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EUROPEAN PARLIAMENT

# Working Documents

1975-1976

2 February 1976

DOCUMENT 500/75

## Report

drawn up on behalf of the Committee on Regional Policy and Transport

on / problems of EEC transit traffic through Austria and Switzerland /

Rapporteur: Mr P. GIRAUD

EP 1975-76: 500



By letter of 6 May 1974, the Committee on Regional Policy and Transport requested authorization to submit a report on problems of EEC transit traffic through Austria and Switzerland.

By letter of 20 May 1974 the President of the European Parliament authorized the committee to draw up a report on the matter.

At the sitting of 20 June 1975 the President also authorized the Committee on External Economic Relations to deliver an opinion.

The Committee on Regional Policy and Transport appointed Mr Giraud rapporteur on 5 June 1974.

It considered the draft report at its meetings of 22 October 1974, 22 April 1975 and 21 January 1976. On 21 January 1976 it adopted the motion for a resolution and explanatory statement unanimously with two abstentions.

Present: Mr McDonald, chairman; Mr Giraud, rapporteur; Mr Albers, Mr Delmotte, Mr Ellis, Mr Evans, Mr Hamilton, Mr Herbert, Mrs Kellett-Bowman, Mr Osborn and Mr Prescott (deputizing for Mr Ariosto).

The opinion of the Committee on External Economic Relations is attached.

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The Committee on Regional Policy and Transport hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on problems of EEC transit traffic through Austria and Switzerland

The European Parliament,

- having regard to the report of the Committee on Regional Policy and Transport (Doc. 500/75),
- 1. Points out that the relative geographical situation of the Republic of Austria and the Swiss Confederation on the one hand, and the Community on the other, creates close links between these countries and the Community in the transport sector;
- 2. Welcomes the existence of traditionally good relations between these two countries and the Member States in the international transport sector;
- 3. Deplores the fact that, as a result of the still fragmentary nature of the Community's transport policy, contacts with these two countries have until now covered only limited questions, which has necessarily reduced the prospects of improvement;
- 4. Notes that the communication from the Commission to the Council on the development of the Common Transport Policy (Doc. 226/73) and the opinion of the European Parliament<sup>1</sup> delivered on the basis of the report drawn up by Mr Mursch on behalf of the Committee on Regional Policy and Transport (Doc. 215/74) will provide the Community with a common basis for discussion in negotiations with third countries on transport questions, as soon as the Council of Ministers has adopted a position;
- 5. Calls for new and better contacts to be established as soon as possible with a view to providing information to Austria and Switzerland, thus enabling these two countries to adjust in good time to impending transport policy changes in the Community territory, and in order to enable the Community to take the fullest possible account of the wishes of these countries regarding the future development of the common transport policy.

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<sup>1</sup>OJ No. C 127, 18.10.1974, p. 24

6. Calls for a general effort to eliminate the periodic congestion in transalpine rail traffic and to promote cooperation, especially in the tariff sector, between the railways of the Community, Austria and Switzerland;
7. Calls for a general effort to close the gaps in the motorway network and for more cooperation in matters of road transport tariffs, transit cards, and harmonization of the social and technical requirements for road transport; in this connection attention is drawn in particular to the need to improve frontier formalities applying to freight transport at the Austro-Italian border;
8. Proposes that a Conference on Rhine navigation be organized with a view to incorporating, at the appropriate time, the future common inland waterways policy within the framework of the Mannheim revised Rhine Navigation Act of 1868, especially with regard to the charging of infrastructure costs;
9. Proposes, moreover, that the Community should already at this stage join Austria in drafting the measures to be taken when the Rhine-Main-Danube Canal is opened in a few years' time;
10. Points out that before the Community makes its proposed changes to its policy of transport by pipeline, air and sea, and to its seaport policy, it must consult Austria and Switzerland in good time, since these changes may have major repercussions on their foreign trade and on regional planning throughout the Alps;
11. Urges the Council and Commission of the European Communities to take the necessary action without delay;
12. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities and, for information, to the ambassadors to the Community of the Republic of Austria and the Swiss Confederation.

EXPLANATORY STATEMENTIntroduction: geographical factors lending particular significance to transport between the Community and Austria and Switzerland

1. The Community is about to take important new decisions on transport policy. The Communication from the Commission to the Council on the Common Transport Policy (Doc. 226/73) was an attempt to define the general principles on which Member States' transport policy should be based during the next ten years and to establish a common transport policy. The European Parliament approved these general principles and it is to be hoped that the Council of Ministers will soon give the 'green light' to the formulation of the required Community legislation - subject to certain changes of varying importance.

2. These future changes are clearly of more immediate concern to those of our trading partners whose countries border on the Community.

Since the Community is largely surrounded by sea, only a few states have common land frontiers with the Community. Four of them, Spain, Yugoslavia, Czechoslovakia and the German Democratic Republic, are situated on the Community's external frontiers and, moreover, have a very different political régime from that of the Community countries.

3. Two countries, Austria and Switzerland, are of special geographical importance to Community transport policy. Wedged between Germany, France and Italy, their territory is partially surrounded by that of the Community.

While a great deal of intra-Community transport and traffic between the Community and Eastern Europe crosses Austria and Switzerland, conversely, much of the foreign trade of these two countries crosses Community territory.

4. Switzerland and Austria are a major 'barrier' to intra-Community trade, especially because of the further obstacle of the Alps.

5. Austria and Switzerland are also of great significance to the Community because they both border on the two major inland waterways in Europe if not the world: the Rhine and the Danube. These two inland waterway systems will soon - probably in the first half of the '80s - form a single network once the Rhine-Main-Danube Canal has been completed.

At present, Bavaria is the hinterland of the Danube and Switzerland of the Rhine. Once the Rhine-Main-Danube waterway has been opened, Bavaria and Austria will be the hinterland of the sea-ports linked to the Rhine system, and the whole north-west part of the Community will be the hinterland of the Danube for traffic with the Black Sea.

