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INFORMATION MEMO

EEC COMMISSION PROPOSALS FOR COMMON TRANSPORT POLICY

The Commission has laid before the Council proposals outlining a common transport policy. These proposals embody the ideas expressed in the Memorandum on a Common Transport Policy of 10 April 1961 and in the transport section of the Commission's Action Programme of 23 May 1962. The Commission has also taken into account the discussions on the Action Programme which took place in the Council of Ministers, the Economic and Social Committee and the European Parliament.

Of the five proposals submitted the three most important are:

To establish a system of rate brackets applicable to road, rail and inland waterway transport;

To introduce a Community quota for goods transport by road between Member States;

To harmonize certain provisions affecting competition in the transport sector.

These proposals are designed to meet what the Commission feels should be the Community's three main preoccupations in transport matters: integration, organization and harmonization. They also reflect the need for gradual and co-ordinated action, to which the Commission had drawn attention in its Action Programme.

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On 14 June 1963 these proposals, of which details are appended, will go before the Council for initial discussion; thence they will be immediately referred to the Economic and Social Committee and the European Parliament. It may therefore be expected that the Council will be able to adopt them before the end of this year.

The Commission believes that these proposals represent a first step towards the implementation of a common transport policy, the purpose of which is to create by the end of the transition period a jointly regulated transport market which will meet the increased transport requirements of the Community and eliminate all discrimination on grounds of nationality.

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PROPOSAL FOR A COUNCIL REGULATION

introducing a bracket rate system for the transport of goods by rail, road and inland waterway.

In all countries the system of transport rates and conditions is an important element of transport policy. The Commission considers that at Community level this system should allow of the widest possible competition compatible with the special features of transport. With this object in view the Commission proposes the gradual introduction of a system of rate brackets within which carriers will be free to choose the rates they apply.

The novelty of this system is that the brackets leave sufficient latitude for free and fair competition between types of transport and between firms, the abuse of dominant positions being prevented by the upper limits and cut-throat competition by the lower.

However, the aims of the bracket system will not be fully attained unless the rates are based on costs and there is adequate transparency of the market. Only then can users choose advisedly the means of transport to supply the service they require on the best terms. Hence the regulation lays down common rules for determining the transport costs to be taken into consideration in the tariffs, and introduces appropriate arrangements for publishing tariffs.

In an initial stage, and pending the adoption of uniform criteria, the proposed regulation provides that the brackets shall have a range equal to at least 10% and at most 30% of the upper limit, the level of the tariffs being fixed in accordance with certain principles of an economic nature.

The bracket rates, which it will be possible to differentiate according to types of transport and nature of the services supplied, will have to be approved by the public authorities in the Member States on a proposal from the carriers and after consulting users.

The proposed regulation also allows carriers in exceptional circumstances to conclude special contracts at prices outside the brackets and, as a general rule, subject to official authorization. Furthermore, Member States will be empowered, in the public interest and under certain conditions, to take special measures regarding transport tariffs.

The above-mentioned tariffs and special tariff measures will have to be published officially in the Member States concerned. Special contracts will be published after the event, only the essential facts about the transport operations being given in order to respect the confidential nature of this type of contract.

The tariff system proposed is to come into force on 1 January 1965 and will apply throughout the territory of the Community to all national and international transport with the exception of short-distance transport, small consignments and transport effected by firms for their own requirements, i.e. transport "on own account". It will also apply to transport usually described as transport coming under the ECSC Treaty so far as is compatible with this Treaty and the arrangements pursuant to it.

The proposed regulation lays down procedure for establishing the tariffs, fixing the respective powers of carriers, users and public authorities, but it makes no detailed stipulation as to implementation. In national transport it leaves to the Member States the task of deciding on the implementing measures while at the same time advocating the progressive unification of these

measures. As regards transport between the Member States, Community machinery is still needed for standing co-operation between all the competent authorities with regard to the establishment and approval of tariffs and oversight of their application.

Finally the regulation provides for the possibility of adjusting the bracket rate system in the light of experience and of the development of the common transport policy, and also of setting up a special Community body to ensure the proper functioning of the system.

PROPOSAL FOR A COUNCIL REGULATION

on the establishment and operation of a Community quota for goods
transport by road within the Community

One of the most difficult problems to solve in any transport policy is that of adjusting capacity to requirements. The reason for this lies in the special aspects of transport, and particularly in the mobility of enterprises and the insufficient elasticity of supply in relation to prices.

Whilst this problem also arises in inland waterway transport and in road haulage in the member countries, the Commission nevertheless feels that there is a specially urgent need to solve it as regards road haulage between the member countries. It is here that the present situation is least in line with the spirit and objectives of the Treaty; it is the outcome of bilateral or multilateral regulations and a great variety of bilateral agreements. The regulation proposed by the Commission aims at liberalizing transport on own account and setting a Community quota amongst the Member States in respect of transport for hire or reward, which will ensure smooth and constant adjustment of supply to demand. It meets five desiderata, since it opens the way to:

- (i) permanent control of transport capacity;
- (ii) sharing by carriers of all Member States on equal terms in international transport within the Community;
- (iii) division of labour at Community level in relation to the productivity of carriers in the six countries;

- (iv) development of road haulage commensurate with the needs of the Common Market and the potentialities of this mode of transport;
- (v) more efficient use of vehicles.

