that the transport industry should be considered an independent economic sector just as any other industry. Nevertheless, certain forms of transport still have the characteristics of a public service. In such cases fair compensation should be made for the obligations incumbent upon public utilities.

The public authorities should prevent unrestrained competition between the forms of transport. To this end there should be co-ordination, bearing in mind the complementary part played by each of the means of transport. Such co-ordination, which should be sufficiently flexible, should be based on a system of concessions and should regulate access to the industry and the fixing of rates.

The level of these should be determined on commercial lines; in certain circumstances it would be sufficient for them to be brought to the knowledge of the controlling authorities without publication being necessary. At any rate, the various means of transport must be placed on a footing of equality.

The same remark applies to infrastructure costs with regard to which the various means of transport should receive equal treatment.

106. With particular reference to the social problems, the trade union organizations unanimously feel that social policy in transport must be part of the general social policy of the EEC, but that nevertheless it is necessary to adapt social policy in transport to the social aspects peculiar to this sector.

In their opinion, Article 117 of the Treaty means that the Member States have agreed on the necessity to promote:

- a) the improvement of living conditions, i.e. of real incomes;
- b) the improvement of working conditions, i.e. nominal wages and other working conditions;
- c) the levelling upwards of living conditions;
- d) the levelling upwards of working conditions.

These objectives of Article 117 of the Treaty should be pursued in the transport sector too and should lead to narrowing the gap between living and working conditions in transport and in the other sectors.

The following are some of the proposals drawn up by these organizations:

- 1) An enquiry should be undertaken into wages and working conditions in transport;
- 2) Annex A to the General Agreement on Economic Regulation of International Road Transport signed on 17 March 1954 in Geneva should serve as a basis for the regulation of working conditions in international road transport in the EEC;
- 3) The possibility should be considered of extending to inland waterways as a whole the social security and working conditions for boat crews on the Rhine laid down in the agreements of 27 March 1950.

107. On the question of wages, the trade union organizations feel that they should be commensurate with the special difficulties met with in the transport industry and that their level should be sufficiently high to make it attractive and facilitate the recruitment of labour.

They stress the importance of the problem of working hours and believe that these should be reduced in line with technical progress, the quickening pace of work and the physical and mental strains on workers, but that such reduction should not entail a falling off of the workers' incomes.

The trade union organizations are also agreed in recognizing the particular interest which attaches in transport to matters of social security and welfare, as well as to occupational training.

C. EVOLUTION AND TRENDS

108. More or less far-reaching reforms of transport policy are under study in all the Member States. In some instances a beginning has already been made with their implementation.

109. In Germany, for instance, detailed reports have been drawn up at the request of the Ministry of Transport by Committees under the chairmanship of Dr. Paul Beyer and by a Committee under the chairmanship of M. Friedrich Brand, set up by the Federal Parliament. On 19 October 1960 a paper on the basis of the transport policy was published by the "Wissenschaftlicher Beirat" (Scientific Advisory Council) attached to the Federal Ministry of Transport.

The Government has tabled several bills in Parliament.

Whatever the outcome, changes in the present system can be expected.

110. In Belgium, a number of statutory provisions and regulations have been issued or announced, to the following effect:

- 1) The transport industry constitutes a whole; cut-throat competition between the various forms of transport must be avoided;
- 2) Each transport enterprise should be profitable in itself. Transport must no longer be regarded as an instrument of economic and social policy;
- 3) Users should have free choice of means of transport. Their choice should be guided by the prices and advantages offered by each means of transport;
- 4) All users should be able to obtain transport services on the same terms and conditions which implies that they must have full knowledge of those terms and conditions.

111. In France, the government has instructed a Committee of experts under the Vice-Chairmanship of M. Rueff and M. Armand to study difficulties in the way of economic expansion and to propose means of exploiting more fully the resources of the country. The proposals submitted by this Committee are partly concerned with transport.

Consequent upon these proposals, the Ministry of Public Works, Transport and Tourism is preparing an outline conversion law for c

112. Improvements to present arrangements are also under consideration in the other three countries, although it does not seem likely that for the time being reforms of so far-reaching a nature as those referred to above are contemplated.

113. It is very interesting to examine the trends of transport policy in the Member States.

Clearly, the systems in force differ widely from one another but the measures taken recently or planned in the Member States show certain common features. They are directed at rendering more flexible the systems which are thought to be too rigid in certain sectors, or at imposing obligations on other sectors regarded as enjoying too much freedom.

To summarize, there exists a more or less marked tendency to introduce a well-balanced competition between the means of transport, to make less use of transport as an instrument of economic policy, and to pay more attention to the principle that enterprises should pay their own way and, finally, to place more emphasis on the matter of cost.

114. It seems therefore that the common concerns of the Member States, and of wide parliamentary and trade circles, are the following:

1. The governments are trying by various means to improve the commercial situation of the railways in relation to their competitors, especially road transport;
2. They hope to develop the road transport system on lines best suited to its technical and economic characteristics; they are placing greater emphasis on safety requirements and on the need for an infrastructure commensurate with foreseeable requirements.
3. They are encouraging the modernization of inland waterway transport, its adaptation to modern conditions, and are endeavouring to solve the difficulties arising from disparities between the systems governing inland and international traffic;
4. They incline more and more to consider that the problems of the various forms of transport are interconnected and that overall solutions are needed not only for operating conditions but also for investment in rolling stock or fleets and means of communication.

The trends which seem to emerge are likely to facilitate an approximation of the national transport policies, .

CHAPTER IV

THE WORK OF INTERNATIONAL INSTITUTIONS CONCERNED WITH TRANSPORT

115. Several international institutions of a governmental or parliamentary character to which the Member States of the Community belong are interested in transport in various ways.

The Community will benefit from, and will have to bear in mind the work done and the results achieved by these institutions. Therefore a brief review of their main activities seems advisable.

We need consider only certain institutions, whose work is of special importance for the common transport policy. They are active in somewhat different spheres:

1. Under the Mannheim Convention:

The Central Commission for Navigation of the Rhine (CCR)

2. Under the United Nations Organization:

The Internal Transport Committee of the Economic Commission for Europe (ECE)

3. In the setting of the 18 countries of Europe:

The European Conference of Ministers of Transport (ECMT).

The Central Commission for the Navigation of the Rhine

116. Of all the intergovernmental organizations mentioned above the Central Commission for the Navigation of the Rhine is the oldest. It was set up in 1815 by the Final Act of the Congress of Vienna for the purpose of working out a convention for the navigation of the Rhine

in accordance with the principles set out in annex 16B to the Final Act. In 1831 the Rhine Navigation Act of Mayence was signed; it was replaced on 18 October 1868 by the revised Convention for Rhine Navigation, known as the Mannheim Convention. Certain amendments were made to this Rhine statute by the Treaty of Versailles and by later agreements and arrangements.

The Rhine Convention contains the following main principles: Freedom of navigation and equality of treatment for vessels and crews of all countries, equality of treatment for all flags, free transit, abolition of charges levied solely for navigation. The Rhine Convention cannot be denounced except by consent of all the contracting parties.

116. The Central Commission for the Navigation of the Rhine (CCR) is at present composed of the four riparian states and Belgium, Great Britain and the United States; it is essentially a standing conference of the Member States, consultative in character and without any executive power to carry out its decisions. The decisions are taken by majority vote but do not bind the minority.

The functions of the CCR are to watch over the observance of the principles laid down in the Mannheim Convention and to serve as a joint institution in which the Governments consult to harmonize their Rhine policies. It studies plans for hydro-technical projects, bridge construction, customs formalities and so on in the light of navigation requirements. The CCR draws up common regulations on the safety rules for navigation from all aspects, whilst their implementation is a matter for the governments concerned; it watches over the well-being of navigation and receives any complaints based on the application of the Mannheim Convention. It has the functions of a Court of Appeal in matters of Rhine navigation, both civil and criminal. In co-operation with the International Labour Office (ILO) it has worked out a

Convention for the settlement of conflicts of law concerning the social security of Rhine boat crews. This was signed in Paris in 1950 and came into effect in 1953. Another Convention concerning the working conditions for Rhine boat crews was also signed in 1950 and came into effect in 1959 in a revised version.

118. For a number of reasons the CCR has also studied economic problems connected with Rhine navigation. In 1952 and again in 1959 it proposed that the governments call economic conferences on Rhine navigation, under its auspices, in which representatives of the fleets and of the categories of crew members took part. These conferences studied the underlying and long-standing causes of difficulties in Rhine navigation and means to mitigate them.