6. These few notes on the geography of transport show, without going into detail, that if it is to formulate and implement a common transport policy, the Community must take into account the fact that much of the foreign trade of Austria and Switzerland depends on transit traffic through the Community and that much of the Community's transit traffic depends on good relations with these two countries. Mention must also be made of the major importance which the common transport policy will have for the regional policy of the entire Alpine area.

I. The satisfactory cooperation existing between the Community and Austria and Switzerland in various transport policy sectors and the problems arising in specific sectors

(a) Multilateral cooperation

7. The Community Member States cooperate with Austria and Switzerland within many international organizations dealing with transport.

8. Although it is still not a member of the United Nations, Switzerland, like Austria, takes part in the work of the Committee on Internal Transport of the UN Economic Commission for Europe based in Geneva.

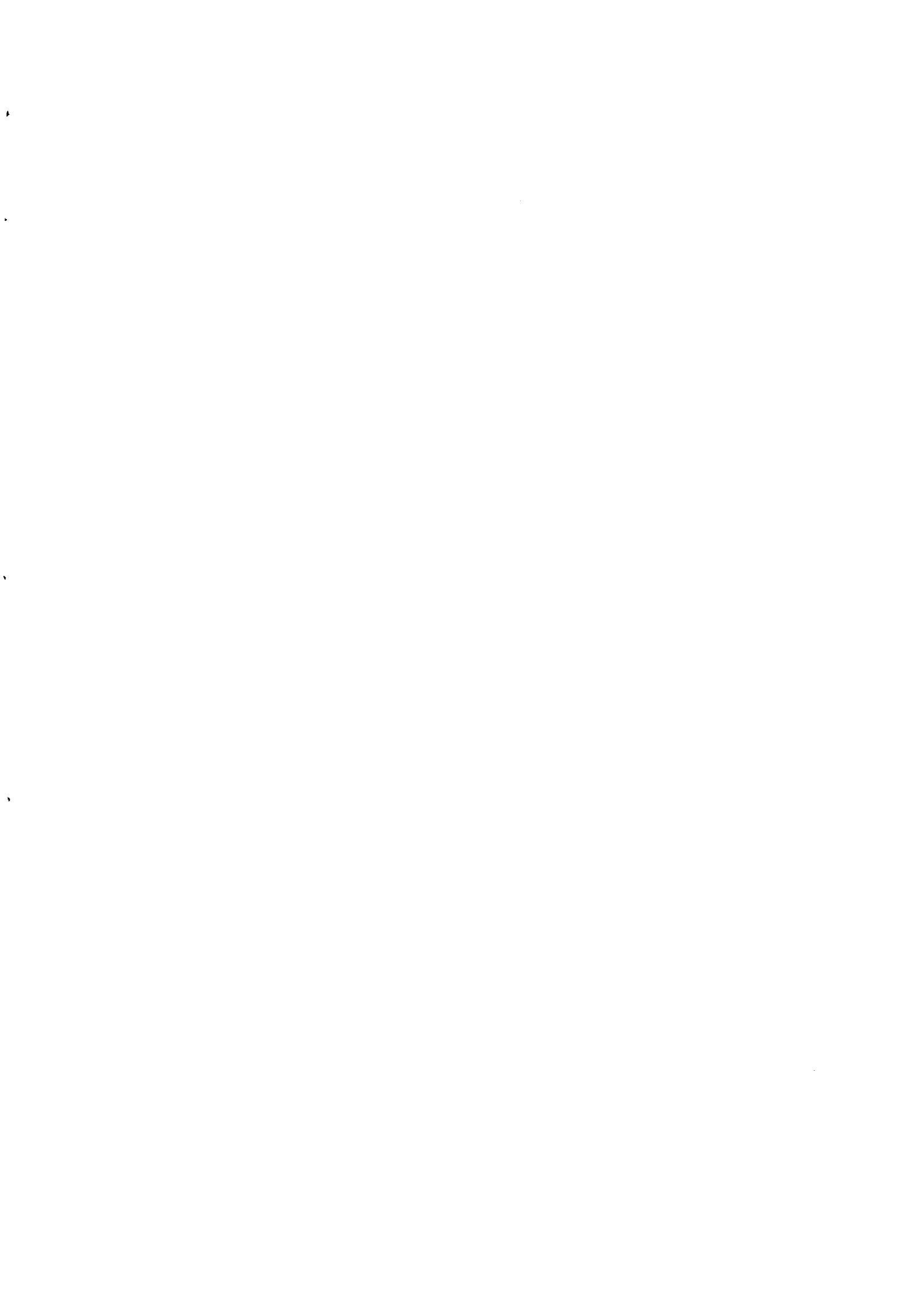
The two countries also belong to other international agencies linked to the United Nations and responsible for transport, such as the ICAO. The ILO, based in Geneva, has an important role to play in settling certain social questions arising in the transport sector.

9. Austria and Switzerland both take part in the OECD's work on transport matters, especially on sea transport.

10. Moreover they are both members of the organizations responsible for transport matters set up under the Council of Europe: the European Conference of Ministers of Transport (ECMT) and the European Civil Aviation Conference (ECAC), both based, like the OECD, in Paris (Neuilly-sur-Seine).

11. Switzerland has special links with some Community Member States because it belongs to the Central Commission for Navigation of the Rhine which is responsible for implementing the revised Mannheim Act of 1868 and for ensuring, from its seat in Strasbourg, free shipping on the Rhine.





16. The Central Commission is nevertheless faced with considerable problems. In brief, it may be said that the Central Commission must apply to modern transport an international treaty whose basic principles date back to 1868 or even 1813. Despite numerous economic conferences, the Central Commission has still not settled the question of capacity, with the result that Rhine boatmen are faced at regular intervals with the problem of over-capacity, which even now often reaches intolerable proportions. The Mannheim Act must be adapted to the requirements of a modern transport policy. As soon as the Community has established the general principles of a modern transport policy and defined its common negotiating position, it must open negotiations on that Act. The problem of capacity must be resolved without delay, together with that of the infrastructural costs of Rhine navigation, on which other aspects of inland waterways policy are largely dependent just as that policy largely determines the railways policy. The package of transport policy principles, fragile as a house of cards, is liable to collapse unless a rational solution is found to the problem of Rhine navigation, which will presumably mean a second revision of the Mannheim Act.

