COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(74) 3134 final

Brussels, 10 September 1974

COMMITTEE OF EXPERTS

ON

"INTERNATIONAL ROAD TRANSPORT TARIFFS"

THIRD REPORT

ON

MARKET TRENDS

Period covered : 1 January to 30 June 1973

I. Introduction

1. The interest in and the objectives of the six-monthly reports on market trends, provided for in article 11 (3) of Regulation (EEC) n° 1174/68 have been sufficiently set out in the two previous reports. It is therefore unnecessary to return to them.

As to the material used in drawing up the report, it is appropriate to remember that, for several countries, the statistical data were established on the basis of extrapolation of the information received by random tests. The degree of exactitude of the date was based, on the one hand, on the size of the sample and, on the other hand, on the method of extrapolation used. The statistical elements figuring in the report should not be considered in the light of their absolute value, but rather as estimates, which will gain in value as indices to the extent that the methods of drawing up of the data by the Member States are refined and cover a larger field of investigation.

These preliminary considerations do not affect the value of the report, which in its present form already provides valuable indications about the state of the transport market.

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II. Contents of the report

2. This report is drawn up in nearly the same form as the two previous reports. It covers the months of January to June 1973. As the way in which the information has been drawn up by the various countries has not been changed, the meaning of the statistical information provided by the governments has hardly been subject to any change when compared with the previous reports.

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III Evolution of the bilateral tariffs

3. No bilateral tariff has been amended in the course of the period under review, although professional organisations have drawn the attention of governmental authorities to the progressive rise in costs. As was indicated in the previous report, the Committee considers that it should not give a view on this report.

It would nevertheless be useful to take note of the statements made by the national delegations concerning the general price level attained inside and outside the tariff bracket.

As to the evolution of prices within the bracket :

- the German delegation has noted a slight rise, the general level of rates being 83,6 % in relation to the upper limit, compared with 83,3 % during the previous six months ;
- the Belgian delegation notes, on the one hand, a rise in the intra-Benelux and Belgium-Italy traffic, but, on the other, a decrease of average prices in the Belgium-Germany and Belgium-France traffic. This decrease is, however, due to a strengthening in control (I) ;
- the French delegation has noted a slight rise in the general index, which has moved from 83 - 84 % to about 85 % ;
- the Italian delegation has also noted a slight rise in the general index, which is now around 8I,6 % ;
- the Dutch delegation, on the contrary, has noted a slight tendency towards erosion of transport prices.

As to the overall evolution of prices of special contracts, four delegations have given the following information :

- the German delegation notes a slight tendency to a decrease, the general index amounting to 59,4 % of the upper limit of the bracket, compared with 66 % in the course of the previous six months ;

(I) see reference foot of page 7.

- the Belgian and Luxembourg delegations confirmed a static situation, while
- the Dutch delegation has indicated a persistent tendency to an increase concerning the Netherlands-France traffic (rise of 13,5 % compared with the first half of 1972) and, on the other hand, a reduction of rates to the level of the first half of 1972 for the Netherlands-Germany traffic.

The Committee of Experts considers that, in view of the diversity of methods of analysis and of estimation used, it would be dangerous to draw firm conclusions from the above-mentioned data.

However, the slight rising tendency noted does permit the conclusion that the general level of rates is influenced by the constantly rising costs but that the factors having the opposite effects and which are not easily identifiable at the moment (abundance of transport offers, improvement of equipment and rationalization in its exploitation, etc.) do considerably restrain this tendency.

It is impossible to define with a minimum of precision the moment when the breaking point between the two opposing factors will be reached. However, examination of the table figuring on pages 5/6 of this report does allow the conclusion that at actual price levels, the brackets still present sufficient flexibility to compensate during a certain amount of time for the progressive rise of costs.

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IV. Analysis of information on the price situation

4. The following table has been drawn up in conformity with the model used in the previous reports. In order to facilitate comparisons, the data are given side by side. The figures in column a) refer to the second half of 1972, those in column b) refer to the first half of 1973.

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A question mark in a column indicates that the experts have not been able to establish the figure concerned. A dash signifies the absence of traffic.

The Committee of Experts considered that there was no need to insert in the table the data concerning the first half of 1972, since the methods applied by certain experts for the drawing up of the statistics had undergone important modifications, which would remove the comparative value of certain of these figures.