The 1952 Conference produced a number of conclusions published in a "Grey Book". Only few of the proposals made were followed up. The differences of view, though masked for some years thanks to extremely favourable economic trends, persist in full. The economic conference of 1959 concluded that a trade organization which would guarantee the equal spread of transport activities would effectively solve the outstanding problems. It adopted a majority recommendation that a new international body be set up in which the national elements would be represented according to the principles of federalism and in which all the Rhine fleets should also be represented. The Conference therefore asked the Central Commission for the Navigation of the Rhine whether it would recommend, without losing sight of the principles of the Mannheim Convention, measures enabling the industry to set up an organization maintained by the Central Commission itself and covering navigation on the Rhine as a whole.

The Inland Transport Committee of the ECE

119. The inland Transport Committee was set up in 1947 within the Economic Commission for Europe of the Economic and Social Council of the United Nations.

The Committee has three sub-committees, one for each form of transport, and a large number of working parties.

The Inland Transport Committee has done a considerable amount of work and it is not possible to give even a brief summary of it here. Only some of the most important aspects can be mentioned. The Committee has in fact dealt with most of the fundamental problems in transport policy. Its work has led to the conclusion of several international conventions and agreements, to the adoption of recommendations and resolutions and to the submission of studies, the results of which are reflected in a body of documents which are an indispensable source for any further international research and common achievement.

120. One task which the Commission has set itself is the co-ordination of transport. The secretariat and an ad hoc working party have been at work for several years on a report on this subject. The report will give an outline of the plans pursued by the various countries and international organizations concerned, show the main differences of opinion, and - where possible - brings out certain general principles on which agreement might be reached.

To this end a comprehensive enquiry has been made into the main problems of co-ordination, both from the point of view of investment and from that of the utilization of means of transport. These are: conditions of competition and the removal of inequalities likely to distort it; public service obligations and measures restricting competition; rates and the social aspect of the co-ordination. In 1955 and 1958 the Secretariat published two highly interesting general

papers on co-ordination.

121. The Inland Transport Committee has also dealt with the difficult questions of determining ^{operational} costs/as well ^{as} /and economic and social costs in transport. A group of experts for the study of infrastructure costs and a working party on costs have done remarkable work in this field. In 1955 M. Brunet published a paper containing a first report on this research work. It deals mainly with the methods by which costs should be calculated for each means of transport.

122. On 17 March 1954 a General Agreement for the economic regulation of international road transport was concluded under the auspices of the Inland Transport Committee of the ECE and signed by several European countries, including all Member States of the Community except the Federal Republic of Germany. However, this agreement has not yet been ratified by a sufficient number of countries for entry into force. Moreover, certain annexes to it are still in the drafting stage. The agreement concerns rules for the establishment of a uniform system of international road transport, which is likely to influence the transport policy of the signatory States. Efforts are being made to have at least the more important provisions of the agreement put into effect, which would make an appreciable contribution towards putting a common policy into practice.

123. Although the work done in this field has so far been effective only for a small sector of traffic (retail consignments), mention must also be made of studies in connection with establishing international railway tariffs independent of domestic tariffs, and with unifying the structures of the latter; ^{studies to} , the importance of such / the common policy should escape no one.

124. Progress has been made towards unifying inter-national transport legislation by the signature on the contract for the international carriage of goods by Road^(CMR), which however has not entered into effect for lack of a sufficient number of ratifications. A "Convention on goods transport by inland waterways" has also been drawn up, but has not yet been opened for signature.

125. Another contribution of the Inland Transport Committee towards the establishment of a common system, likely to facilitate and influence the working out of a common policy, is to be found in a body of conventions which, beginning with the Convention on Road Traffic of 1949, has in several ways helped to simplify transport conditions in Europe.

Although they were never reflected in any official instrument, mention must also be made of the so-called Geneva agreements on the freedom of the road which aim at removing certain restrictions on movement by road.

The "Declaration on the Construction of Major International Traffic Arteries" of 1950 laid the foundation for the co-ordination of the network of European communications.

The European Conference of Ministers of Transport

126. The European Conference of Ministers of Transport has since 1953 replaced the Inland Transport Committee of the OEEC. Its main functions are:

1. To take all measures calculated to realize, either generally or regionally, the best utilization and the most rational development of European inland transport of international importance.

2. To co-ordinate and promote the work of international organizations interested in European inland transport.

The conclusions arrived at by the conference are implemented in the countries which agree to them to this end the Ministers of Transport concerned take or propose all necessary steps..

The ECMT has adopted several resolutions and examined various questions which, whilst neither aiming at nor resulting in the elaboration of a common transport policy at the European level, nevertheless contribute to the drawing up of such a policy.

127. The Resolution concerning the financial situation of the railways is one of the most important resolutions of this kind." The measures proposed are not only directed at improving that situation, but also take account of the overall effects of the transport policy on such matters as investment policy, the public service obligations of the railways, competition between the various means of transport and inequalities between means of transport which are likely to distort competition, etc.

Resolution No. 10 of 1957 recommends that the railway accounts be "normalized", the public service obligations of the railways be made more flexible, and that they should be run on commercial lines; that the State should assume the burden of expenses which are not inherent in industrial or commercial operations, and that the railways should be put on a footing of equality with their competitors. All these measures are proposed within a transport system based on the free choice of users.

Certain governments have taken steps in this direction.

128. The ECMT has, from the outset, given special attention to improving and developing the main European lines of communication from the point of view of technical co-ordination and that of investment. This latter aspect is bound up with the pace of economic development and trade in general which is studied and assessed at regular intervals with a view to trends in transport demand. Nevertheless, real co-ordination in this field is still a long way off.

With regard to improving road transport the ECMT has for several years been studying questions relating to weights and measurements of vehicles in an endeavour to reach a uniform system, for which the need is increasingly felt in international transport.

At its recent meeting on 5 October 1960 the Council of Ministers of the ECMT adopted a proposal by a majority which however did not include the representatives of two Member States of the Community.

129. The ECMT has also given attention to other problems closely linked with transport policy, such as the harmonization of domestic and international inland waterways freight rates, the organization and development of combined transport, the importance and the role of transport on own account in a transport policy incorporated in a general economic policy, the development of pipelines and the problems to which this gives rise in connection with the transport policy.

CHAPTER V

THE WORK OF THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES IN THE TRANSPORT FIELD

The European Coal and Steel Community

130. The Treaty establishing the European Coal and Steel Community contains, in Article 70, provisions on transport; also, the Convention containing the transitional provisions provides that the High Authority shall call together a Commission of experts appointed by the Governments of the Member States, which will study arrangements for the transport of coal and steel, to be proposed to the governments in furtherance of the aims defined in Article 70 of the Treaty.

Collaboration on transport matters between the governments and the High Authority, which has been thus introduced, has led to results in the following fields:

Elimination of tariff discrimination:

The Commission of experts were given three months to solve this problem; the measures aimed at were to come into effect not later than at the time of the establishment of the common market for coal.

Forty-four cases were studied and led to decisions.

Special domestic tariffs:

Article 70(4) of the ECSC Treaty lays down that in the interest of one or more coal or steel producing concerns the application of special domestic tariff measures shall be subject to the prior consent of the High Authority, which shall ensure that such measures are in accordance with the principles of the Treaty; it may give temporary or conditional consent.

Having examined the tariffs in force in the member countries, the High Authority on 9 February 1958 adopted decisions concerning tariffs considered to be support rates and declaring certain of these incompatible with the principles of the Treaty.

Discrimination in river traffic:

In 1955 negotiations were opened on this subject with the Council of Ministers. On 9 July 1957, agreement was reached between the ECSC and the governments of the Member States on the subject of rates and conditions for coal and steel transport on the Rhine (Petersberg Agreement). This agreement has however not yet come into force. A similar agreement was concluded with Switzerland taking into account the special situation arising from the Rhine Statute.

The High Authority has concerned itself with freights on waterways to the West of the Rhine. No agreement has so far been reached on this matter.

Through rates for international rail traffic:

An Agreement on through rates for rail transport of coal and steel, drafted by the High Authority assisted by a Committee of experts, was concluded by the Council of Ministers on 21 March 1955. This agreement was supplemented by two further agreements on 16 March 1956 and 23 March 1959 and by similar agreements with Switzerland (28 July 1956) and Austria (26 July 1957).

Uniform nomenclature:

A uniform nomenclature, taking into account the needs of traffic and harmonized with the customs nomenclature in accordance with the Council decision of 9 July 1957, has been adopted for domestic as well as international traffic.

Harmonization of tariffs:

This question was dealt with in a first report drawn up by a group of experts appointed by the High Authority and presided over by M. Uri, to study the economic aspects of the harmonization of transport rates for coal and steel. These studies are to be continued by a Committee of experts appointed by the governments.

Road traffic:

On the basis of studies undertaken in conjunction with the Council of Ministers, the High Authority took a decision on 18 February 1959 on the obligation of enterprises to publish the rates and conditions of transport applicable to coal and steel in road haulage, but this decision was quashed by the Court of Justice on 15 July 1960.

On 1 March 1961 the High Authority took a new initiative in this and addressed to the governments of the Member States a recommendation on the publication or communication of schedules applicable to the transport of coal and steel.