17. Quite apart from the special case of the Mannheim Act, 'bilateral' negotiations on various sectors are now under way between Austria and Switzerland on the one side, and the Commission of the European Communities on the other. The difficulties involved, at Community level, in giving the Commission a negotiating mandate are in many ways more serious than any differences of view between the Community and Austria and Switzerland. In any case, the current general impression is that relations with these two countries at transport policy level could be improved if the internal Community machinery functioned better.

18. Bilateral relations between the Community and these two states are organized by the committees on transport set up under Article 6 of the agreements on the establishment of direct international rail tariffs for transit traffic through Austria and Switzerland. These bodies have operated since 1956 (Switzerland) and 1957 (Austria) in a satisfactory manner and have also proved useful for problems not immediately related to direct tariffs.

19. The recognized lack of any general common transport policy principles is obviously the major obstacle to opening negotiations with third countries. Negotiations to date, which clearly could only cover limited questions, have therefore offered little room for manoeuvre, let alone any prospects of overall arrangements. The Community especially is in a difficult position in these negotiations because it has not formulated the general principles of a common transport policy. Bilateral relations, in the traditional sense, between the various Member States and Austria and Switzerland consist of little more than good neighbourliness, and only a few specific sectors give rise to problems and differences of view. These problems will be examined in Chapter III, with reference to each mode of transport, together with the question of Community relations.

II. The importance of cooperation in transport policy with Austria and Switzerland for the future development of the Community's common transport policy and for the transport policy of these two countries

20. The above comments show that the Community's common transport policy and the transport policy of Austria and Switzerland are interdependent because of various geographical factors and obligations under international law (Mannheim Act), all of which demand close cooperation.

(a) The importance of the transport policies of Austria and Switzerland for the Community's common policy

21. The basic principle of Community policy is non-discrimination. Nevertheless, in many cases, a certain amount of discrimination between different lines of communication is inevitable unless Austria and Switzerland adopt measures to ensure neutral competition.

22. One example is the fixing of direct international rail tariffs which compensate for the difference in price between international transport and internal transport resulting from the fact that the degressivity of tariffs is based on the application of the table of distances from the frontier. If these tariffs are applied to transport between France and Italy but not between Germany and Italy because the degressivity only applies from the Austrian or Swiss frontier, there will naturally be a regrettable discrimination between the two kinds of traffic.

23. Another example is quotas for road transport. Assuming a system of free access to the international transport market between France and Italy, and a quota system for transit traffic between Switzerland and Austria, there would again be discrimination between the two kinds of traffic.

24. Many other principles of the future common transport policy could not become fully effective unless they also applied to the Rhine. The Rhine is by far the most important inland waterway in Western Europe both because of the quantity of traffic carried and because it forms the geographical backbone of the whole network of Western European inland waterways.

25. It would be pointless to make proposals on inland waterways policy without reference to the Rhine. All proposals on common inland waterways policy must comply with the Mannheim Act and be approved or at least not opposed by Switzerland.

26. Once the Rhine-Main-Danube Canal has been opened, the same will apply to Austria and the Danube. Under current international law, all kinds of provisions might be applied to traffic here, since the upper course of the navigable Danube, or at least the canals linking Nuremberg and Bamberg, fall exclusively under German jurisdiction. But that would be little better than proposing to close the Danube to shipping beyond Passau (an absurd idea,

for why, otherwise, was the canal built at great cost?). A modern inland waterways policy aimed at bringing all connecting inland waterways under as uniform a legal system as possible, at facilitating transport to the benefit of all the countries, while also contributing to détente and benefiting trade, is inconceivable unless attempts are also made to define a Community policy acceptable to Austria and the other countries bordering on the lower Danube. Above all it must be acceptable to Austria, and enable that country to harmonize its Danube policy with the Community inland waterways policy in respect of the Rotterdam-Passau link. (It must not be forgotten, in this context, that Switzerland too will be linked to the Danube).

27. These few examples should suffice to show that the Community must from the outset harmonize its common transport policy with Austria and Switzerland.

28. As for detailed procedure, the Community must of course begin by formulating a common basis for negotiation and define the general principles which will govern its projects, while also setting dates. These general principles will form the optimum basis for negotiations with Austria and Switzerland.

(b) The importance of the Community's common transport policy for Austria and Switzerland's transport policies

29. As we have seen, the interdependence between the Community and Austria and Switzerland acts both ways. The Community may require Austrian and Swiss help to achieve some of its objectives, but traffic between these two countries and certain third countries also depends on a number of decisions by the Community and its Member States. A common transport policy cannot, therefore, be formulated without regard for Swiss and Austrian interests.

30. The proposed negotiations should deal not only with the Community's desideration vis à vis Austria and Switzerland, but also with the latter's wishes, in the transport policy sector, vis à vis the neighbouring Community states and the Community itself.

31. Such wishes relate to the infrastructure sector as to all other transport policy sectors.

32. The ideal, of course, would be for Austria and Switzerland to accept the common transport policy as a whole and for the Nine, Austria and Switzerland, to formulate a modern common transport policy, which might also be acceptable to other neighbouring states of the Community. Independently of these bilateral negotiations, studies by the ECMT and the UN Economic Commission for Europe could provide prospects for progress in transport cooperation. However, as has already been pointed out, their geographic position lends Austria and Switzerland special significance for the Community, and to a certain extent they are the keys to progress in multilateral cooperation.

### III. Survey of the state of cooperation and existing problems

33. Existing problems are examined by reference to the individual modes of transport, due regard being given to the interrelationships between them and the influence on them of the transport policy.