Clearly, an innovation such as the Community quota can only be introduced gradually. Therefore, under the terms of the proposal, it will not be until the end of the transition period that all transport operations between Member States will be effected under Community licences issued within the limits of the quota. During the transition period this objective will be gradually approached by building up the Community quota and dismantling the bilateral system; the bilateral quotas will be gradually brought down and the Community quota gradually built up.

Whilst the bilateral quotas can be automatically whittled down, the Commission believes - after careful study - that no automatic mechanism is possible to introduce and gradually to develop the Community quota. For this reason it is proposed to set up a committee which will ensure permanent and well-balanced co-operation between the Commission and the Member States in fixing the volume of the Community quota and distributing it amongst the Member States. The rules of procedure for the committee are so devised as to prevent any blockage of the system and to avoid unduly frequent intervention by the Council.

Despite every care in fixing and distributing the Community quota, it may still be necessary to deal with unforeseen developments or temporary imbalances. The need may also arise of coping with exceptional and transient requirements. The regulation provides the means for handling such situations. These means, which the Commission will apply, may be comprehensive or selective - the issue of Community licences

or licences valid only for transport between two Member States.

Provision is made for adjustments, adopted on a proposal of the Commission, to the Community quota system in the light of the results attained and the general development of the common transport policy.

Finally, road haulage by firms for their own account, either with their own vehicles or with vehicles used solely by them for at least one year, will not be affected by the Community quota system or by any other system of quotas or licensing.

PROPOSAL FOR A COUNCIL DECISION

on the harmonization of certain provisions affecting competition in rail, road and inland waterway transport

In the "Memorandum on the general lines of a common transport policy" the Commission held that equality of treatment between modes of transport and between transport firms was a prerequisite for the creation of healthy competitive conditions in transport.

It has been found that certain regulations governing transport now in force in the Member States of the European Economic Community are having a marked impact on competition between the different modes of transport and between transport firms, and are therefore causing disparities.

The elimination of the disparities arising from these regulations, which are distorting the play of competition both at Community and at national level, is one of the vital tasks to be undertaken under the common transport policy: it will enable business to be distributed between firms and modes of transport in relation to their natural advantages and respective levels of productivity. It is also particularly important in the context of Article 75 (1 b), which deals with the admission of non-resident carriers to domestic transport services in a Member State.

Unquestionably the organization and integration of the transport market, which the proposed regulations given in Annexes I and II are designed to promote, will be all the more easily effected the more closely they are linked with harmonization measures.

The Commission's proposals for the introduction of a bracket rate system and of a Community quota for road haulage between the Member States cover the entire transition period and involve commitments even after this period. Harmonization must therefore be phased over the same period. For this reason the present proposal attempts to establish a comprehensive schedule for the operation planned, defining the fields it must cover, the measures to be adopted in each of these fields and the time-table for their implementation.

The choice of harmonization measures has been made in the light of the scope and range of intervention by public authorities and of the effect of such intervention on competition in transport.

The fields in which harmonization is required are taxation, insurance and social legislation. The need to settle problems arising from certain forms of government intervention, notably with regard to public service obligations, and the need to normalize financial relationships between Governments and railways have also been taken into account.

In the field of taxation, harmonization includes the abolition, by 1 January 1965, of double taxation, which affects international traffic through the taxation of vehicles. By the same date, it is also planned to standardize provisions concerning the free admission of fuel contained in vehicles' tanks. Present disparities between these provisions affect competition since fuel taxes vary considerably in the six countries. The tax assessment of vehicles is also to be standardized - by 1 January 1966 - and this will make it less difficult to adjust tax systems applying to transport for hire or reward and transport on own account so that they become be equivalent in effect.

From 1 January 1967 onwards, transport will be subject in each Member State to the general turnover tax system.

When taxation on transport has been adjusted in this way, it will be possible, from 1 January 1969 onwards, to carry harmonization further; infrastructure costs will be broken down and charged on an appropriate scale to users. The harmonization of fuel taxes will be carried out with due regard to the objectives of the common energy policy.

In the field of insurance, regulations will be issued, with effect from 1 January 1965, concerning compulsory third-party cover for road and inland waterway transport.

Regulations concerning insurance of the carrier against damage to freight will be harmonized for these two types of transport by 1 January 1966.

Certain forms of government intervention must be kept to a minimum, particularly those imposing on transport firms - notably the railways - obligations inherent in the public service nature of certain transport operations. This is left in the hands of the Member States, which will work on the basis of common principles to be agreed on before 1 January 1965. Compulsory compensation has been provided for to offset costs arising from the maintenance of public service obligations considered indispensable.

