

First Report of the activities of the European Conference of Ministers of Transport (25 January 1955)

Caption: On 25 January 1955, the European Conference of Ministers of Transport (ECMT) publishes a report which outlines the overall situation of transport in Europe.

Source: European Conference of Ministers of Transport (Ed.). First Report of the activities of the conference (25 January 1955). [s.l.]: ECMT, 25 January 1955. 41 p.

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Publication date: 25/10/2012

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[...]

III. General review of the transport position

20. In the countries hit by the war, the reconstruction of plant which had been damaged or destroyed and the reconstitution of rolling stock is now so far advanced as no longer to constitute any serious hindrance to the efficient operation of transport services. In most cases, advantage was taken of this period of reconstruction to modernize the system of transport. Moreover, this concern for modernization is common to all countries, and is exemplified by the continuous development of electrification and Diesel traction for railways, motor barges for inland water navigation, and fast lorries and comfortable motor coaches for road transport. In addition to this, the infrastructure has been improved by the extension of road traffic signs, and by equipping the main railway lines with modern, signalling systems. Although the necessary modernization has not yet been achieved, it would be fair to say that transport facilities taken as a whole are adequate. Particularly as a result of the investments made, productivity has been improved and its total carrying capacity should enable it easily to cope with such increase in traffic as any foreseeable changes in economic conditions are likely to bring about. In making this assessment, due regard is paid to the possibility of transferring traffic, within certain limits, from one form of transport to another. On the other hand, if each form of transport is considered separately, it must be admitted that, structurally, the European road network has its weak points which, at national level, require adjustments or by-passes and at international level, necessitate the co-ordination of projects for the development of main traffic arteries, a long-term undertaking to which the Conference is giving its attention, as will be seen later in this report (paragraph 39). It must also be admitted that there are a number of gaps and bottlenecks in the structure of the European inland waterway system.

In support of this optimistic assessment of technical equipment and of the capacity of the transport system as a whole, it must be pointed out that the heavier burden of traffic during these last few years has been handled without difficulty, even in 1954, which was generally a favorable year - the best since the war for shipping on the Rhine as well as a particularly good one for rail traffic.

21. If we leave the technical field and consider the economic and financial aspects of transport, it has to be admitted that the position here is less satisfactory.

Thanks to the improvements already mentioned, a larger volume of traffic can be handled with the same technical resources. Moreover, experience has shown that when production increases the volume of traffic handled does not increase correspondingly since part of the new production does not need to be transported. All these considerations, to say nothing of the development of air traffic, suggest the need for caution when making traffic estimates and assessing the future requirements of the various forms of transport if over-development is to be avoided.

Though there is reason to hope that every type of transport will benefit from the increased volume of traffic that can reasonably be expected in an expanding European economy, the fact remains that, in some countries, the share of total traffic handled by the railways tends to decline with the development of more recent forms of transport such as road vehicles and aircraft. This, combined with other factors involving heavier expenditure for the railway administrations, has destroyed the financial stability of the railways in a good many countries and has led to financial deficits which usually have to be met from public funds.

22. Each Government is thus confronted with the difficult problem of co-ordinating the means of transport. The difficulty here lies mainly in the essentially different characteristics of the railways on the one hand, and of road and inland waterway traffic on the other. On one side, we find centrally organized railway administrations, with unified goods and passenger rates, which are subject to government control in a greater or lesser degree and to some of the obligations incumbent on a public service, and on the other we have road and inland waterways traffic in the hands of a large number of private firms, many of them small family concerns, which leave little scope for government intervention. Attention should be drawn in particular to

the increasingly important part played by transport by road on own account. Apart from this, the elements of the problem of co-ordination vary widely from one country to another according to the size and topography of the country concerned, the juridical relationship between the State and the railway administration, the level and structure of passenger and goods rates, the social security charges affecting each network, and fuel taxes - factors which no government can overlook. It is because of these considerations, which are primarily of national significance, that despite its vital importance the Conference has not yet considered it advisable to tackle the problem of co-ordination as such in its broader aspects. The Conference has taken the view that, at international level, it is better to deal with this problem by tackling some of its individual aspects separately, for instance the co-ordination of investment or the co-ordination of rates, at present limiting itself as regards the latter to such readjustments as may be required within each form of transport, leaving coordination between the different forms of transport to be dealt with later.