131. The Court of Justice of the European Communities has made several awards in matters involving transport.

Some of the most interesting of these awards were made on 10 May 1960; they contain considerations of the definition of support rates and competitive rates and of rates intended to maintain the level of traffic. As has been pointed out above the award of 15 July 1960 rescinded the High Authority's decision on the publication of road haulage rates for coal and steel.

A study of the Court's decisions and the reasons given for them is of great interest for the interpretation of the transport provisions of the ECSC Treaty. Even if juridically such case law is not applicable to the Treaty of Rome, it does provide useful indications for the common transport policy.

Activities of the ECSC Assembly and the European Parliament
in the field of transport

132. The European Parliament has concerned itself with transport problems from the very outset.

The Transport Committee of the Common Assembly of the ECSC has kept a watchful eye on the measures taken by that Community in the transport field. It has found that in the various transport sectors the situation has hardly changed since the entry into effect of the ECSC Treaty; it has stressed this fact in its reports of 1954, 1955 and 1956, the conclusions of which were adopted by the Assembly.

The Assembly expressed the opinion that it was necessary to go beyond the limits of the Treaty of Paris if an organized and effective transport policy was to be instituted.

For this reason the Transport Committee in conjunction with eminent experts studied the main principles of European transport co-ordination and submitted their conclusions in a report drawn up in 1957 by M. Kapteyn and adopted by the Common Assembly of the ECSC. This report made a profound impression. Its interest lies in the fact that the Transport Committee deliberately placed itself in the context of the Treaty of Rome, which had just been signed, and that it indicated some of the main lines along which it felt that the common transport policy should develop. The originality of its ideas, the support they met with, and the reactions it called forth, make this report a most valuable contribution to the elaboration of that policy.

In this report the Parliamentary Committee urged that the following conditions for a sound transport policy in the Community should be observed:

- 1) Free choice of the means of transport by the user;
- 2) An upper limit to the overall cost of transport for equal services;
- 3) Knowledge of cost used as the basis for rates;
- 4) Restrictions on excessively keen competition;
- 5) Co-ordination of investments so as to build up a transport system fully capable of meeting requirements.

On the institutional side it recommended the establishment of a special transport commissariat in the EEC Commission, calling upon the experience of the Interstate Commerce Commission in the United States.

133. After the European Parliament had been constituted in March 1958 - with its competence extending over the three Communities - the new Transport Committee continued to deal with questions of transport in the ECSC; at the same time it took an interest in the problems involved in elaborating a common transport policy.

The committee's work in 1959 may be summarized as follows:

- 1) Discussions with the Executives on the removal of discrimination in transport throughout the territory of the Member States;
- 2) A thorough study of the points raised in the Kapteyn Report.

A brief summary of the observations on the Kapteyn Report which were submitted by the transport industry has been drawn up by the Parliamentary Committee; they concern:

- 1) the principle of price formation on the basis of **cost**;
- 2) the publication of transport rates and conditions and the problem of agreements and concentrations in the transport sector;
- 3) the co-ordination of investments.

The Parliamentary Committee has requested its experts to give an opinion on the following questions:

- 1) the formation and composition of **cost** and their effect upon the formation of transport rates, regard being had to a desirable degree of harmonization for each means of transport;
- 2) the problem of marginal **cost**.

The Parliamentary Committee has also taken note of the views expressed by other experts regarding the problems raised in the Kapteyn Report.

The Committee has discussed the following points, generally in the presence of the EEC Executive:

- 1) the setting-up of a modern and uninterrupted network of communications in Europe;
- 2) the fiscal disparities and discrimination in transport matters in the Member States;
- 3) the need to lay down a common basis for compiling statistics;
- 4) air transport.

The problem of fiscal disparities in the transport field has been the subject of an interesting study.

In 1960 the Committee turned its attention to the following matters.

- 1) the development of transport by pipeline;
- 2) the relationship between energy policy and transport policy;
- 3) the implementation of Article 75(1a) on common rules applicable to international transport;
- 4) the progress made in the implementation of Article 80 concerning support rates;
- 5) the implementation of the rules of competition in the transport field.

More recently the Committee has considered the recommendations of the EEC Commission on the development of transport infrastructure and has proposed that the EEC Commission draw up a general plan for transport in the matter of infrastructure investment.

On 18 November 1960 the European Parliament adopted a resolution on the problem of European transport infrastructure, urging the governments of the Member States to give their full support to the efforts made in this direction by the EEC Commission.

MEMORANDUM ON THE GENERAL LINES OF THE COMMON TRANSPORT POLICY

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A N N E X I I

TRANSPORT STATISTICS

INTRODUCTION

A. General

1. The data shown in the following tables should be treated with reserve because the figures for one country are not always entirely comparable with those from another.
2. It is difficult to establish exactly how far the pre-war figures are comparable with those of the post-war period. It should be remembered that the German data on railways for 1937/38 refer to the territory of the Reich; the French figures include the Guillaume-Luxembourg network in Luxembourg, and the Luxembourg figures cover the Prince Henry network only.
3. For the sake of comparability, and unless otherwise indicated, the figures for the Saar have been added to those for Germany for the years 1950 to 1956.

B. Sources

The basic data were provided by the Statistical Office of the European Communities, except for Tables Nos. 2, 7, 26 and 27.

The following are the main publications consulted:

1. For the railways:

International Railways Statistics published by the International Union of Railways.

2. For road transport and inland water transport:

United Nations Annual Bulletin of Transport Statistics for Europe.

C. Abbreviations and signs used

-	nil
.	not available
o	negligible
t	metric ton
tkm	tons/km
g.h.t/km	gross haulage in tons/km
N	number
In	index
OWN	transport on own account
HR	transport for hire or reward
DB	Deutsche Bundesbahn (Federal German Railways)
SNCB	Société nationale des chemins de fer belges (Belgian National Railways)
SNCF	Société nationale des chemins de fer français (French National Railways)
FS	Ferrovie dello Stato (Italian State Railways)
CFL	Société nationale des chemins de fer luxembourgeois (Luxembourg National Railways)
NS	Nederlandsche Spoorwegen (Netherlands Railways)
EEC	European Economic Community

TABLE 1

CONTRIBUTION OF TRANSPORT AND COMMUNICATIONS TO THE GROSS
DOMESTIC PRODUCT AT FACTOR COST (in %)

COUNTRY	Y E A R S						
	1950	1952	1955	1956	1957	1958	1959
Germany	7.9	7.4	7.5	7.4	7.4	7.2	.
Belgium	7.3	7.5	7.5	7.7	7.5	7.7	7.3
France	.	.	.	6.8	.	.	.
Italy	6.1	6.3	6.6	7.0	6.9	6.8	6.8
Luxembourg (1)	.	6.6	8.3	7.4	7.1	7.0	.
Netherlands	8.7	9.8	9.4	9.6	9.9	8.9	8.7

(1) Excluding communications

TABLE 2

INVESTMENT BY INLAND TRANSPORT IN PERCENT OF
GROSS CAPITAL INVESTMENT 1953 - 1958

COUNTRY	Infrastructure				Vehicles and vessels (1)	Inland transport total investment
	Rail	Road	Inland waterways	Total		
Germany	2.3	4.2	0.2	6.7	7.5	14.7 (3)
Belgium	2.5	4.1	0.8	7.4	5.1	12.5
France	1.8	5.0	0.1	6.9	4.7 (2)	11.7 (4)
Italy	1.8	1.7	-	3.5	3.9	7.4
Luxembourg	3.2	3.4	-	6.6	4.6	11.2
Netherlands	1.2	4.1	1.0	6.3	5.4	11.7

(1) Excl. private motor cars and motorcycles.

(2) Excl. investments for road vehicles in 1953, for which figures are not available.

(3) Incl. secondary lines and tramways not included in the main line net (0.5%).

(4) Incl. secondary lines and tramways not included in the main line net (0.1%).

Source: European Conference of Ministers of Transport - Council of Ministers -
Resolutions, October 1960.