Before 1 January 1966 the accounts of railway firms will be normalized on the basis of common rules and from 1 January 1965 onwards the rules governing financial relationships between railways and Governments will be gradually harmonized.

The harmonization provisions in the social field are designed to align in an upward direction from 1 January 1965 onwards - but before the end of the transition period - the rules and regulations governing working conditions within each mode of transport and to co-ordinate regulations on the composition of crews in each mode of transport on the basis of Community standards. This co-ordination is to be completed by the end of 1966. The harmonizing of regulations concerning working hours and time off in each mode of transport will take place from 1 January 1965 onwards concurrently with measures to harmonize overtime arrangements. This also is to be done by 1966.

A log-book for each worker, ensuring compliance with regulations on working conditions, will be required from 1 January 1965 onwards, and in the field of social security a decision will be taken before 1 January 1966 as to the application of special arrangements to the transport sector.

The decision on harmonization also instructs the Commission to follow closely the progress made, so that any adaptations and additions which may prove necessary as the Common Market goes ahead and the common transport policy develops may be introduced in good time.

PROPOSED COUNCIL DECISION

on the organization of an inquiry into infrastructure costs in transport by rail, road and inland waterway.

It is extremely important for the development of the common transport policy that types of transport and transport firms should be put on an equal footing as regards the burden of infrastructure costs they bear.

There can be no doubt that the present differences in this sphere between Member States and between types of transport and categories of users are likely to distort competition in the transport sector within the Community and impede the rational sharing of traffic according to the natural advantages of each type of transport.

As far back as December 1960, a committee of Government experts was therefore convened to help the Commission in its studies of transport costs, and the question of how infrastructure costs are determined and apportioned was placed high up on its agenda.

The committee of experts recognized from the outset that it was not possible to limit the study of infrastructure costs to an examination of methods but that it was indispensable to furnish the Community authorities responsible for devising measures in this field with comprehensive figures to enable them to take well-informed decisions.

The aim of the proposal now submitted to the Council is to establish the necessary legal basis for obtaining this information by organizing a general inquiry throughout the Community into the cost of the infrastructure of transport by rail, road and inland waterway.

The inquiry will cover the year 1965 and it is expected that the Commission will submit to the Council an overall report on the results before 1 July 1967.

The Commission feels that this inquiry will be a decisive step towards obtaining a precise knowledge of transport costs, which is rightly considered essential in order to establish the common transport policy on an economically sound footing.

PROPOSAL FOR A COUNCIL DIRECTIVE

on unifying procedures for issuing licences for goods transport
by road between the Member States

The aim of the directive unifying procedures for the issue of licences for goods transport by road is to rationalize, at Community level, the various practices at present in force in Member States regarding bilateral quotas. It will be an effective help in the transition from the system of bilateral quotas - where it will make the issue procedure uniform and standardize the form of documents, thus facilitating the necessary controls - to the Community quota system.

d) Specific surveys

Two specific surveys must also be mentioned. One is on comparative wage levels for men and women, the other wage costs in road transport firms. Both are now under preparation and the plans will be submitted to the experts before the end of the year.

2) FAMILY BUDGETS

A major survey of the structure of consumption among factory hands, office employees and workers on the land is being carried out in the six Community countries. Forty thousand households are taking part, and the main object is to study standards of living in the principal strata of the population (60%-70% of the total population is covered). A special analysis will be made of the charges borne by working households in relation to the number of children in the family.

3) RATES OF EQUIVALENCE OF CONSUMER PURCHASING POWER

It is very likely that a survey will be undertaken, beginning July 1963, on comparative consumer price levels in the six Community countries. From 40 000 to 50 000 prices of goods and services will be listed to determine the purchasing power of workers' incomes.

4) EMPLOYMENT

(i) A complete series of papers on employment statistics for 1958 to 1962 is being prepared. It will be available in the second half of 1963 and will include information on the structure of the population and of labour, the structure of employment by a branch of activity, working hours, unemployment, and movements of workers between countries.

(ii) Early in 1964 experts will use these papers to work out ways and means of harmonizing national statistics on employment, unemployment and working hours so as to obtain comparable statistics on a regular basis for the six countries, as has just been done in the case of wages.

5) SOCIAL SECURITY

(i) Statistical material on social security covering the period from 1955 to 1960 was placed at the disposal of delegates to the European Conference on Social Security. The same framework was used for each of the six countries to present all available information on workers covered by social security or qualifying for its benefits, and on the relevant financial transactions. The method used brings out the features common to all the countries and their individual characteristics (No. 4/1962, Social Statistics series).

(ii) From 1963 onwards the experts will examine, branch by branch, ways and means of harmonizing social security statistics on the basis of the International Labour Office programme.

(iii) In 1964 a standard survey of industrial accidents will be prepared for the six countries. It should enable accident frequency rates to be properly compared.