#### 1. Railways

##### (a) Problem of periodic congestion in transit traffic to Italy

34. The Alps are responsible for the heavy traffic on some railway routes through Austria and Switzerland linking France and Germany in the north with Italy in the south. The traffic on these routes is constantly near saturation point, resulting in the immobilization of goods wagons throughout Switzerland as far as the area north of Basle. The Community has considered this problem on several occasions and the Commission, like the High Authority of the ECSC before it, has studied it in depth. In 1963 and 1964 traffic restrictions constantly had to be imposed to prevent congestion.

Measures to introduce transport quotas were applied from 1963 until 1 January 1965. The Community institutions, together with the Austrian, Swiss and Italian authorities, examined certain customs formalities responsible for slowing down customs clearance operations. They also considered the transport situation in frontier stations and proposed improvements in access lines and customs formalities. Some progress has been made, but the situation remains unsatisfactory. At present the periodic difficulties seem to be due mainly to organizational problems in the Italian State Railways. The question will in any case be re-examined in the framework of cooperation between Community railway companies.

##### (b) Infrastructure: improvement of the railway network and plans for new railway tunnels

35. The situation could be radically changed by improving the infrastructure of transalpine railway lines and constructing new tunnels through the Alps.

In the report drawn up by Mr Noè (Doc. 85/73), the Committee on Regional Policy and Transport submitted detailed proposals on the matter which need not, therefore, be dealt with in this report. New connections, created for example by building a new Splügen tunnel and repairing the Breil-Cuneo line which passes through the Tenda tunnel, would increase the transit traffic capacity. Parliament requested that an overall plan should be drawn up together with Austria and Switzerland for these major Alpine projects. In 1970 and 1972, at the request of the Italian Government internal consultations on the subject were held in the Community under the Community consultation procedure. Following the resolution adopted by Parliament on the basis of the Noè report (Doc. 85/73), unofficial information meetings were organized with Austria and

Switzerland, giving the Commission an opportunity to assess the problems of infrastructure improvement.

36. Switzerland and Austria use the same electric system for their electric tracks as the Federal German Railways. Naturally, these two countries must have a part in formulating all the rail traffic modernization schemes, and especially in the development of new transport methods (hovertrains, magnetic levitation trains, etc.).

(c) Tariff cooperation

37. In 1955/56, the European Coal and Steel Community introduced international through tariffs for the carriage of coal and steel between Member States. Clearly these tariffs would not have achieved their object of eliminating as far as possible any differences between international transport and internal transport in the various countries if the provisions had not also covered intra-Community traffic in transit through Austria and Switzerland. The signature of two agreements<sup>1</sup> made it possible to apply the through tariffs to traffic crossing Switzerland and Austria.

The ECSC/Switzerland and ECSC/Austria transport committees, which were set up under Article 6 of these agreements, have been handling all problems of joint interest connected with rail transport since 1956 and 1957 respectively.

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<sup>1</sup> Agreement of 28 July 1956 between the Federal Council of the Swiss Confederation on the one hand, and the Governments of Member States of the European Coal and Steel Community and the High Authority of the ECSC, on the other, establishing through international railway tariffs for the carriage of coal and steel through the territory of Switzerland (Official Journal of the ECSC No. 17, 29 May 1957, p. 223).

Agreement of 26 July 1957 between the Federal Austrian Government, on the one part, and the Governments of Member States of the European Coal and Steel Community and the High Authority of the ECSC, on the other, establishing through international railway tariffs for the carriage of coal and steel through the territory of the Republic of Austria (Official Journal of the ECSC, 20 February 1958, p. 78). Supplementary agreement of 29 November 1960 (OJ No. 68, 19 October 1961, p. 1237 and OJ No. 72, 11 November 1961, p. 1281).

New texts of Annex 1 of the 26.7.1957 agreement on 1.1.1967 (OJ No. 229, 10 December 1966, p. 3867), 1.12.1971 (OJ No. C 118, 24 November 1971, p. 6), 1.3.1972 (OJ No. C 22, 6 March 1972, p. 1), 28.4.1973 (OJ No. C 25, 28 April 1973, p. 1), and 1.1.1974 (OJ No. C 6, 22 January 1974, p. 1).

A second supplementary agreement was signed on (OJ No. ).

38. Since 1962/63 the particular problem has arisen of the disclosure of rates and terms of transit traffic through these two countries. In its annual general reports for 1967, 1968 and 1971, the Commission recognized that no satisfactory solution had as yet been found to this problem. The question was resolved by applying German-Italian tariff No. 1431 on 15 July 1972. This tariff, which replaces the earlier special arrangements, lays down a 23 % margin for the transport of certain iron and steel products between Germany and Italy in transit through Switzerland and Austria. The Commission considers that this tariff will ensure adequate disclosure for the transport of iron and steel products.

In 1964 tariff reductions for fully loaded trains of at least 800 tonnes in transit through Switzerland and Austria were provided for under ECSC Tariff No. 1001.

Since the enlargement of the Community, the agreement of 21 March 1955 is applicable to all Member States. Special transitional measures, applicable until 31 January 1975,<sup>1</sup> have been taken in respect of the application of through tariffs to traffic with Denmark.

By virtue of supplementary protocols signed on 10 October 1974, the ECSC/Switzerland and ECSC/Austria agreements now also cover the three new Member States.<sup>2</sup>

The Commission has announced that it is currently negotiating with Austria and Switzerland on the extension of through tariffs to cover products other than ECSC products.

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<sup>1</sup>Third Supplementary Agreement to the Agreement of 21 March 1955 on the establishment of through international railway tariffs 73/406/ECSC (OJ No. L 347, 17 December 1973)

<sup>2</sup>Supplementary Protocols to the Agreements of 28 July 1956 and 26 July 1957 between the Federal Council of the Swiss Confederation and the Federal Austrian Government on the one hand, and the ECSC and ECSC High Authority on the other (soon to be published in the Official Journal of the EC)

(d) Interrelationship between railways policy and competition between railways, roads and inland waterways

39. The Community agreements with Austria and Switzerland on railways policy clearly affect competition between the railways and other modes of transport, such as roads and inland waterways. Improvements in the railways infrastructure and the elimination of congestion make rail transport more competitive and also make it possible to apply a more flexible quota system to transit traffic in commercial vehicles, for the introduction of quota systems is based mainly on the desire to protect the railways against competition by roads. Through international tariffs make rail transport much simpler on international lines and at the same time makes railways more competitive than other modes of transport.