IV. Problems considered by the conference

a) Co-ordination of investment

23. The co-ordination of investment is one of the basic factors of any general transport policy. Hence, at the very first session of the E.C.M.T. in October 1953, the Ministers decided "to consider the possibility of comparing the studies on major international investment projects planned for the various modes of transport". At their second session in October 1954, in the light of a report by the Committee of Deputies to the effect that "the Governments working in the framework of the Conference can ensure the development of each means of transport, so as to secure a properly balanced whole to meet European requirement", they agreed "that all major projects of European interest which affect all or a restricted group of members should be communicated to the Conference by the country or countries concerned with all the necessary technical and economic data". The Conference will discuss such projects and give its opinion on them, but its findings will not be binding on the countries concerned, and their freedom of action will remain unimpaired. This procedure, by putting the development of transport on a joint basis in accordance with the aims of the Conference, will offer the possibility of avoiding needless or excessive investment, and so make it possible to reduce transport costs or provide better service.

24. To ensure that the procedure adopted can be put into effect, the Members of the Conference have been asked to communicate the general programmes they intend to carry out during the next five years, which link up with projects of European importance for railways, roads and inland waterways.

25. As explained later in this report, practical effect has already been given to some of the projects concerning the development of international road traffic arteries and those relating to inland waterways of European interest.

b) International financing of investment

26. Though the procedure adopted for the co-ordination of investment may later facilitate the problems arising out of the international financing of such investment, the Council of Ministers has come to the conclusion that the studies concerning this form of financing are not yet sufficiently advanced to be taken into consideration, except in two specific cases, the international financing of purchases of railway rolling stock, and the financing of international road traffic arteries.

27. The Council of Ministers had already given its attention to the international financing of purchases of rolling stock at its session held at Brussels in October 1953, when the railway administrations concerned were asked to submit proposals having due regard to the interests of national rolling stock producers. For several years, a number of European networks have been consideration whether some such system as the "Equipment Trust", which has proved its worth in the United States, could not be devised to facilitate the modernization of their equipment and at the same time help to concentrate orders and reduce prices. But the adaptation of this formula, to European requirements in the matter of orders for standardized equipment, raises numerous legal, fiscal, monetary and economic problems. Nevertheless, a Study Group consisting of railway administrations and banks has attempted during the past year to find a solution appropriate to

European conditions, under the guidance and supervision of the Committee of Deputies. On the proposal of the latter, the Council of Ministers, at its session in October 1954, declared itself in favor, insofar as the countries it represents are affected, of the establishment, on the basis described below, of a "European Company for the Financing and Purchases of Railway Rolling Stock" (Eurofima).

28. The Company will be set up for a period of 50 years and will dispose of its own funds, these being kept distinct from those of the railway networks, whose contributions to the initial capital of the company will be on a sufficiently large scale (S.fr. 50 million initially) to ensure efficient operation. The company will borrow the funds required for purchases of equipment, place orders for the construction of such equipment as the railway networks may require in conformity with their own designs and under their direct control and hire out this equipment to the railways at an annual rental using the proceeds to repay the original loan. Lessee networks will not assume ownership of this equipment until it is fully paid for. The reasons for adopting a hire contract system are bound up with the requirements of European law, but this arrangement will in practice be the same as hire purchase since the lessee networks will have the right of pre-emption.

Another aim of the Eurofima company will be to centralize orders for standard equipment in order to reduce the cost of such equipment and enable the networks to benefit from this saving by paying lower annual rentals, and at the same time ensure that this concentration of orders will not lead to the disruption of national markets for equipment manufacturers.

The Company's first transactions will affect standard goods wagons for the replacement of European railway rolling stock. However, the object of the Company, as defined in its Articles of Association, will cover a wider field so that it can later extend its operations to include other equipment of uniform design or of uniform rating.