SHARE OF INLAND TRANSPORT IN
OVERALL ENERGY CONSUMPTION (in %)

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COUNTRIES	YEARS	
	1954	1958
GERMANY	15.7	16.1
BELGIUM	13.9	13.0
FRANCE	20.7	19.2
ITALY	20.9	23.4
LUXEMBOURG	3.9	3.0
NETHERLANDS	16.7	17.6

TABLE 4ENERGY CONSUMPTION BY INLAND TRANSPORT COMPARED
WITH CONSUMPTION BY INDUSTRY AND TOTAL ENERGY CONSUMPTION

1958			Index 1954 = 100
COUNTRIES	Transport	Industry	Total consumption
GERMANY	121	120	117
BELGIUM	93	103	99
FRANCE	112	130	121
ITALY	144	128	129
LUXEMBOURG	87	113	1113
NETHERLANDS	118	117	112

PART PLAYED BY THE VARIOUS SOURCES OF ENERGY IN CONSUMPTION BY
INLAND TRANSPORT

TABLE 5

1 9 5 8						
SOURCES OF ENERGY	C O U N T R I E S					
	Germany	Belgium	France	Italy	Luxembourg	Netherlands
Coal	a) 68,070	7,276	32,945	7,756	388	763
	b) 44.8%	30.5%	26.7%	13.4%	32.5%	3.2%
	c) - 13.3	- 35.5	- 12.6	- 36.7	- 36.6	- 82.5
Electricity	a) 2,655	550	2,844	2,494	5	617
	b) 1.7%	2.3%	2.3%	4.3%	0.4%	2.6%
	c) + 31.8	+ 69.2	+ 37.1	+ 13.3	+ 66.7	+ 23.6
Petroleum products	a) 80,480	15,961	86,411	45,887	800	22,516
	b) 52.9%	67.0%	70.2%	79.0%	67.1%	94.2%
	c) + 83.0	+ 15.4	+ 24.0	+ 88.6	+ 7.1	+ 45.9
Gas	a) 890	33	944	1,918	-	-
	b) 0.6%	0.1%	0.8%	3.3%	-	-
	c) - 23.1	(1)	+ 182.6	+ 24.3	-	-
All sources	a) 152,095	23,820	123,144	58,055	1,193	23,896
	b) 100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	c) + 21.0	- 6.4	+ 11.2	+ 44.0	- 12.4	+ 17.8

a) Consumption by inland transport (in 109 kcal)

b) Percentage of total energy consumption

c) Changes in consumption from 1954 - 1958 (in per cent)

(1) No gas was used for transport in Belgium in 1954.

RAILWAYS

NUMBERS EMPLOYED

Index 1950 = 100

COUNTRIES	Number and Index	1 9 3 7	1 9 5 0	1 9 5 4	1 9 5 8	1 9 5 9
GERMANY (DB)	Number Index	703,546 136	518,213 100	483,803 93	494,177 95	478,031 92
BELGIUM (SNCB)	Number Index	85,693 96	89,570 100	77,638 87	77,427 86	73,088 82
FRANCE (SNCF)	Number Index	499,973 111	450,640 100	387,860 86	363,627 81	359,015 80
ITALY (FS)	Number Index	113,785 76	175,685 100	156,641 89	159,744 91	155,577 89
LUXEMBOURG (CFL)	Number Index	1,968 36	5,500 100	5,490 100	5,349 97	5,275 96
NETHERLANDS (NS)	Number Index	31,054 86	35,966 100	32,715 91	32,273 90	31,770 (2) 88
EEC	Number Index	1,456,019 114	1,275,574 100	1,144,147 90	1,132,597 89	1,102,756 (3) 86

(1) The "Prince Henri" railway network only

(2) Excl. personnel employed on repair work

(3) Excl. personnel employed on repair work in the Netherlands

ANNUAL INVESTMENT IN INLAND TRANSPORT INFRASTRUCTURE

VII/COM(61)50-E

(Current prices in million units of national currency)

TABLE 7

COUNTRY	1 9 5 3	1 9 5 4	1 9 5 5	1 9 5 6	1 9 5 7	1 9 5 8	Total 1953 - 1958
GERMANY A	78	74	64	73	76	92	457
B	934	1,098	1,648	2,049	2,043	2,350	10,122
C	674	621	796	1,069	1,163	1,254	5,577
							Total 16,156
BELGIUM A	44	549	659	700	870	624	3,842
B	2,324	2,345	3,305	3,787	4,269	3,697	19,727
C	2,225	2,174	2,375	2,002	1,783	1,716	12,275
							Total 35,844
FRANCE A	23	25	42	56	63	74	283
B	430	1,576	1,753	1,907	2,005	2,055	9,726
C	489	513	608	651	599	659	3,519
							Total 13,528
ITALY A	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-
C	39,818	57,231	67,576	54,450	49,892	42,411	311,378
							Total 311,378
LUXEMBOURG A	-	-	-	-	-	-	-
B	123	120	151	157	162	186	899
C	92	62	104	190	192	226	866
							Total 1,765
NETHERLANDS A	48	51	68	86	95	87	435
B	193	233	286	365	372	317	1,766
C	65	76	74	97	111	83	506
							Total 2,707

A = Inland waterways transport B = Road transport C = Rail transport

Note : these figures do not include investments in secondary railway lines or urban networks

Source : European Conference of Ministers of Transport - Council of Ministers Resolutions, October 1960.

LENGTH AND DENSITY OF TRANSPORT NETWORK (in km)TABLE 81 9 5 9

COUNTRY	R A I L W A Y S			INLAND WATERWAYS			ROADS (other than urban)		
	Length (1)	km of truck		Length (1)	km per		Length (1)	km per	
		per sq.km	per 10.000 inhabitants		per sq.km	per 10.000 inhabitants		sq.km	per 10.000 inhabitants
GERMANY	30,904	12.5	5.9	4,375	1.8	0.8	132,900	53.6	25.3
BELGIUM	5,969	19.6	6.6	1,618	5.3	1.8	11,358	37.2	12.5
FRANCE	39,511	7.2	8.8	7,854 (2)	1.4	1.7	664,800	120.6	148.4
							353,800 (5)	64.2	79.0
ITALY	16,679	5.5	3.4	2,489 (3)	0.8	0.5	181,693	60.3	37.2
LUXEMBOURG	393	15.2	12.2	-	-	-	2,674	103.4	83.0
NETHERLANDS	3,229	9.9	2.9	6,767 (2)	20.8	6.0	13,147 (6)	40.5	11.6

(1) The figures refer to the total railway net (excl. private lines) and to the waterways regularly used for transport. The figures relating to the road network include:

For Germany: motorways, Federal highways, 1st and 2nd class provincial highways;

For Belgium: State and provincial highways;

For France: motorways, national and departemental highways, local roads;

For Italy: national, provincial and municipal highways;

For Luxembourg: all roads;

For Netherlands: State highways and other classified roads.

(2) 1958 figures (3) Incl. 403 km on lakes (4) Incl. local roads (5) Excl. local roads

(6) 1955 figures

Sources: Length of roads : National Statistical Offices for Germany, Belgium, France and Netherlands
ANFIA - Automobile in cifre 1960, for Italy.

Surface data: Statistical Yearbook of the United Nations 1957, page 27.

Population figures: General Statistics of the OEEC.

R A I L W A Y S
S T A T E O F E L E C T R I F I C A T I O N

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TABLE 9

1 9 5 9

COUNTRY	A	B	C
GERMANY (DB)	11.2	30.7	21.7
BELGIUM (SNCB)	18.8	51.3	31.8
FRANCE (SNCF)	16.7	50.9	49.5
ITALY (FS)	44.0	81.5	87.2
LUXEMBOURG (CFL)	22.4	21.2	20.7
NETHERLANDS (NS)	50.3	87.0	58.0
EEC	20.9	53.5	43.0

A. Percentage of lines electrified B. Percentage of passenger traffic on electrified line (g.h. t/km)
C. Percentage of goods traffic carried on electrified lines (g.h. t/km)

TOTAL LENGTH OF WATERWAYS IN REGULAR USE (CANALS AND RIVERS)
CLASSIFIED BY CLASS OF VESSEL CARRIED
1 9 5 9

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TABLE 10 (in km)

Capacity in tons	GERMANY	BELGIUM	FRANCE (1)	ITALY	NETHERLANDS (1)			
Up to 250	654	42 (3)	6,164	733 (4)	3.654 (6)			
Up to 300	59	727		684	387 (7)			
Up to 315		452				380		
Up to 350						177		
Up to 400			504					
Up to 600	563		88	371	796 (8)			
Up to 700	743	12		41	221 (9)			
Up to 1000		617				257	449 (10)	
Up to 1350								110	1,260 (11)
Up to 1500								
Up to 2000								
Seagoing vessels								
TOTAL	4,375	1,618	7,854	2,086 (5)	6,767			