2. Roads

(a) Infrastructure: links between the motorway networks and plans for new tunnels through the Alps

40. Modern long-distance road transport requires motorways. It is therefore of major importance to plan motorway transit routes through Austria and Switzerland.

41. A look at the road map shows that Austria has two major motorway links of considerable importance to the Community: the Salzburg-Vienna motorway linking the Community with south-eastern Europe, and the Kufstein-Innsbruck-Brenner motorway, indispensable to the Community's north-south axis (Denmark-Italy).<sup>1</sup>

42. It is also of great importance to the Community for Austria to complete the motorway sections planned on the Regensburg-Linz-Graz, Salzburg-Villach-Udine, and Ulm-Reutte-Innsbruck routes at the same time as the German and Italian sections.

43. Switzerland is rapidly extending its motorway network. Soon it will have two major arterial motorways: a north-south route, the Mulhouse-Basle-Col du St Gotthard-Milan motorway, and the west-east Geneva-Berne-Zurich-Lindau route.<sup>2</sup>

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<sup>1</sup>The last regrettable gap in this axis is the absence of a Munich bypass. Austria has spent heavily on the short Kufstein-Brenner section and it is hard to understand why Germany does not make a serious attempt to eliminate the Munich bottleneck.

<sup>2</sup>The Arlberg road tunnel now under construction will link this route with Innsbruck.



Community transit traffic urgently needs the motorway north and south of Basle. Once this double artery is complete, some major gaps will still remain, mainly in western Switzerland where, incidentally, French motorway construction plans have not yet progressed very far. Geneva is to be linked to France by motorway and a Dijon-Berne link is also to be constructed. The Federal German Republic is planning an Ulm-Lindau motorway on the east-west axis of Switzerland and another at Stuttgart at the extreme west of Lake Constance.

44. The Italian motorway network forms an admirable complex, but the Swiss and French links have not yet reached the Alpine passes and tunnels.

45. The Noè report details the possibilities of improving road links by constructing new tunnels under the Alps. It lists the following projects: Fréjus tunnel, St Gotthard road tunnel, Splügen tunnel (rail tunnel with motor vehicle transport service), Stilfserjoch tunnel, Plöcken tunnel and Katschberg tunnel (under construction).

46. Following the Noè report, Parliament requested that talks be started with Austria and Switzerland on the whole complex of routes across the Alps in order to draw up a joint plan for the enormous investment required. Meanwhile a number of information meetings have been held.

47. It is most important to road transport infrastructure plans that an agreement be signed with Austria and Switzerland on a system of charging for infrastructure costs. The harmonization of specific transport taxes (motor vehicle taxes, excise duties on mineral oils), also needs studying.

(b) Capacity: importance of transit concessions

48. As shown above, the common transport policy can be applied effectively to international road traffic between Community countries only if some agreement is reached with Austria and

Switzerland on quotas for transit transport. The Community has introduced, on a trial basis, a Community quota on top of the bilateral quotas. At this stage it is impossible to say what difficulties might arise because transit traffic through Austria and Switzerland is subject to different provisions than intra-Community transport. At the end of 1975 the Commission will submit final proposals on the Community capacity system in road transport. Presumably this system will be very liberal, in the light of the communication from the Commission to the Council of October 1973.

49. Clearly, Austria and Switzerland will pursue a different policy on transit concessions if they do not adopt a policy similar to that of the Community in respect of charging for the use of transport infrastructures.

(c) Cooperation on tariff policy: importance of tariffs for road transport in transit through Austria and Switzerland

50. All Community measures in respect of tariffs applicable to the carriage of goods by road would obviously be quite inadequate if they did not also apply to transit traffic through Austria and Switzerland.

(d) Abolition of 'green card' checks

51. An example of effective cooperation and of the simplification which this cooperation can achieve in the transport sector is the abolition of 'green card' checks for private vehicles crossing frontiers.

52. Once Italy, like all the other countries, had made third-party insurance compulsory, it was possible to introduce a system coordinating the provisions applicable in all Member States in respect of compulsory insurance and to abolish 'green card' checks at frontiers.

53. Austria and Switzerland soon followed the Community's example and adopted this helpful system, which facilitates tourism in particular and the movement of persons in general.

(e) Social problems of road transport and the AETR

54. The outlook is less promising for the application of Community social provisions in respect of road transport, which were harmonized by Regulation No. 543.

55. So far it has not proved possible to achieve full harmonization between AETR and Community provisions. This has resulted in problems for transit traffic through Switzerland and Austria. Attempts at harmonization in limited areas have not always been successful. For instance the Commission rejected a request by the Federal German Government that the individual control book used by commercial vehicle drivers in Switzerland should be recognized in the Community<sup>1</sup>.

3. Inland waterways

(a) The Mannheim revised Rhine Navigation Act of 1868 and the common transport policy

56. The Mannheim revised Rhine Navigation Act of 1868, which dates back to the Congress of Vienna, may surely be regarded as a first step towards the construction of Europe. It made the Rhine an international inland waterway and abolished all customs duties, staging charges and other obstacles to free movement in the riparian states.

Some provisions of the Mannheim Act even show supranational features. The Central Commission for the Navigation of the Rhine is an international institution which, from the legal point of view, resembles a standing diplomatic conference with supranational powers in limited areas.

57. Unfortunately, this first step towards Europe may prove an obstacle to the common transport policy, since the states that belong to the Central Commission for the Navigation of the Rhine are not all Member States of the Community. While Luxembourg, Italy, Denmark and Ireland are not members of the Central Commission, Switzerland is a party to the Mannheim Act. (The United States which joined the Central Commission under the Treaty of Versailles, left it some years ago).