Following the last meeting of the Council of Ministers of Transport, the countries concerned with the constitution of Eurofima* set up a Restricted Group within the framework of the Conference, to settle various issues still pending, such as: tax exemption, customs facilities, guarantees for the transfer of funds to be granted to the new Company, headquarters of the Company, etc. The restricted group is making good progress with its work and there is every prospect of ultimate success.

29. At its session in Brussels in October 1953, the Council of Ministers of Transport had also called for proposals concerning the Statutes of an international road investment fund. This matter was studied by the Committee of Deputies on the basis of preliminary draft statutes drawn up by the International Road Federation. While recognizing the usefulness of an international road investment fund, the Committee of Deputies came to the conclusion that the institution of such a fund did not, for the time being, seem likely to attract enough signatories to warrant its adoption. This conclusion was largely dictated by legal and financial difficulties arising, especially from the fact that the projects to be financed cannot, as the law stands at present, be pledged as security, and also from the difficulties encountered in arranging for the Governments concerned to act as joint guarantors. Moreover, the problems arising from the present situation in the international capital market and the transfer of currency revealed serious difficulties. At its session in October 1954, therefore, the Council of Ministers expressed its preference for a procedure less wide in scope but which could be applied forthwith, and would not preclude a more far-reaching arrangement later on. This new procedure consists in setting up restricted groups at the instance of the governments interested in proceeding with a project, as provided under Article 8 of the Protocol, on the understanding that each of these restricted groups will study the technical and economic aspects of the project, the various methods of financing it - including the formation of companies established on an international basis having the possibility of deriving some income of their own from tolls or special taxes - as well as the guarantees to be given to lenders.

c) Rationalization and modernization of railways

30. Since 15th March 1953, ten railway administrations** have been jointly operating a pool of some 160,000 wagons on the basis of an agreement known as the "Europ" Convention. At its sessions in October 1953 and October 1954, the Council of Ministers of Transport was kept informed of the results of this

arrangement, under which pool wagons had been used intensively in international traffic, equipment had been more efficiently employed, and maintenance costs had been reduced. The Council of Ministers has therefore re-affirmed its support for the development of this scheme, and is endeavouring to remove any difficulties which might prejudice the smooth operation of the Pool. An amendment to the "Europ" Convention, based on the application of a wagon-day rate at actual cost, is now being worked out and will probably take effect towards the end of 1955.

31. At its session in Brussels (October 1953), the Council of Ministers considered that railway administrations should actively pursue their investigations concerning the standardization of equipment and, more especially, that they should complete those relating to goods wagons. In fact, six standard models for wagons of the conventional type have been designed by the U.I.C. and a few railway administrations have already ordered standard wagons which are assigned to the jointly operated "Europ" Pool. In order to exploit this initial success, the Council of Ministers of Transport, at its session in October 1954, invited the Railways Administrations to specify standard models when placing any new orders for conventional equipment. It also signified its interest in the studies undertaken by the U.I.C., in co-operation with the manufacturers, concerning a wagon of advanced design of which one of the special characteristics will be a lower tare.

32. In some countries, railway electrification which began before the first world war has been further developed in recent years owing to its many advantages. The diversity of the types of current used, which it is now too late to adjust, is one of the obstacles which prevent international traffic from deriving the full benefit of the electrification projects already completed. In order to make the best of a situation, which it could not longer amend, the Council of Ministers of Transport, at its session in Brussels in October 1953, recommended:

- a) a choice of solutions which would enable an electrified network, planned and operated on an international basis, to be established in areas still unequipped;
- b) allowing for differences of gauge between one system and another, the adaptation and introduction of locomotives or rail-cars operating on all types of current, so as to ensure wide inter-connection, as required, between such networks and neighbouring systems at present using equipment of various types;
- c) generally speaking, the greatest possible co-ordination in the operation of electrified systems, particularly by supplying equipment for gaps in mainline sections which have already been electrified.

At its following session (October 1954), the Council of Ministers noted that while it had not yet been possible to reach common agreement regarding the type of current to be chosen for electrification projects now being planned or under construction, the action taken in this connection was, at any rate, designed to meet the points on which the Ministers had expressed concern. For instance, several Member countries proposed to rationalize their projects in such a way that the connecting points of their electrified networks would be chosen on grounds of efficiency without regard to political boundaries, and possibly to establish a truly common network crossing numerous frontiers and operating on a single type of current. As regards locomotive design, the networks concerned were trying to adopt a similar approach and to standardize their programmes.