(1). For France and the Netherlands these figures refer to 1958

(2) Over 1500 tons

(3) Under 300 tons

(4) Up to 200 tons

(5) This figure does not include 403 km of lake waterways

(6) Under 250 tons

(7) Under 400 tons

(8) Under 650 tons

(9) Under 1000 tons

(10) Under 1500 tons

(11) 1500 tons or over

RAILWAYS
LOCOMOTIVES BY TYPE

TABLE 11

COUNTRY	YEAR	Steam locomotives	Index 1950 = 100	Diesel + special type loc.	Index 1950 = 100	Electric locomotives	Index 1950 = 100	Electric railcars	Index 1950 = 100	Diesel & Special (1) railcars	Index 1950 = 100
GERMANY (DB)	1937	20,166	138	2	0	543	119	1,193	417	826	333
	1950	14,578	100	158	100	457	100	286	100	248	100
	1954	11,128	76	875	554	498	109	207	72	767	309
	1958	9,604	66	1,376	874	846	185	344	120	929	375
	1959	9,080	62	1,701	1,076	942	206	354	124	945	381
BELGIUM (SNCB)	1937	3,317	123	-	-	-	-	24	89	43	30
	1950	2,696	100	15	1100	26	100	27	100	145	100
	1954	2,031	75	11	220	76	292	62	230	195	134
	1958	1,388	51	201	4,020	159	611	204	756	214	148
	1959	1,205	45	210	4,200	159	611	197	730	196	135
FRANCE (SNCF)	1937	17,190	147	217	47	723	83	671	147	579	78
	1950	12,053	100	463	100	875	100	455	100	744	100
	1954	9,166	76	675	146	1,055	120	486	107	926	124
	1958	6,529	54	1,292	279	1,397	160	514	113	1,002	135
	1959	5,474	45	1,455	314	1,489	170	516	113	1,018	137
ITALY (FS)	1937	4,518	121	-	-	1,178	79	106	48	466	65
	1950	3,720	100	271	100	1,493	100	221	100	715	100
	1954	3,348	90	282	104	1,472	98	278	126	795	111
	1958	2,884	77	354	131	1,642	110	335	151	957	134
	1959	2,677	72	368	136	1,678	112	355	161	1,004	140
LUXEMBOURG (CFL) 2)	1937	70	45	-	-	-	-	-	-	1	6
	1950	155	100	3	100	-	-	-	-	16	100
	1955	108	70	22	733	-	-	-	-	24	150
	1958	75	48	45	1,500	3	-	-	-	28	175
	1959	57	37	45	1,500	15	-	-	-	28	175

(1) The 1937 figure in this column includes 18 steam railcars, the total number in use at that time among the countries concerned, and the 1950 figure of one such steam railcar.

(2) 1954 figures not available.

R A I L W A Y S
LOCOMOTIVES - BY TYPE

VII/COM(61)50-E

TABLE 11 ctd.

COUNTRY	YEAR	Steam locomotives	Index 1950 = 100	Diesel + special type locomotives	Index 1950 = 100	Electric locomotives	Index 1950 = 100	Electric railcars	Index 1950 = 100	Diesel & special railcars (1)	Index 1950 = 100
NETHERLANDS (NS)	1937	952	128	134	66	-	-	161	63	82	210
	1950	744	100	203	100	22	100	255	100	39	100
	1954	379	51	301	148	95	432	339	133	114	292
	1958	-	-	587	289	110	500	382	150	111	285
	1959	-	-	587	289	110	500	355	139	109	279
EEC 3)	1937	46,813	138	353	32	2,444	85	2,155	173	1,997	105
	1950	33,946	100	1,103	100	2,873	100	1,244	100	1,907	100
	1954	26,160	77	2,166	196	3,196	111	1,372	110	2,821	148
	1958	20,480	60	3,855	349	4,157	145	1,779	143	3,241	170
	1959	18,493	54	4,366	396	4,393	153	1,777	143	3,300	173

(3) The figures for Luxembourg relate to 1955

(4) See note (1) on previous page.

RAILWAYS

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TABLE 12

PASSENGER CARRIAGES AND LUGGAGE VANS (NUMBER AND CAPACITY)

Country	Year	Passenger carriages	Index 1950=100	Total number of seats	Index 1950 = 100	Luggage vans	Index 1950 = 100
GERMANY (DB)	1937	64,489	242	3,649,493	238	19,983	198
	1950	26,602	100	1,531,328	100	10,096	100
	1954	25,811	97	1,407,060	92	9,253	92
	1958	25,827	97	1,455,132	95	7,744	77
	1959	25,180	94	1,445,871	94	6,304	62
BELGIUM (SNCB)	1937	7,497	162	486,401	148	1,204	51
	1950	4,615	100	328,943	100	2,337	100
	1954	4,605	100	356,617	108	2,139	91
	1958	4,540	98	381,415	116	1,827	78
	1959	4,422	96	395,795	120	1,544	66
FRANCE (SNCF)	1937	31,925	104	1,929,722	137	19,931	145
	1950	19,446	100	1,406,502	100	13,707	100
	1954	17,130	88	1,322,500	94	11,900	87
	1958	16,601	85	1,266,960	90	9,446	69
	1959	15,670	80	1,246,800	89	8,858	65
ITALY (FS)	1937	7,516	96	495,255	90	4,634	174
	1950	7,817	100	547,378	100	2,660	100
	1954	8,888	114	621,619	114	3,130	118
	1958	9,436	120	650,105	119	3,002	113
	1959	9,643	123	665,344	121	3,005	113
LUXEMBOURG (CFL)	1937	111	36	7,302	44	52	41
	1950	305	100	16,653	100	126	100
	1954 (1)	279	91	16,000	96	118	94
	1958	227	74	14,696	88	95	75
	1959	200	65	13,473	81	88	70
NETHERLANDS (NS)	1937	2,236	187	151,388	149	1,086	136
	1950	1,198	100	101,835	100	800	100
	1954	1,570	131	96,658	95	675	84
	1958	1,894	158	116,916	115	624	78
	1959	1,882	157	115,552	113	599	75

(1) Figures taken from United Nations Annual Bulletin of Transport Statistics for Europe.

TABLE 12 ctd.

R A I L W A Y SPASSENGER CARRIAGES AND LUGGAGE VANS (NUMBER AND CAPACITY

Country	Year	Passenger carriages	Index 1950 = 100	Total number of seats	Index 1950=100	Luggage vans	Index 1950=100
EEC	1937	113,774	190	6,719,561	171	46,890	158
	1950	59,983	100	3,932,639	100	29,726	100
	1954 (2)	58,283	97	3,823,454	97	27,215	91
	1958	58,525	97	3,885,224	99	22,738	76
	1959	56,997	95	3,882,835	99	20,398	69

(2) Luxembourg figures taken from United Nations Annual Bulletin on Transport Statistics for Europe.

TABLE 13

RAILWAYS
GOODS WAGONS
(Number and capacity)

COUNTRY	YEARS	Wagons belonging to railways				Privately owned wagons				Total			
		Number		Capacity in 1000 tons 1)		Number		Capacity in 1000 tons 1)		Number		Capacity in 1000 tons 1)	
		Absolute	Index 1950=100	Absolute	Index 1950=	Absolute	Index 50=100	Absol.	Ind.	Absolute	Index 50=100	Absol.	Index 50=100
GERMANY (DB)	1937	574,999	210	9,727	186	41,186	125	.	.	616,185	201	.	.
	1950	273,104	100	5,228	100	33,044	100	.	.	306,148	100	.	.
	1954	253,409	93	5,191	99	36,958	112	790	.	290,367	95	5,981	.
	1958	271,132	99	6,193	118	40,444	122	864	.	311,576	102	7,057	.
	1959	266,969	98	6,292	120	40,236	122	894	.	307,205	100	7,186	.
BELGIUM (SNCB)	1937	107,404	122	1,882	107	4,697	84	.	.	112,101	119	.	.
	1950	88,185	100	1,754	100	5,607	100	102	100	93,792	100	1,856	100
	1954	72,905	83	1,521	87	5,346	95	108	106	78,251	83	1,629	88
	1958	71,403	81	1,598	91	7,465	133	203	199	78,868	84	1,801	97
	1959	68,946	78	1,556	89	7,737	134	210	206	76,483	82	1,766	95
FRANCE (SNCF)	1937	484,854	125	8,691	116	33,198	83	.	.	518,052	121	.	.
	1950	388,300	100	7,516	100	39,900	100	864	100	428,200	100	8,380	100
	1954	346,080	89	7,150	95	44,900	112	1,087	126	390,980	91	8,237	98
	1958	322,613	83	6,947	92	52,758	132	1,293	150	375,371	88	8,240	98
	1959	311,748	80	6,730	89	56,012	140	1,372	159	367,760	86	8,102	97
ITALY (FS)	1937	125,699	98	2,372	102	7,815	103	.	.	133,514	99	.	.
	1950	127,545	100	2,331	100	7,576	100	136	100	135,121	100	2,467	100
	1954	117,673	92	2,214	95	8,362	110	240	176	126,035	93	2,454	99
	1958	116,914	92	2,383	102	8,540	113	179	132	125,454	93	2,562	104
	1959	119,113	93	2,500	107	8,709	115	183	134	127,822	95	2,683	109

R A I L W A Y S
G O O D S W A G O N S

VII/COM(61)50-E

TABLE 13 (ctd).