58. If the Mannheim Act related to only one inland waterway, a separate system could be maintained alongside the common transport policy. But, apart from the great North American lakes, the Rhine carries the world's heaviest traffic and forms the backbone of the European inland waterways

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<sup>1</sup>Seventh General Report of the Commission of the European Communities, p. 352, para. 412

system. linked as it is in the east to the West German canals and in the north and west respectively to the Dutch and Belgian inland waterways and to the Moselle and the French inland waterways network.

59. Whatever form the European common inland waterways policy might take, it would be absurd to imagine that one or other of the common provisions should not be applicable to the Rhine. Both Mr Mursch's report and the October 1973 communication from the Commission to the Council rightly state that the European transport system must be viewed as a whole.

60. European transport policy must, therefore, comply with the Mannheim Act, or the Mannheim Act must be revised and harmonized with the proposed European transport policy.

61. The Kapteyn report submitted to the European Parliament in 1960 proposed extending the field of application of the Mannheim Act to all inland waterways linked to the Rhine, subject of course to a revision of the Act to bring it in line with a modern transport policy.

62. A modern transport policy must clearly embody provisions governing price and capacity policies and equal conditions of competition: charging for infrastructure costs, tax and social harmonization, harmonization of technical requirements.

63. Two special chapters here will deal with general price and capacity policy problems. A few comments will be made at this point on infrastructure policy.

64. When the Rhine Navigation Act was drafted at the Congress of Vienna and revised in 1868 to ensure exemption from all charges the Rhine could be regarded as common property, free of charge. The obligation for the riparian states to ensure that it was navigable did not involve any major expenditure. Things have changed somewhat since then. The construction of lateral canals and major improvement projects, including the recent widening of the navigable pass at the 'Binger Loch' quartz mountain, have involved the riparian states in heavy expenditure. Extension of the system of canals and canalized rivers near the Rhine requires even greater investment. Although the Mannheim Act does not apply to the Moselle, the Neckar or the canals of West Germany, these works help to ensure the profitability of Rhine navigation by increasing transport capacity.

65. Inland waterways today, even more than in 1868, may be considered as an integral part of any transport system and thus as a competitor to other modes of transport. A healthy economic inland waterways policy must take account of the competition between railways, roads and inland waterways and play its part in what is generally called the 'coordination of transport'. Like the railways and roads therefore, Rhine navigation must cover its infrastructure costs.

66. A common European transport policy is impossible without a reasonably equitable solution to this problem.

67. It is clear that Switzerland must do its part in finding the solution. Instead of discussing specific problems of the laying up of ships, the Community should therefore negotiate with Switzerland on the implementation of a new inland waterways policy in Europe and seek a new balance of interests between greater freedom and greater justice.

68. Progress in this sector is particularly urgent because the European network of inland waterways will soon be substantially extended to reach the Danube basin and Odessa.

(b) The revolution in European inland waterways policy which will be brought about by the opening of the Rhine-Main-Danube Canal between 1980 and 1985

69. The opening of the Rhine-Main-Danube Canal between 1980 and 1985 will mark an important stage in Federal Germany's Eastern policy. The opening of the last locks between Regensburg and Nuremberg will provide an uninterrupted network of inland waterways from the North Sea to the Black Sea. Traffic between Rotterdam and Odessa will not necessarily be especially heavy. What matters is that the large industrial agglomerations of north-western Europe which border on the Rhine or have access to it will then have a second access route to the sea. The existing level of traffic on the Danube hardly gives an indication of the future importance of the new route. Present traffic, with the transshipments involved, consists only of the transport of goods which can, without loss of profit, be reloaded twice, first from boat to train, then from train to boat on the Danube (or vice versa). Direct transport by inland waterways will mean a loss to the railways of many goods exclusively consigned to them until now. In the long term it is likely that a completely new traffic potential will be created, the profitability of which will be due exclusively to the existence of the new route.

70. Alongside this quite new situation at the technical level, transport policy as such will also be entirely different. Until now, the Community was linked to the state-trading countries only by the short German section of the Danube, leaving aside the special situation at the GDR frontier and traffic with the USSR on the Elbe. After 1980, the West European inland waterways network will be linked through Austria and Czechoslovakia to Hungary, Yugoslavia, Romania, Bulgaria and the Soviet Union.

71. Obviously those countries are keenly interested in such links. The USSR clearly demonstrated its interest by taking an active part in Geneva in the work of the bodies of the UN Commission for Europe responsible for inland waterways.

72. Unlike the present situation in the Rhine basin, the countries concerned here will have entirely different industrial structures, and half of the vessels plying the waterway will be state owned. This will create major new problems in transport policy. When the Austrian Danube shipping company COMOS went bankrupt some weeks ago, most observers stressed the fact that this was because Austrian inland waterways, mainly in private hands, could not compete with the state-owned East European shipping companies which pay lower wages, obtain transport markets from the state import-export bodies without regard for cost, and are guaranteed a privileged position thanks to favourable exchange rates or other monetary advantages.

73. The West European inland waterways network will have to face this situation as from 1980. If freedom of navigation on the Rhine were extended purely and simply to ships flying the flag of state-trading countries, the latter could very easily put the west European countries in a defensive position. Western Europe must, therefore, adopt a joint position for negotiations with the state-trading countries before the Rhine-Main-Danube Canal is opened.

74. This report is not concerned with painting a dark picture of the future or presenting the appearance of state-trading flags on the Rhine as a catastrophe. On the contrary, we did not construct the canal in order then to take fright at our own temerity and place every conceivable obstacle in the way of its possible users. It is therefore pointless to stress, in an effort to allay such fears, that, whatever the legal situation on the Rhine or Danube, the sections of the canal between Regensburg and Bamberg unquestionably come under the jurisdiction of the Federal German Republic which is bound by Community commitments.

75. We should rather take a step forward and ensure that all the riparian countries of the Rhine and Danube benefit as much as possible from the new factors in the geography of transport. Such a bold step cannot, however, be taken without prejudice to West European inland waterways unless the Member States take a united stand and ensure that Austria and Switzerland support their European policy on the matter.