Breakdown of transport operations within and outside tariff brackets

Carriers	Transport operations within tariff brackets				Transport operations under special contracts			
	Percentage of transp. operations 1		Average rates 2		Percentage of transp. operations 3		Average rates 4	
	a)	b)	a)	b)	a)	b)	a)	b)
1. BENELUX-TRAFFIC								
- Belgian	98,1	97,6	83,5	84,6	1,9	2,4	63,8	64,1
- Luxembourg	69,4	97,0	78,0	78,0	5,0	3,0	65,0	65,0
- Dutch	100,0	100,0	85,0	84,0	-	-	-	-
2. GERMAN-BELGIAN TRAFFIC								
- German	67,6	70,0	83,7	83,0	32,4	30,0	66,9	60,7
- Belgian (1)	87,5	92,2	76,6	75,0	12,5	7,8	62,0	61,2
3. GERMAN-FRENCH TRAFFIC								
- German	86,4	85,8	84,9	84,0	13,6	14,2	71,6	60,4
- French	77,2	88,8	83,7	84,8	22,8	11,2	?	-
4. GERMAN-ITALIAN TRAFFIC								
- German	99,5	99,0	81,3	84,4	0,5	1,0	62,1	63,6
- Italian	100,0	100,0	79,6	83,32	-	-	-	-
5. GERMAN-LUXEMBOURG TRAFFIC								
- German	60,1	50,3	81,3	82,2	39,9	49,7	65,4	62,1
- Luxembourg	80,9	92,7	80,0	80,0	10,1	7,3	60-73,5	58-73,5
6. GERMAN-DUTCH TRAFFIC								
- German	65,6	63,4	81,9	83,1	34,4	36,6	61,8	57,1
- Dutch	64,3	67,6	86,0	85,0	34,7	32,0	63,0	53,0

a) second half 1972 - b) first half 1973

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Breakdown of transport operations within and outside tariff brackets

Carriers	Transport operations within tariff brackets				Transport operations under special contracts			
	Percentage of transp. operations 1		Average rates 2		Percentage of transp. operations 3		Average rates 4	
	a)	b)	a)	b)	a)	b)	a)	b)
7. BELGO-FRENCH TRAFFIC								
- Belgian (1)	91,2	95,0	76,2	74,5	8,8	5,0	61,7	61,7
- French	70,0	78,2	83,8	84,7	30,0	21,8	?	-
8. BELGIUM-ITALY TRAFFIC								
- Belgian	100,0	100,0	81,3	83,2	-	-	-	-
- Italian	100,0	100,0	79,7	81,22	-	-	-	-
9. FRANCE-ITALY TRAFFIC								
- French	86,0	90,6	85,0	87,0	14,0	9,5	?	-
- Italian	100,0	100,0	79,8	81,86	-	-	-	-
10. FRANCE-LUXEMBOURG TRAFFIC								
- French	68,0	88,1	85,9	85,5	32,0	11,9	?	-
- Luxembourg	90,0	100,0	80,0	80,0	-	-	-	-
11. FRANCO-DUTCH TRAFFIC								
- French	81,4	87,4	78,0	83,5	18,6	12,7	?	-
- Dutch	70,0	72,0	85,0	81,0	30,0	28,0	52,0	55,0
12. ITALY-LUXEMBOURG TRAFFIC								
- Italian	100,0	100,0	79,6	80,73	-	-	-	-
- Luxembourg	85,8	100,0	81,0	81,0	-	-	-	-
13. ITALIAN-DUTCH TRAFFIC								
- Italian	100,0	100,0	79,6	80,86	-	-	-	-
- Dutch	100,0	100,0	87,0	85,0	-	-	-	-

a) second half 1972 - b) first half 1973

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(1) The Belgian delegation states that the average price local of transport operations effected within the brackets by Belgian carriers in the German-Belgian and Belgian-French traffic is influenced by a certain number of transport operations carried out unduely under a special contract, which have been considered as being covered by the general tariff system. These cases have in addition been subject to penalties.

5. The following conclusions can be drawn from the table :

- the number of journeys carried out within the bracket has slightly improved, while
- the number of journeys carried out under special contracts has suffered a corresponding reduction.

The aforementioned conclusions are based on the general average of the parts, without taking into account the weighting effect of the number of journeys registered in the various transport operations.