33. Besides the development of electrification, the modernization of railway traction has also led to the more extensive use of Diesel locomotives. At its session in 1953, the Council of Ministers recommended that this type of traction should be taken into consideration when railway administrations drew up their development programmes, particularly in order to facilitate international connections in certain special cases. At its following session, the Council, in the light of a paper submitted by the U.I.C. on the economic and technical advantages of Diesel traction, expressed the wish that railway administrations on whose networks a reasonably high development of Diesel traction would be justified should speed up the research work

undertaken in co-operation with Diesel equipment manufacturers, in order to achieve a sufficiently high degree of standardization in locomotive design to secure long production runs, the grouping or orders and regular production programmes. It must be pointed out, however, that the adoption of Diesel locomotives is hampered in some countries by the very high cost of fuel as there is no tax rebate on fuel used by the railways.

34. The availability of a fleet of Diesel or electric locomotives or rail cars of up-to-date design is to be turned to good account by various railway administrations; not by constituting a new institution but by an arrangement provisionally called "Europexpress", whereby various railway systems will join together to provide faster services between main centres, with amenities and comfort adapted to the requirements of users. The Council of Ministers found this a useful suggestion and recommended that it should be proceeded with.

35. The Council of Ministers also took note of the plans of the U.I.C. regarding the reclassification of passenger coaches. The programme of the U.I.C. is based on commercial, social, and psychological considerations and also on the need to simplify operation. They consist mainly in reducing the number of classes to two, i.e. first class and second class. Owing to their special circumstances, however, the Spanish, Portuguese, and Greek railways will continue to operate three classes on their internal services. It is planned to bring this new scheme into operation with the summer timetable in 1956. The Council of Ministers noted that the necessary government authority had already been granted in several countries, and a majority of its members welcomed the proposed changes.

36. The main object of the rationalization and modernization measures discussed in the preceding paragraphs is to reduce the costs of the railways and enable them to meet competition from other forms of transport more successfully. It must be stressed that some of these measures will have important economic consequences. In particular, the power consumption of the railways will be affected by conversion to electric or Diesel traction and this will necessarily entail a marked reduction in coal consumption. To give a rough idea of what this may amount to, an estimate, covering the E.C.S.C. countries only, suggests that annual coal consumption during the last two years fell by nearly one million tons and is likely to fall by a similar amount during the coming years owing to the conversion programmes of the railways. These programmes, quite apart from improving the efficiency of rail traffic operation, represent a saving of fuel and power.

d) Unification of railway rates

37. Affected as they are by numerous factors and especially by geographical and economic conditions, railway rates vary widely in level and structure from one country to another. Apart from their function as payment for services rendered, in practice they sometimes serve other purposes such as to secure a fair balance between national producers as well as between the various kinds of transport, to stimulate exports, and to help various industries, ports or traffic routes of national importance to withstand foreign competition. Any change in the rate structure applied in a country might well seriously affect the earnings of the railways and those of other forms of transport, as well as the competitive strength of industries and ports in various countries. This shows the complications involved in unifying railway rates and how difficult it is to proceed on this course. The institution of a common market for products coming within the competence of the European Coal and Steel Community makes it necessary for the Member countries to apply transport rates in such a way that users in comparable circumstances can be offered similar prices, and this is what the High Authority is endeavoring to do. However, the unification of transport rates as between European countries could only become a practicable proposition if this common market were extended to embrace other countries and other kinds of goods, and this is beyond the powers of the Ministers of Transport. But that is not to say that no immediate attempt should be made to approach this ultimate goal by tackling the problem in successive stages, through closer co-ordination of rate policy between railway administrations, through development of rates for international services distinct from those for national services, through efforts to secure the structural unification of rates, and through concentration of traffic on rationally-planned routes.