(Number and capacity)

Index 1950 = 100

COUNTRY	YEAR	Wagons belonging to railways				Privately owned wagons				T O T A L			
		Number		Capacity 1000 T		Number		Capacity 1000T		Number		Capacity 1000T	
		Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index
LUXEMBOURG (CFL) 2)	1937	2,343	45	49	47	121	45	.	.	2,464	45	.	100
	1950	5,196	100	105	100	267	100	8	100	5,463	100	113	100
	1954	3,715	71	81	77	283	106	10	125	3,398	73	91	80
	1958	3,325	64	76	72	375	140	14	175	3,700	68	90	80
	1959	3,227	62	78	74	392	150	16	200	3,619	66	94	83
NETHERLANDS (NS)	1937	27,226	118	452	105	1,460	91	.	.	28,686	116	.	.
	1950	23,052	100	429	100	1,601	100	34	100	24,653	100	463	100
	1954	23,027	100	476	111	1,649	103	34	100	24,676	100	510	110
	1958	21,443	93	517	120	1,719	107	42	123	23,162	94	559	121
	1959	21,398	93	521	121	1,690	106	41	121	23,088	94	562	121
EEC	1937	1,322,525	146	23,173	133	88,477	101	.	.	1,411,002	142	.	.
	1950	905,382	100	17,363	100	87,995	100	.	.	993,377	100	.	.
	1954	816,809	90	16,633	96	97,498	111	2,269	.	914,307	92	18,902	.
	1958	806,830	89	17,714	102	111,301	126	2,595	.	918,131	92	20,309	.
	1959	791,401	87	17,677	102	114,576	130	2,716	.	905,977	91	20,393	.

(1) Capacity at end of financial year

(2) Figures taken from United Nations Annual Bulletin of Transport Statistics for Europe.

ROAD TRANSPORT
PASSENGER VEHICLES

TABLE 14

(Number)

COUNTRY	YEAR	C A T E G O R I E S O F V E H I C L E					
		Mopeds and motor cycles with a capacity of more than 50 cc			Private motor cars and taxis		
		Number	Index 1950=100	Number of inhabitants to each cycle (2)	Number	Index 1950=100	Number of inhabi- tants to each vehicle
GERMANY (1)	1938	856,711	94	46	714,458	119	56
	1950	913,546	100	52	600,670	100	79
	1954	2,300,000	250	21	1,393,358	232	35
	1958	2,178,273	238	24	2,936,091	489	18
	1959	1,949,340	213	27	3,505,668	583	15
BELGIUM	1938	67,016	48	125	146,050	59	57
	1950	139,932	100	62	246,240	100	35
	1954	206,858	148	42	439,623	178	20
	1958	238,018	170	38	633,349	257	14
	1959	235,000	168	39	710,000	288	13
FRANCE	1938	500,000	77	84	1,900,000	125	22
	1950	650,500	100	64	1,520,000	100	27
	1954	1,225,000	188	35	2,677,000	176	16
	1958	1,570,000	241	28	4,512,000	296	10
	1959	1,350,000	207	33	5,019,000	330	9
ITALY	1938	150,964	32	290	289,174	85	1151
	1950	463,867	100	100	339,659	100	137
	1954	1,511,126	326	31	744,299	219	64
	1958	2,354,007	507	21	1,421,297	418	34
	1959	2,441,959	526	20	1,644,247	484	30

(1) Federal Republic, excl. Saar

(2) Calculated on the basis of data taken from the OEEC's General Statistics for 1950, 1954, 1958 and 1959 and from the National Statistical Year Books for 1938.

TABLE 14 ctd.

COUNTRY	YEAR	C A T E G O R I E S O F V E H I C L E					
		Mopeds and motor cycles with a capacity of more than 50 cc			Private motor cars and taxis		
		Number	Index 1950=100	Number of inhabitants to each cycle (2)	Number	Index 1950=100	Number of inhabi- (2) tants to each vehicle
LUXEMBOURG	1938	3,292	70	91	7,668	81	39
	1950	4,700	100	63	9,450	100	31
	1954	8,561	182	36	18,532	196	16
	1958	10,454	222	30	31,137	329	10
	1959	10,080	214	32	33,450	354	10
NETHERLANDS	1938	60,301	63	145	99,986	72	87
	1950	95,299	100	105	138,625	100	72
	1954	130,486	137	81	219,411	158	48
	1958	178,000	187	62	420,000	303	26
	1959	176,423	185	64	450,391	325	25
EEC	1938	1,638,284	72	87	3,157,736	110	45
	1950	2,267,844	100	68	2,854,644	100	54
	1954	5,382,031	237	30	5,492,223	192	29
	1958	6,528,752	287	25	9,953,874	348	16
	1959	6,162,802	271	27	11,362,756	398	15

(2) See previous page

TABLE 15

ROAD TRANSPORT

GOODS VEHICLES

Breakdown by capacity - totals in thousand - index: 1950=100

COUNTRY	YEARS	Light and Heavy 5 medium T and Tractors						T O T A L						TOTAL TRAILERS		Total capaci- ty in 1000 T	
		under 5 T over						OWN		HR							
		No	In	No	In	No	In	No	In	No	In	No	In	No	In	No	In.
GERMANY (2)	1938	207.8	57	6.3	32	30.1	.	.	.	.	.	244.2	64	.	.	.	.
	1950	362.6	100	19.9	100	.	.	.	.	.	.	382.5	100	211.6	100	.	.
	1956	554.0	153	72.6	365	40.3	.	544.1	.	122.8	.	666.9	174	160.8	76	2,196	.
	1958	544.2	150	58.6	294	41.5	.	529.8	.	114.5	.	644.3	168	153.4	72	2,299	.
	1959	523.1	144	66.0	331	39.1	.	520.5	.	107.7	.	628.2	164	139.0	66	2,257	.
BELGIUM	1938	75.6	63	2.2	25	.	.	.	.	.	.	77.8	61	6.7	73	.	.
	1950	119.3	100	8.7	100	.	.	.	.	.	.	128.0	100	9.2	100	.	.
	1956	.	.	.	.	.	.	.	.	.	.	144.1	112	.	.	.	.
	1958	.	.	.	.	.	.	.	.	.	.	155.9	122	28.3	307	.	.
	1959	.	.	.	.	.	.	.	.	.	.	163.0	127	.	.	.	.
FRANCE	1938	319.0	69	116.0	113	.	.	.	.	.	.	435.0	77	.	.	.	.
	1950	60.0	100	103.0	100	.	.	.	.	.	.	563.0	100	.	.	.	.
	1956	1,088.0	236	140.7	137	17.7	.	1,156.2	.	90.2	.	1,246.4	221	48.4	.	2,898	.
	1958	1,246.9	271	161.5	157	23.7	.	1,331.2	.	100.9	.	1,432.1	254	64.1	.	3,269	.
	1959	1,314.4	286	169.6	165	.	.	1,390.3	.	93.7	.	1,484.0	263	73.1	.	3,301	.
ITALY	1938	72.6	38	9.0	30	0.2	.	.	.	.	.	81.8	37	8.4	31	.	.
	1950	193.0	100	29.7	100	.	.	.	.	.	.	222.7	100	27.1	100	.	.
	1956	449.0	233	39.8	134	.	.	392.0	.	96.8	.	488.8	219	46.2	173	1,216	.
	1958	458.9	238	51.8	174	0.9	.	408.8	.	102.8	.	511.6	230	33.8	126	1,216	.
	1959	503.0	261	56.7	191	1.1	.	452.4	.	107.3	.	559.7	251	35.4	131	1,335	.

(1) Excl. tractors

(2) Excl. Saar (total vehicle park incl. Saar in 1959 = 644.0)

(3) Revised figures: 225.9

ROAD TRANSPORT
GOODS VEHICLES

VII/COM(61)50-E

TABLE 15 ctd.

Break down by capacity - totals in thousand - index : 1950 = 100

COUNTRY	YEAR	Light and medium (under 5 tons)		Heavy (5 tons and over)		Tractors		T O T A L				TOTAL		TRAILERS		Total Capacity in 1000 T	
		Number	Index	Number	Index	No.	Ind.	OWN		HR		Number	Ind.	No.	Ind.	No.	In.
								No.	Ind.	No.	Ind.						
LUXEMBOURG	1938	3.4	81	0,8(4)	.	.	.	.	.	.	.	4.2(10)	100	.	.	.	.
	1950	4.2(5)	100	0	.	.	.	.	.	.	.	4.2(10)	100	.	.	.	.
	1956	.	.	.	.	.	.	.	.	.	.	6.6(10)	157	.	.	.	.
	1958	6.7	159	0.9	.	.	.	.	.	.	.	7.6(10)	181	.	.	.	.
	1959	6.8	162	0.8	.	.	.	.	.	.	.	7.6(10)	181	.	.	.	.
NETHERLANDS (6)	1939	44.5	66	0.2	5	3.7	112	.	.	.	.	48.4	68	6.8	51	.	.
	1950	67.3	100	4.1	100	3.3	100	.	.	.	.	71.4(7)	100	13.4	100	.	.
	1956	83.9(8)	125	28.8	702	4.6	139	(9)	.	(9)	.	117.3	164	10.9	81	382	.
	1958	94.8	141	29.9	729	5.2	157	.	.	.	.	130.0	182	11.0	82	.	.
	1959	111.8	166	26.6	649	5.3	161	.	.	.	.	143.7	201	24.4	182	.	.