Certain delegations have provided supplementary information concerning the development of the special contracts within the total number of transport operations carried out by their national carriers:

a) the Belgian delegation states that during the period under review the number of contracts has fallen from 423 to 305, i.e. a decrease of 27,9 %. They attribute this reduction to the strengthening of the controls which have been extended to the co-contracting parties ;

b) the French delegation also notes a considerable reduction in the number of contracts representing totally only 14 % of the total transport operations compared with 23 % effected previously. This reduction results principally from the fact that since the end of 1972, the French authorities have accepted a contract covering several routes only when the total tonnage figuring in the contract, divided by the number of such routes, resulted in at least 20 tons. This delegation held, however, that these contracts remained relatively important in the Franco-Belgian traffic carried out by French carriers ;

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c) the German and Dutch delegations state, on the other hand, that generally the situation has hardly developed when compared with the previous period.

One may conclude from the preceding statements that the relatively important downward trends established for certain transport operations are not only due to the fact of the modifications in the market conditions but are also the result of the measures taken by certain governments in order to assure a more correct functioning of the tariff machinery.

- The relatively weak proportion, even non-existence, of special contracts in traffic which is subject to tariffs which for quantity rebates (tariff intra-Benelux and tariff with Italy) already noted in the previous reports, is confirmed for the period under review.

Moreover, it is to be noted that the relatively high proportion of special contracts previously registered for French carriers in the traffic France- Italy has returned to a more reduced level, without doubt because of the measures taken by the French Government described in one of the above paragraphs.

A more detailed examination of the table reveals that the highest percentages of special contracts are to be found in the relations between Germany and the Benelux countries. Taking into account the average distance of carriage of the relevant transport operations and of their density, the Committee of Experts believes that the introduction of a system of quantity rebates adapted to the characteristics of the various operations would be likely to reduce the number of special contracts to a considerable degree.

Although the information provided by certain delegations is fragmentary, it allows us to obtain an idea of the degree of application of quantity rebates in those tariffs in which they exist.

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For this reason, 10 % of the transport operations carried out by German carriers in the German-Italian traffic has taken place under quantity rebates. This figure reaches 11 % for the operations carried out by Dutch carriers in the traffic Netherlands-Italy and it is 7 % for the transport operations practised by the same carriers in the traffic intra-Benelux. As to the Italian carriers, these have carried out 6,70 % of their operations in the traffic Italy-Belgium, 8,57 % in the traffic Germany-Italy, 5,32 % in the traffic Italy-France and 7,30 % in the traffic Italy-Netherlands under quantity rebates.

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V. Specific information concerning certain aspects of tarification

6. Division of transport operations by categories and tonnages

The German, Belgian and Italian experts have provided data for the period under review, giving the division of the operations carried out within the brackets into categories of goods and tonnages.

All this information concerns only the transport operations carried out within the bracket. The figures in brackets refer to the second half of 1972.

The transport operations practised by German hauliers are as follows (in %) :

- by categories :			- by tonnage :		
category I :	24,9	(23,-)	5 t :	5,1	(4,5)
category II :	52,8	(54,1)	7 t :	11,9	(10,3)
category III :	13,9	(14,3)	10 t :	11,0	(10,6)
category IV :	8,4	(8,6)	15 t :	12,2	(12,7)
			20 t :	59,8	(61,9)

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The operations carried out by Italian hauliers can be broken down as follows (in %):

- by categories:

category 1:	21,7	(22,1)
category 2:	57,2	(56,3)
category 3:	13,2	(13,1)
category 4:	7,9	(8,5)

- by tonnage

5 t :	2,2	(2,2)
7 t :	6,5	(7,3)
10 t :	12,5	(11,8)
15 t :	35,8	(35,4)
20 t :	43,0	(43,3)

The operations carried out by Belgian hauliers can be broken down as follows (in %):

- by categories:

	BENELUX		Belgium/ Germany		Belgium/ France		Belgium/ Italy	
category 1:	12,8	(8,3)	14,7	(12,8)	12,3	(16,2)	27,7	(31,7)
category 2:	24,6	(30,7)	47,2	(45,3)	34,2	(32,3)	52,8	(52,9)
category 3:	37,8	(23,1)	28,4	(29,1)	40,6	(37,5)	16,1	(12,7)
category 4:	24,8	(37,9)	9,7	(12,8)	12,9	(14,0)	3,4	(2,7)

- by tonnage:

5 t :	1,6	(2,8)	2,6	(2,9)	1,5	(2,3)	0,3	(0,8)
7 t :	7,2	(9,0)	4,4	(3,4)	4,7	(4,5)	1,5	(-)
10 t :	13,5	(16,5)	10,6	(10,3)	7,3	(10,1)	6,4	(5,7)
15 t :	12,6	(10,4)	14,3	(11,2)	14,2	(13,2)	9,6	(12,7)
20 t :	65,1	(61,3)	68,1	(72,2)	72,3	(69,9)	82,2	(80,8)

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7. Involvement of transport intermediaries

For the drawing up of this report, only the German, Belgian and Italian experts have provided certain information concerning the involvement of transport intermediaries.

