

The current state of economic integration in Western Europe (Strasbourg, May 1955)

Caption: In May 1955, in its report on the state of economic integration in Western Europe, the Council of Europe analyses the policies pursued within the transport sector in order to encourage the integration process in that sector.

Source: Council of Europe (Ed.). The present state of economic integration in Western Europe, Report by the Research Directorate of the Secretariat-General of the Council of Europe. Strasbourg: 1955. 103 p. p. 31-35.

Copyright: All rights of reproduction, public communication, adaptation, distribution or dissemination via Internet, internal network or any other means are strictly reserved in all countries.

The documents available on this Web site are the exclusive property of their authors or right holders.

Requests for authorisation are to be addressed to the authors or right holders concerned.

Further information may be obtained by referring to the legal notice and the terms and conditions of use regarding this site.

URL: http://www.cvce.eu/obj/the_current_state_of_economic_integration_in_western_europe_strasbourg_may_1955-en-3b85cc99-d8a2-49b1-ab8e-255c17ec4d56.html

Publication date: 02/12/2013

The current state of economic integration in Western Europe (Strasbourg, May 1955)

[...]

The European Conference of Ministers of Transport

The transport sector represents one of the earliest fields of European co-operation and one which offers prospects of outstanding results.

[...]

However, in view of the multiplicities of international organisations dealing with transport questions at both governmental and non-governmental level a growing need was felt for a co-ordinating organ on the ministerial level. After various institutional vicissitudes which are of historic interest only, a European Conference of Ministers of Transport was set up in October 1953. This organisation, which includes the OEEC countries (1) and Spain, is administratively attached to the O.E.E.C. while remaining functionally independent. Its structure is extremely simple : the Conference in principle meets once a year at the ministerial level and as often as required at the deputies' level.

The achievements of this Conference to date have been mainly to examine, at a ministerial level, projects which have been studied in detail or sponsored by existing transport organizations, particularly the Economic Commission for Europe's Inland Transport Committee, the International Union of Railroads, the International Road Federation, the International Road Transport Federation and the International Inland Navigation Union. The railways have borne the lion's share of this work, and there is no doubt that, with the powerful organisation they have built up, the railways are one of the most effective forces working for European economic integration. The International Wagon-Lits Company dates back to the end of the last century. Its example has been followed since the last war by certain railway systems, which have set up a joint enterprise known as "*la Société Interfrigo*" to provide refrigerated transport on a European scale. In May, 1951, the French National Railways and the German Federal Railways instituted a pool of 100,000 goods-wagons bearing the identity mark "Europ". Since the establishment of the Conference, this pool has been joined by other countries, increasing to 165,000 the number of wagons operated regardless of their country of origin. The Research and Testing Office of the International Union of Railways has evolved six standard types of goods-wagons which will henceforth be given priority by the national systems. Before long, ultra-rapid trains - "Europexpress" - will be introduced on routes between certain capitals. Moreover, a new company shortly will be formed on the lines of the American "Equipment Trust" in order to finance purchases of the new standardised equipment on a European basis (Eurofima). As against this record of accomplishment it must be noted that all attempts to standardise rail charges have so far proved abortive.

As far as road transport is concerned, it has not been possible until now to achieve large-scale results, such as had been envisaged in the international financing of a network of major European highways which the European Governments mapped out in the Geneva Committee. The development of road transport depends, to a large extent, on solutions to the problem of the proper relation between road and other forms of transport. This development is also made more difficult by the lack of agreement among European Governments on the basic principles to be followed as regards their international policy, i. e. liberalisation or control.

As regards inland waterways, the Governments recently decided in principle to abolish internal traffic restrictions, namely the right of a country to reserve traffic on its waterways to vessels flying its own flag, while the International Inland Navigation Union has been instructed to consider the harmonisation of national and international freight charges.

[...]

In most European countries transport is one of the most important sectors of the national economy. It is the depositary of enormous investments and employs a high proportion of wage-earning labour. In France, for

instance, it employs a 780,000 persons, or 1/12 of a total of 9,430,000 wage-earners. Nor do these figures include all administrative staff or persons employed in the production of transport equipment.

Thus, to some extent by its sheer magnitude, the transport sector has a considerable impact on the overall economy, for capital absorbed by transport is no longer available for investment in other sectors, and at a time when everyone recognises and deplores the housing crisis in Western Europe, keen observers consider that the transport sector as a whole is over-equipped in a number of countries.

Even more decisive than its intrinsic importance is the influence transport exerts upon the location and development of industry.

[...]

In Europe, the structure of transport charges has been designed to favour domestic as opposed to foreign customers.

[...]

Transport charges are of prime importance to an industrial firm remote from the coal-fields. Take, for instance, Tours or Munich, where the "delivery" price of coal - 7,770 francs and 81.50 DM per ton respectively - includes transport charges of 2,770 francs and 28.50 DM, or over 35 % in each case.

Moreover, in every country, international traffic is systematically penalised in relation to internal traffic owing to the system of "interrupted" charges. The system whereby charges are reduced in direct ratio to the distance covered only operates on a national basis and, at each frontier, charges begin again at the highest level. To cite a representative example : the cost of delivering one ton of coke from the coal-field to the iron foundry is 2,462 francs from Gelsenkirchen in Germany to Homécourt in Lorraine, a distance of 363 kms. as against only 1,813 francs from Gelsenkirchen to Rosenberghütte, a distance of 562 kms., since the latter is also in Germany.

The transport clauses of the E.C.S.C. Treaty are the most serious attempt made up to now to remedy this situation. They apply only to six countries but these countries form the continental nucleus of Western Europe. They apply only to coal and steel but these two products, including iron ore, represent 40 % of the tonnage of goods carried by the railroads of the countries of the community. The measures introduced under these provisions constitute a first experiment in dealing with one of the thorniest problems of economic integration.

It may be appropriate to quote in this connection the following comments made by the Ministers of Transport in their first annual report.

"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 endeavouring to do. However, the unification of transport rates as between European countries could only become a practical 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."

Mention should also be made of the well-known scheme for canalising the Moselle. By lowering the transportation costs of German coke to Lorraine, the costs for the Lorraine steel industry would be reduced ; in addition, transport costs of Lorraine exports to overseas markets would also be reduced. The political difficulties to which this scheme has given rise are sufficient indication of its economic-importance for the competitive position as between the Ruhr and the Lorraine steel industries.

Co-operation in the field of transport thus appears to hinge upon three different sets of problems :

The first problem is to co-operate within each mode of transport so as to make full use of the existing transport system in order to deal with increased international trade resulting from European integration. Much has already been accomplished in this field.

The second problem is, by adjustment of charges and investments, to co-ordinate the various modes of transport so that each may fulfill the function to which it is best adapted.

The third problem is to replace the present national systems, designed to foster the various national unities, by a European system designed to meet the needs of the future common market and to allow particular national industries full scope to develop their natural potentialities in the interests of the community. This process might be called "integration through transport".

These processes must be carefully differentiated. The first is primarily of a technical character and is already well advanced. As for the other two, which are economic and much more important, it must be recognised that they have hardly begun.

To quote once more the first annual report of the European Conference of Transport Ministers :

"Further progress inevitably raises highly complex problems going beyond the scope of transport. The solution of these problems often implies a closer integration of the monetary and economic policies of the Member countries of the Conference."

[...]

(1) Apart from Iceland and Ireland, for obvious geographical reasons.