(4) Figure split between the light and medium and the heavy vehicles

(5) Including 2 and 3 with a capacity of between 2 and 10 tons

(6) The figures contained in the United Nations Annual Bulletin of Transport Statistics for Europe revised in accordance with those published in "Statistiek der motorrijtuigen";

Vehicles of unknown capacity shown in column "under 5 tons"

Figures from 1938 not available

(7) Revised figures: 74.7

(8) Incl. some 5,500 vehicles of unknown capacity

(9) OWN: 86.1 - HR: 27.3 - unclassified: 3.9

(10) Excl. tractors.

INLAND WATERWAYS TRANSPORT
FREIGHT TRANSPORT VESSELS
(Number and capacity)

COUNTRY	YEARS	SELF-PROPELLED CRAFT				DUMB BARGES				TOTAL FLEET			
		Number		Capacity in tons		Number		Capacity in tons		Number		Capacity in tons	
		Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index	Absolute	Index
GERMANY (1)	1950	1,780	100	568,385	100	3,452	100	2,481,189	100	5,232	100	3,049,574	100
	1959	4,372	246	2,215,726	390	3,501	101	2,606,722	105	7,873	150	4,822,448	158
BELGIUM	1950	3,474	100	1,081,607	100	2,869	100	1,309,195	100	6,343	100	2,390,802	100
	1959	5,096	147	1,900,687	176	1,278	44	695,133	53	6,374	100	2,595,820	108
FRANCE	1950	2,535	100	824,000	100	6,908	100	2,463,000	100	9,443	100	3,287,000	100
	1959	4,550	179	1,651,914	200	5,623	81	2,019,006	82	10,173	108	3,670,920	112
ITALY	1950	243	100	26,128	100	1,122	100	93,893	100	1,365	100	120,021	100
	1959	503	207	45,054	172	1,882	168	101,251	108	2,385	175	146,305	122
NETHERLANDS	1950	6,781	100	940,991	100	10,441	100	3,349,994	100	17,222	100	4,290,985	100
	1959	10,171	150	2,255,253	240	8,489	81	2,731,910	81	18,660	108	4,987,163	116
EEC	1950	14,813	100	3,441,111	100	24,792	100	9,697,271	100	39,605	100	13,138,382	100
	1959	24,692	167	8,068,634	234	20,773	84	8,154,022	84	45,465	115	16,22,656	123

(1) Excl. Saar

VII/COM(61)50

TABLE 17

INLAND WATERWAYS TRANSPORTFREIGHT TRANSPORT VESSELSAVERAGE CAPACITY

COUNTRY	YEARS	SELF-PROPELLED CRAFT		DUMB BARGES		TOTAL FLEET	
		Average capacity in tons	Index	Average capacity in tons	Index	Average capacity in tons	Index
GERMANY	1950	319	100	719	100	523	100
	1959	507	159	744	103	612	105
BELGIUM	1950	311	100	456	100	377	100
	1959	373	120	544	119	407	108
FRANCE	1950	325	100	357	100	348	100
	1959	363	112	359	101	361	104
ITALY	1950	107	100	84	100	88	100
	1959	90	84	54	64	61	69
NETHERLANDS	1950	139	100	321	100	249	100
	1959	222	160	322	100	267	107
EEC	1950	232	100	391	100	332	100
	1959	327	141	392	100	357	107

RAILWAYS
PASSENGER TRAFFIC
PASSENGERS CARRIED - IN THOUSANDS.

VII/COM(61-50

TABLE 18

Index 1950 = 100

COUNTRY		Y E A R S							
		1937	1950	1954	1955	1956	1957	1958	1959
GERMANY (DB)	Number	1,808,041	1,370,596	1,494,516	1,625,409	1,721,722	1,742,795	1,639,296	1,605,604
	Index	132	100	109	118	125	127	119	117
BELGIUM (SNCB)	Number	217,973	216,946	227,333	233,242	245,161	225,951	227,970	216,224
	Index	100	100	105	107	113	104	105	100
FRANCE (SNCF)	Number	626,412	545,536	500,494	509,222	525,712	551,536	552,551	567,837
	Index	115	100	92	93	96	101	101	104
ITALY (FS)	Number	146,228	344,087	390,403	397,979	393,599	375,633	374,365	374,845
	Index	42	100	113	116	114	109	109	109
LUXEMBOURG (CFL)	Number	4,608	10,625	11,505	11,850	11,997	11,878	11,409	10,546
	Index	43	100	108	111	113	112	107	99
NETHERLANDS (NS)	Number	79,125	158,356	172,178	184,546	189,006	189,385	186,585	187,292
	Index	50	100	109	116	119	120	118	118
EEC	Number	2,882,387	2,646,146	2,796,429	2,962,248	3,087,197	3,097,178	2,992,176	2,962,348
	Index	109	100	105	112	116	117	111	112

RAILWAYS
PASSENGER TRAFFIC
PASSENGER/KM - IN MILLIONS

VII/COM(61)50

TABLE 19

Index 1950 = 100

COUNTRY		Y E A R S							
		1937	1950	1954	1955	1956	1957	1958	1959
GERMANY (DB)	Number Index	50,096 159	31,579 100	36,216(1) 115	39,309(1) 124	42,545(1) 125	44,297 140	42,593 135	42,338 (1) 134
BELGIUM (SNCB)	Number Index	6,446 91	7,047 100	7,562 107	7,846 111	8,333 118	8,213 116	8,602 122	8,036 114
FRANCE (SNCF)	Number Index	26,983 102	26,401 100	26,570(2) 101	27,781(2) 105	30,761(2) 116	32,631 124	32,314 122	31,965 121
ITALY (FS)	Number Index	10,492 53	19,949 100	21,529 108	22,655 114	24,386 122	24,913 125	25,670 129	25,753 129
LUXEMBOURG (CFL)	Number Index	78 34	227 100	247 109	254 112	257 113	258 113	249(3) 110	210 92
NETHERLANDS (NS)	Number Index	3,032 49	6,228 100	7,061 113	7,573 122	7,687 123	7,612 122	7,466 120	7,416 119
EEC	Number Index	97,127 106	91,431 100	99,185 108	105,418 115	113,969 125	117,924 129	116,894 128	115,718 127

(1) Incl. road and sea transport by the DB

(2) Incl. figures for traffic carried by road services replacing rail services

(3) Incl. road transport

RAILWAYS
PASSENGER TRAFFIC

TABLE 20AVERAGE DISTANCE PER JOURNEY (in km)

Index 1950 = 100

COUNTRY	Y E A R S					
	No and Index	1937	1950	1954	1958	1959
GERMANY (DB)	Number Index	27.7 120	23.0 100	24.2 105	26.0 (1) 113	26.4 (1) 115
BELGIUM (SNCF)	Number Index	29.6 91	32.5 100	33.3 102	37.7 116	37.2 114
FRANCE (SNCF)	Number Index	43.1 91	47.5 100	53.1 112	58.5 123	56.3 118
ITALY (FS)	Number Index	71.8 124	58.0 100	55.1 95	68.6 118	68.7 118
LUXEMBOURG (CFL)	Number Index	17.0 80	21.3 100	21.4 100	21.8 102	19.9 93
NETHERLANDS (NS)	Number Index	38.3 97	39.3 100	41.0 104	40.0 102	39.6 101

(1) Incl. road and sea transport by the DB

TABLE 21

RAILWAYS
GOODS TRAFFIC
TONNAGE CARRIED

(Transport for hire or reward) in million ton-km

COUNTRY	Y E A R S					I N D E X				1950 = 100			
	1937	1950	1954	1958	1959	Goods transport by rail				Industrial production (1)			
						1937	1954	1958	1959	1937	1954	1958	1959
GERMANY (DB)	448,636	231,042	264,626	275,947	281,947 (2)	194	114	119	122	99	155	215	221
BELGIUM (SNCB)	94,768	61,467	62,485	58,433	41,988	154	102	95	68	87	120	129	134
FRANCE (SNCF)	222,534	151,691	169,197	211,933	212,720	147	111	140	140	89	121	168	173
ITALY (FS)	51,634	36,655	45,412	46,921	50,101	141	124	128	137	80	144	184	207
LUXEMBOURG (FL)	11,315	12,846	14,736	16,859	17,304	88	115	131	135	104	115	135	147
NETHERLANDS (NS)	.	21,199	25,108	23,598	24,575	.	118	111	116	63	130	152	167
EEC	.	514,900	581,564	633,691	628,635	.	113	123	122	90	139	184	194

(1) Excl. construction

(2) Incl. traffic other than by rail

RAILWAYS
GOODS TRAFFIC

VII/COM(61)50

TABLE 22

(Transport for hire or reward)

In million-ton km

COUNTRY	Y E A R S					I N D E X 1950 = 100							
	1937	1950	1954	1958	1959	Goods traffic transport by rail				Industrial production (2)			
						1937	1954	1958	1959	1937	1954	1958	1959
GERMANY (DB)	72,203	39,682	44,536	47,917	50,137 (1)	182	112	121	126	99	155	215	221
BELGIUM (SNCB)	6,852	5,538	5,758	5,889	6,118	124	104	106	110	87	120	129	134
FRANCE (SNCF)	33,712	38,932	41,540	52,880	53,370	87	107	136	137	89	121	168	173
IT ALY (FS)	11,635	10,132	12,859	13,072	14,328	115	127	129	141	80	144	184	207
LUXEMBOURG (CFL)	159	432	506	583	594	37	117	135	137	104	115	135	142
NETHERLANDS (NS)	.	3,016	3,373 (1)	3,124	3,210 (3)	.	112	104	106	63	130	152	167
EEC	.	97,732	108,572	123,465	127,757	.	111	126	131	90	139	184	194

(1) Incl. traffic other than by rail - (2) Excl. construction - (3) Complete wagon load only.