76. We must try to negotiate a new European inland waterways system, incorporating or even replacing the Mannheim Act and the Danube treaties, so that difficulties due to the differences between the free economic system and the state-trading system can be overcome and, in particular, a contribution may be made to détente and peaceful relations between East and West Europe.

(c) Inland waterways price policy

77. Compared with the efforts which will be required once the North Sea-Black Sea link has been completed, the Community's efforts in price policy to date appear rather timid.

78. It has proved impossible to resolve the problem of 'disparities' in freight rates on the Rhine within the framework of the ECSC Treaty.

79. The problem has arisen because, under the Mannheim Act, international freight rates on the Rhine are not subject to any national regulations, while freight rates applicable to national sections, for instance within the frontiers of the Federal Republic or France, come under national arrangements aimed at stabilization. Depending on the level of the Rhine waters, the progress of whatever work is under way, or the seasonal or conjunctural level of demand, international freight rates, more closely linked to fluctuations than comparable national rates, are sometimes higher and sometimes lower than the latter. In August 1957, for example, the carriage of one tonne of coal from Rotterdam to Mannheim cost only half that of one tonne of coal from Duisburg-Ruhrort to Mannheim, although the distance covered in the second case is only about half.<sup>1</sup>

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<sup>1</sup>European Coal and Steel Community, High Authority:  
'ECSC 1952-1962. Results, limits prospects', Luxembourg, 1963, p. 400

Obviously, this situation is contrary to all the rules one could reasonably expect to apply to the organization of the inland waterways market. Moreover, it is clearly contrary to the provisions of the ECSC Treaty, which requires the application of such rates and conditions for the carriage of coal and steel as will afford comparable price conditions to comparably placed consumers, and which prohibits any discrimination in traffic which is based on the country of origin or destination of products (Art. 70, ECSC Treaty).

80. However, as a result of the Mannheim Act and the fact that it was unable to persuade Switzerland to contribute towards an effective solution of the problem, the ECSC High Authority failed in all its efforts to introduce reasonable tariffs for Rhine navigation.

81. The 'Petersberg' agreement<sup>1</sup> theoretically entered into force on 1 May 1958, but it has remained a dead letter. It stipulated that freight rates for inland waterway navigation should be coordinated with a view to adapting them to international freight rates on the Rhine. This has not been done, for three reasons:

- The agreement was concluded at a time when freight rates for international navigation were high. The parties concerned had made the mistake of drawing up what were intended to be lasting provisions on the basis of the short-term economic situation. The agreement had just come into force when international transport costs fell sharply as a result of high waters in the Rhine and an economic recession. No provision had been made for downward adjustments. Trade interests therefore opposed any adjustment.
- The procedure whereby Member States approve rates is too cumbersome. International freight rates on the Rhine change so quickly that, even if they are governed by agreements and conventions, the Member States' internal approval procedure is too slow to keep up with actual price movements (this remains true in the Federal Republic - 1961 'minor transport reform').
- Article 4 of the Petersberg agreement provided for consultations with Switzerland which meant that national procedures, already lengthy, would become even more cumbersome through the addition of preliminary diplomatic negotiations.

82. The High Authority made a further attempt to solve the problem by adopting recommendation No. 1/61 of 1 March 1961 to the governments of the Member States, concerning the publication or communication of the scales, rates and tariff rules applied to the carriage of coal and steel<sup>2</sup>. It was felt that by publishing freight rates or communicating them to the High Authority, the basis of a prices policy could be laid down. Recommendation No. 1/61 has also, however, not had any effect on Rhine transport.

<sup>1</sup>Agreement on freight rates and conditions of transport for coal and steel on the Rhine (OJ of the ECSC, No. 4, 1 February 1958, p. 49).

<sup>2</sup>OJ of the European Communities, No. 18, 9 March 1961, p. 469



83. The annual General Reports make brief reference to dramatic developments in Rhine navigation policy and the Petersberg agreement. Thus, in 1964<sup>1</sup>, the Central Commission for Navigation of the Rhine, when consulted, expressed the opinion 'that the enforcement of the main provisions of the agreement would be liable seriously to disrupt the various transport markets, and moreover, that the proposed harmonization of rates for ECSC products would be practicable only as part of a comprehensive system for all Rhine transport'. The Commission of the European Economic Community had by then been in existence for more than five years. In its seventh General Report, however, it states that, as regards the first measures of the common transport policy of the European Economic Community<sup>2</sup>: 'Insofar as they concern inland waterway shipping, all measures ... apply in principle to Rhine shipping. But, as the example of Regulation No. 11 has shown, there are difficulties in applying to the Rhine the measures taken in pursuance of the Rome Treaty'. Regulation No. 11<sup>3</sup> was intended to implement Article 79 of the Treaty establishing the EEC and abolish discrimination in transport rates. As far as domestic navigation is concerned, this regulation has remained a dead letter: the Rhine navigation companies refuse to notify transport costs to the governments, and some of the governments, referring to the Mannheim Act, refuse to apply the provisions of Regulation No. 11. In short, it was illusory to suppose that Regulation No. 11 was compatible with the Mannheim Act. The first measure taken by the Community was thwarted by the Mannheim Act, but no lesson was learned.

84. In 1964, the Commission submitted a memorandum in which it appeared to be relatively optimistic about the compatibility of the common transport policy and the Mannheim Act. It proposed that exploratory talks should be opened with the non-member countries concerned, particularly Switzerland, since, in September 1964, the Economic Conference on Rhine Shipping has submitted a plan for the establishment of an International Union for the Navigation of the Rhine (UNIR)<sup>4</sup>. This plan, intended to tackle the capacity problems of Rhine shipping, was immediately disregarded, and the general report of the ECSC for 1966 deplors the fact that 'the problem presented by the failure to implement the Petersberg Agreement, concluded ... on July 9, 1957, ... has proved completely unamenable to negotiation in its existing circumstances'<sup>5</sup>. The High Authority also states in its General report<sup>6</sup> that, at its autumn plenary session (in Strasbourg on

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<sup>1</sup> 12th General Report of the ECSC, 1964, p. 215, paragraph 277

<sup>2</sup> 7th General Report of the Commission of the EEC, pp. 207-8, paragraph 221

<sup>3</sup> Regulation No. 11 concerning the abolition of discrimination in transport rates and conditions, in implementation of Article 79(3) of the Treaty establishing the European Economic Community (OJ of the EC, No. 52, 16 August 1960, p. 112)

<sup>4</sup> 8th General Report of the EEC, p. 229, paragraph 225

<sup>5</sup> 14th General Report of the ECSC, p. 193, paragraph 242

<sup>6</sup> 14th General Report of the ECSC, p. 193, paragraph 243.