38. These are the broad lines of policy adopted by the Council of Ministers of Transport. It is following

closely the studies on this subject conducted by the E.C.E. and U.I.C. and, at its last session, asked the U.I.C. to keep it informed of any difficulties the latter may encounter in order to see what could be done to solve them.

e) Improvement and development of European highways and road transport

39. At its very first session, the Council of Ministers expressed its concern to secure the co-ordination of the projects for developing international traffic arteries listed in the Resolution adopted at Brussels on 17th October 1953. It is proposed to secure such co-ordination under the procedure adopted for the co-ordination of investment generally, (see paragraph 23). In addition, the Committee of Deputies has been given authority to amend the list of routes involved.

40. On 17th March 1954, a General Agreement was signed at Geneva under the auspices of the Economic Commission for Europe, laying down general economic regulations concerning international road transport; these included special annexes which form an integral part of the Agreement. An annex (C1) concerning the transport of perishable goods was signed on 1st July 1954. The Council of Ministers has invited those Member countries of the Conference which have signed the Agreement but not yet ratified it to do so, and those which have not yet signed to accede to it, and has also advocated the drafting of international regulations on as uniform a basis as possible.

The E.C.E. regards the Agreement of 17th March 1954 as a preliminary to the institution of a common procedure for the issue of licences in countries where foreign vehicles are subject to certain restrictions based on permits. Failing the abolition of restrictive arrangements of this type which are designed to avoid granting foreign vehicles more favourable treatment than national vehicles in countries where controls on road transport are considered necessary, the institution of the new procedure will at least be a step towards the improvement of road transport. It must also be added that the International Road Transport Union has notified the Conference of its request to the E.C.E. to enquire into the problem of tax regulations affecting foreign goods vehicles.

41. In the last few years, several other Agreements relating to road transport have been signed under the auspices of the Economic Commission for Europe. These include the 1949 Protocol concerning Road Signs and Signals, the European Agreement giving effect to Article 23 of the 1949 Convention on Road Traffic (permissible weights and dimensions of motor vehicles), the Agreement providing for the provisional application of Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, signed on 16th June 1949, together with the additional Protocol of 1952. In order to expedite or extend the application of these Agreements, the Council of Ministers of Transport has asked the Member countries to sign or ratify them, as the case may be, as soon as possible.

42. In view of the rapid increase in international goods and passenger traffic by road, with its attendant traffic congestion and sometimes long delays at various inadequately equipped frontier posts, the Council of Ministers, at its 1953 session, considered it would be most useful if the Governments concerned took action on the following lines:

- a) that when frontier posts situated on main international traffic arteries are not adequately equipped to cope with the constantly increasing volume of traffic, they should be re-equipped at an early date in accordance with the Declaration of 16th September 1950 on the construction of main international traffic arteries;
- b) that frontier posts which are not situated on main international traffic arteries, but which still handle a large volume of traffic, should also be adapted to traffic requirements within a reasonable time.

The enquiry conducted by the Committee of Deputies regarding the conditions prevailing at frontier posts in

1954 shows that, though these cannot everywhere be regarded as satisfactory, appreciable progress has been or will be made through the numerous projects for the reconstruction, improvement or extension of these posts, and for the re-alignment or juxtaposition of national Customs houses, some of which projects have already been completed, whilst others are under construction or planned. This question is an important one for the development of international road traffic, and has a permanent place on the agenda of the E.C.E. Group of Customs experts.

f) Problems relating to inland waterways

43. Desirous of promoting European co-operation in the field of inland waterway traffic, the Council of Ministers, at its 1953 session, drew up a non-exhaustive list of twelve inland waterways projects of European interest, and expressed the opinion that each of these projects should be carefully studied and put on a uniform basis. At its following session (October 1954), the Council of Ministers approved a Report, prepared by a group of experts at the request of the Committee of Deputies, consisting mainly of:

- the submission of a chart drawn up on a uniform basis for the European network of inland waterways;
- the fixing of standards for canals based in principle on the 1,350 ton "Rhine-Herne" type of craft;
- the adoption of standards for rivers similar to those relating to canals;
- the institution, for most of the twelve projects mentioned above, of a fact-finding working party consisting of experts from the countries concerned, in order that the planning of these projects may continue on a bilateral or multilateral basis.