The following table shows by traffic and for the total transport operation, the percentage of involvement of transport intermediaries in the operations of German carriers, provided these intermediaries are participating in the transport contract.

	within the bracket	under contract
Germany-Belgium	51,3	18,4
Germany-France	41,8	6,2
Germany-Italy	37,9	74,9
Germany-Luxembourg	38,3	0,1
Germany-Netherlands	33,3	6,2
General average :	41,7	10,5

The Belgian experts stated that for the relevant period there was a marked increase of involvement of transport intermediaries, as much in those operations under tariff conditions as under special contracts.

As to the transport operations carried out under the general tariffing the situation is as follows (the figures in brackets refer to the previous six months)

Benelux	18,8 %	(12,1 %)
Belgium-Germany	58,7 %	(52,5 %)
Belgium-France	41,4 %	(37,6 %)
Belgium-Italy	48,2 %	(65,2 %)

The Italian experts indicated that the transport operations carried out with the involvement of transport intermediaries involved 49,5 % of the total number of journeys.

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VI. Conclusions

8. On the basis of the statistics given in this report and of the method of drawing them up, the Committee of experts takes the following view :

A slight increase in prices has been noted as much within the brackets as under special contracts. This general consideration can, however, not be verified individually for each óperation, since the bases for the establishment of the data differ too widely.

The Committee of experts is conscious of the fact that progressive refinement and harmonization in the methods of drawing up the statistics and especially in the number of consignments or of tonnages to be taken into account, would permit a more detailed diagnosis of the market situation and would increase the value of the report.

Two countries state that the strengthening of enforcement procedures or the introduction of criteria for a more strict application have contributed to a considerable reduction in the number of special contracts which have been concluded outside the rules fixed by the regulation. The experts of one of these countries are however of the opinion that despite strengthening of enforcement there are still too many special contracts, which is not consistent with the tariff system. The majority of the members of the Committee take the view that the improvement which has been noted in this sector confirms the view that Regulation n°1174/68 does not require major amendment but that a reasonable interpretation and a correct implementation of its provisions would be sufficient to ensure the correct functioning of the tariff system.

9. It has not been possible to find even a partial solution to the problem of changing exchange rates which was mentioned in the second report, and the effects which they create on the correct

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functioning of the tariff system. On the contrary, the abandonment of a fixed exchange rate for the French Franc has resulted in a further increase in the number of tariffs which have either a fluctuating bracket or at least one which is larger than the 23 % allowed.

The attitude of the members of the Committee to this question is not uniform. The Committee is unanimously of the opinion that this development has at least given rise to situations which are not in accordance with the provisions of Regulation n° 1174/68.

The experts of one government take the view, however, that this situation has had no effect on international road haulage and especially on the rates themselves as well as their level and stability. Even in these extremely difficult circumstances, the system has proved to be efficient.

On the other hand, certain experts consider that, if this was the case, the fact that transport rates were not influenced by the fluctuation and enlagement of the bracket proves that a compulsory system of transport prices is superfluous.

Finally, this opinion is shared by other experts who consider that even if fluctuations in exchange rates did not have any effect on the transport market and prices, they have nevertheless confirmed the apprehensions outlined in the second report. These experts repeat the statement made in this report that a Community tariff system of this type cannot operate in the present stage of the Economic and Monetary Union as long until stable exchange rates, which constitute one of the essential bases, can be achieved.

10. As to the three fundamental questions concerning the objectives of the tariff system and the practical results obtained, i.e.

- what are the repercussions of the system on the competitive situation between carriage by road and other modes of transport ?
- what are the repercussions of the aforementioned system on the competition between the road transport undertakings of the various Member States ?

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- to what extent has the tariff system been a stabilising element in the transport market ?

New observations have not been made with regard to the conclusions figuring in the first and in the second report.

One delegation has confirmed, however, that transport rates i international traffic, which were extremely diversified before the introduction of the tariff system, have, for the most part, been contained within the bracket under the effect of the market transparency, following the implementation of the tariff system.

Another delegation has, on the contrary, repeated that so far it has not discovered any stabilising effect on the market.

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