VII/COM(61)50

TABLE 23

R A I L W A Y S
G O O D S T R A F F I C

A V E R A G E H A U L I N K M

(Transport for hire or reward)

COUNTRY	1954	1955	1956	1957	1958	1959
GERMANY (DB)	168.2	168.0	171.8(1)	177.5(1)	173.6(1)	177.8(1)
BELGIUM (SNCB)	92.2	95.2	98.1	98.7	100.8	103.6
FRANCE (SNCF)	246.0	245.0	246.0	247.0	250.0	251.0
ITALY (FS)	283.0	268.8	262.2	258.9	278.6	286.0
LUXEMBOURG (CFL)	34.3	34.8	35.1	34.1	34.5	34.3
NETHERLANDS (NS)	.	.	.	.	.	.

(1) Incl. road and sea transport by the DB

INLAND WATERWAYS TRANSPORT

VII/COM(61)50

GOODS TRAFFIC

TABLE 24

GOODS CARRIED IN 1000 TONS

COUNTRY	1938	1950	1954	1958	1959	I N D E X 1950 = 100								
						Inland waterways traffic				Industrial production (1)				
						1938	1954	1958	1959	1938	1954	1958	1959	
GERMANY	119,000	71,854	109,385	137,000	141,594	166	152	191	197	99	155	215	221	
BELGIUM	39,333	36,277	51,093	51,229	54,411	108	141	141	150	87	120	129	134	
FRANCE	45,018	42,453	52,737	63,466	62,338 (2)	106	124	149	147	89	121	168	173	
ITALY	.	1,421	2,252	2,386	2,451	.	158	168	172	80	144	184	207	
NETHERLANDS	89,390	76,424	96,092	126,142	128,779	1116	125	164	167	104	115	152	167	
EEC	.	228,929	311,559	380,223	389,573	.	136	166	170	63	130	184	194	

(1) Excl. construction - (2) Provisional figures

Sources: United Nations Annual Bulletin of Transport Statistics for Europe, 1950, 1954, 1958 and 1959

For 1938: Germany

Statistisches Jahrbuch 1960

Belgium

Information supplied by the Administration de la Marine et de la Navigation intérieure

France

Annuaire statistique 1959

Netherlands

Statistiek van de bevrachtingen en van de wachttijden in de wilde binnenvaart in Nederland, 1938, page 5 - a figure covering transportation other than by scheduled service.

TABLE 25

INLAND WATERWAYS TRANSPORTGOODS TRAFFIC

in million ton/km

COUNTRY (1)	1938	1950	1954	1958	1959	I N D E X 1 9 5 0 = 1 0 0							
						Inland waterways traffic				Industrial production (3)			
						1938	1954	1958	1959	1938	1954	1958	1959
GERMANY	22,887	16,752	25,054	32,768	33,098	137	150	196	198	99	155	215	221
BELGIUM	2,939	2,998	4,116	4,326	4,813	98	137	144	160	80	120	129	134
FRANCE	8,256	6,730	8,271	9,425	9,450 (4)	123	123	140	140	89	121	168	173
NETHERLANDS	2,569 (2)	10,083	13,314	16,962	17,296	.	132	168	171	104	115	135	167

(1) Data not available for Italy

(2) Inland transport only

(3) Excl. construction

(4) Provisional figure.

PIPELINES IN OPERATIONTABLE 26

From - to	Name of exploiting company	Diameter in cm	Capacity in million tons per year		Type of product transported
			Initial	Final	
1. Le Havre-Paris	TRAFIL	25	1.3	2.2	refined products
2. Le Havre-Petit-Couronne	SHELL-BERRE	25	2.3	3.0	crude
3. Parentis-Bec d'Ambès	ESSO-REP	40	1.5	3.0	crude
4. Wilhemshaven-Cologne	NORD-WEST ÖLLEITUNG G.m.b.H.	70	9.0	22.0	crude
5. Wesel-Gelsenkirchen	GELSENBERG BENZIN AG	40	4.0	6.0	crude
6. Ragusa-Augusta	GULF ITALIA	30 (branch to Magnisi; 75)	2.0	.	crude
7. Vado Ligure-Trecato	SARPOM	20	1.0	1.3	crude
8. Genoa-Rho	CONDOR (SHELL group)	30	1.1	2.0	crude
9. Rotterdam-Cologne	N.V. ROTTERDAM RIJN PIJPLEIDING MAATSCHAPPIJ	60	8.5	20.0	crude

Sources: European Conference of Ministers of Transport - Council of Ministers - Resolutions, October 1959, Technical publications.

PIPELINES PLANNED

ROUTE	Operating Company	Diameter in cmty (millions of metric tons per year	Carrying capacity (millions of me- tric tons per year		Product carried	Probable Commissioning date
			original	ultimate		
1. Marseilles-Strasbourg- Karlsruhe	PISEUR	70/90	10.0	30.0	crude oil	early 1963
1a. Karlsruhe-Ingolstadt	KARLSRUHE-BAYERN- ÖLLEITUNG CON- SORTIUM	55	4.0	.	crude oil	January 1963
2. Genoa-Aigle	OLEODOTTI INTERNA- ZIONALI	70	6.0	10.0	crude oil	end 1961
3. Genoa-Milan-Ingolstadt- Stuttgart	OLEODOTTI INTERNA- ZIONALI SÜDPETROL AG	.	.	.	crude oil	end 1962
4. Venice-Innsbruck- Munich	.	70	3.0	6-8	crude oil	not known
5. Venice/Trieste- Vienna	.	70	.	.	crude oil	not known

Sources: European Conference of Transport Ministers - IX - Council of Ministers - Resolutions - October 1959
Special publications

PIPELINES
QUANTITIES TRANSPORTED

PIPELINES	Y E A R S						
	UNITS	1954	1955	1956	1957	1958	1959
1. <u>Le Havre- Paris</u> to Paris (1) to Le Havre (1)	m ³ m ³ m ³	818,609 339,651	1,362,198 247,584	1,741,624 165,495	1,586,535 100,536	2,014,167 37,604	2,097,700 192,700
2. <u>Parentis- Bec d'Ambès</u> to Bec d'Ambès (2)	t	-	-	-	-	1,200,000 approx.	1,230,000 approx.
3. <u>Genoa-Milan-Rho</u> to Milan-Rho (2)	t	-	-	1,201,276	1,183,289	1,594,440	2,073,494
4. <u>Vado-Ligure-Treccate</u> to Treccate (2) to Vado-Ligure (1) (3)	t t t	- - -	- - -	(3)762,440 133,886	822,179 37,235	821,642 19,210	845,816 15,844
5. <u>Ragusa-Augusta</u> to Augusta (2)	t	-	-	250,000 approx.	500,000 approx.	.	.
6. <u>Wilhelmshaven-Cologne</u> (2)	t	-	-	-	-	-	5,800,000

(1) refined products

(2) crude petroleum

(3) figures for local traffic, except for 1,908 tons in 1958

(4) plus 127,913 tons for local traffic

Sources: Pipeline Le Havre-Paris: Comité professionnel du Pétrole. Eléments statistiques

Pipeline Parentis-Bec d'Ambès: assessed on production at Parentis

Pipelines Genoa-Milan-Rho and Vado-Ligure-Treccate: ISTAT

Pipeline Ragusa-Augusta: estimate by ENI

Pipeline Wilhelmshaven-Cologne: Nord-West Ölleitung GmbH.

MEMORANDUM ON THE GENERAL LINES
OF THE COMMON TRANSPORT POLICY

ANNEX III

ALPHABETICAL INDEX

ALPHABETICAL INDEX

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