The steps thus taken by the Council of Ministers of Transport fit in with the general arrangements for the co-ordination of investment (see paragraph 23 above).

44. At its October 1953 session, the Council of Ministers attached special importance to the two following problems:

- a) the speedier flow of traffic across frontiers by simplifying customs formalities and by improving as far as possible the conditions under which they are carried out;
- b) the standardization of the signalling system used on inland waterways.>

The first of these problems is being handled by the Economic Commission for Europe (E.C.E.) and the Central Commission of the Navigation of the Rhine (C.C.R.). At its October 1954 session, the Council of Ministers was gratified to note that improvements had been made in this connection at the main Customs houses, especially on the Rhine.

Investigations concerning the second point have been undertaken by the Permanent International Association of Navigation Congresses. The Council of Ministers has asked the E.C.E. to approach this Association and ask it to prepare draft technical Regulations for subsequent consideration by the E.C.E. in consultation with representatives of the C.C.R. and in co-operation with the industry concerned.

45. The Council of Ministers has also given its attention to inland waterway freight rates*** in view of the possible disparities between national rates, which are usually more or less controlled, and international rates, which are unrestricted. At its October 1953 session, the Council considered it desirable to enquire into the possibility of co-ordinating these rates and stressed that the work which the industry had already begun in this field should be completed as quickly as possible.

46. The High Authority of the E.C.S.C. attaches great importance - in view of the provisions of the Treaty - to the speedy co-ordination of such freight rates insofar as they affect commodities covered by the Treaty.

47. The inquiry which the Council of Ministers of Transport had called for was carried out by a special sub-committee of the Committee of Deputies, consisting of representatives of countries concerned with inland waterway navigation, which took note of the communications on this subject from the High Authority of the E.C.S.C. and which heard the views of the representatives of the C.C.R., the E.C.E. and the International Union of Inland Waterways.

48. The findings of this special sub-committee were approved by the Council of Ministers' Session in October 1954. These findings rested on three basic principles, i. e. a general solution should be sought covering all goods carried by water; an attempt should be made to find a solution embracing all the navigable waterways of Western Europe; equality of treatment in inland navigation, and, including the abolition of limitations on cabotage operations, this to be done by stages according to a plan jointly agreed by the States concerned, and having regard to the need to avoid serious disturbance in the inland transport system of each country. The Government negotiations to effect this should begin as quickly as possible. As regards the procedure to be adopted, the industry was invited to pursue, as actively as possible, the measures it has already taken to implement the recommendations of the Economic Conference on the Navigation of the Rhine held in 1952, and to proceed in the same way for waterways not subject to the Rhine Statute. In this latter instance, should the industry unexpectedly fail to settle the problem itself, within a reasonable time after the Government negotiations concerning limitations on cabotage had been brought to a successful conclusion, the Governments concerned would then reserve the right to take action in various fields. As regards river transport using the Rhine as well as other waterways, the Governments concerned, in consultation with the industry, would jointly agree as to whether they should be classified in the "Rhine" or "non-Rhine" categories.

g) Co-operation between inland and air transport

49. At its October 1954 session, the Council of Ministers of Transport considered the final report of the Conference for the Co-ordination of European Air Transport held at Strasbourg from 21st April to 8th May 1954, and, in particular, Recommendation No. 28 concerning the creation of a European Civil Aviation Commission. The Council observed that, in most of the countries represented on the E.C.M.T., civil aviation and inland transport were controlled by the same Minister, and considered that the problems relating to civil aviation should not be dealt with without regard to the effects they might have on other means of transport. In order to promote satisfactory cooperation between inland and air transport, the Council therefore gave the Committee of Deputies authority to watch developments as regards the action taken on Recommendation No. 28, so that it may be able to propose suitable measures to the Council of Ministers of Transport if necessary.

* Germany, Austria, Belgium, Spain, France, Italy, Luxemburg, the Netherlands and Switzerland.

** The railways of Germany, Austria, Belgium, Denmark, France, Italy, Luxemburg, The Netherlands, the Saar and Switzerland.

*** Paragraphs 45 to 48 do not apply to navigation on the Danube.