13 and 14 October 1965), the CCNR 'adopted a resolution expressing the wish that the Swiss Government and itself should be represented at the negotiations when the time came' (that is, the negotiations on Rhine river shipping rates).

85. In its first General Report for 1967<sup>1</sup>, the Commission states that 'in 1967, the multilateral negotiations, which the High Authority had been conducting since June 1966 with the governments of the Member States, led to an arrangement for the post facto publication of rates for international inland water transport of coal and steel between Community ports. Details of the contacts which certain governments consider desirable or even necessary with Switzerland and the Central Commission for Navigation of the Rhine are now being studied'.

86. In 1968, the Community published a regulation on the application of rules of competition to transport by rail, road and inland waterway<sup>2</sup>, once again without reaching the necessary advance agreement with the CCNR, although the regulation was bound to have significant repercussions on Rhine shipping, which, as far as international transport is concerned, is governed by private law agreements and conventions. The third General Report thus points out once again<sup>3</sup> that 'discussions with non-member countries signatories to the Revised Convention for Navigation on the Rhine, stipulated in Article 31 of Regulation (EEC) No. 1017/68, began on 22 May 1969 in the Central Commission for the Navigation of the Rhine. The aim was to determine whether problems of compatibility arose between the EEC regulation and the Convention'. Could this not have been ascertained beforehand?

87. No further mention is made of internal transport rates in the Community's General Reports. Complete deadlock has been reached. It may be assumed that the real cause of the failure of the Community policy is the fact that no reference was made to Article 234 of the Treaty establishing the EEC and that the basic incompatibility between the Mannheim Act and the European treaties was not eliminated.

(d) Capacity policy for inland waterways transport

88. The problems of the capacity policy for inland waterways transport are characterized by the fact that the Rhine in particular has a chronic surplus of shipping tonnage which, at times of normal water level and unfavourable economic conditions, becomes intolerable. Most observers agree that some sort of balance should first be found by consigning some of the ships to the breaker's yard, and that short-term economic fluctuations and differences in water level could then be compensated by providing financial assistance for the voluntary laying-up of ships that represent unused tonnage.

<sup>1</sup>1st General Report of the Commission of the European Communities, 1967, p. 228, paragraph 249.

<sup>2</sup>Regulation (EEC) No. 1017/68 of the Council (OJ of the EC, No. L175, 23 July 1968 p. 1.

<sup>3</sup>3rd General Report, 1969, p. 268, paragraph 284.

89. At present, no one dares to hope for a genuine capacity policy that would, by means of quotas, permanently regulate the tonnage of inland waterway transport, although the Commission has submitted some proposals to that effect<sup>1</sup>.

90. In parallel with the Commission's proposals, the Rhine navigation authorities drew up the UNIR plan, which proposed the creation of an autonomous administrative organization for international Rhine navigation to settle the problem of capacity. The UNIR plan was based on the conclusions of the economic conference on Rhine navigation convened by the Central Commission for the Navigation of the Rhine. In its 1967 General Report, the Commission stated that it had legal and economic objections to the plan. It invited the Member States to put off all decisions on the UNIR plan and announced its intention to open talks with the Swiss Government<sup>2</sup>.

The future of the UNIR plan was thus settled; all that remained were the proposals on ship-breaking. In this connection, the Commission's Third General Report noted two years later that 'there are problems resulting from the various obligations towards non-member countries which arise for certain Member States from the Rhine Navigation Convention arrangements. Discussions are currently in progress with these countries'.

91. Instead of an inland waterways transport policy being introduced, all that was left was a ship-breaking scheme. The Community was to pay ship-breaking subsidies for inland waterway transport alongside slaughter premiums for dairy cows and grubbing-up premiums for apple trees. This plan, however, came to nothing.

92. In 1970, the Community policy was reduced to a laying-up decision. The fifth General Report for 1971 states that 'on the basis of the Resolution adopted by the Council on 27 January 1970, exploratory 'round table' talks were held between the Member States and the Commission on the one hand, and Switzerland and the United Kingdom on the other, concerning the various parts of a scheme for laying-up inland waterway vessels<sup>3</sup>.

93. More than a year later, however, on 11 August 1971, all that had happened was that the Commission had submitted to the Council 'a proposal for a decision, based on Article 75 of the Treaty, relating to the opening of negotiations for an agreement between the EEC and Switzerland on the implementation of rules concerning the temporary laying-up of vessels'. During the intervening period, there had been lengthy debates in the Community on who should conduct the negotiations with Switzerland.

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<sup>1</sup>Proposal from the Commission to the Council, 29 November 1967 (Doc. 166/67). See also report by Mr De Gryse on behalf of the Committee on Transport, (Doc. 116/68).

<sup>2</sup>10th General Report, 1967, p. 233, paragraph 213.

<sup>3</sup>5th General Report of the Commission of the European Communities, p. 302, paragraph 393.

94. The Council then granted the Commission a negotiating brief (not, however, until it knew the judgment given in the AETR case, so that in practice it was only the Court of Justice of the European Communities that promoted the transport policy). Negotiations were started in February 1973. (Since then, the United Kingdom has changed sides). Thus, the seventh General Report for 1973 states that 'considerable progress was made, but certain differences remain on a number of problems of principle'<sup>1</sup>.

95. It would be pointless to cavil about the matter. The only possible conclusion is that the step-by-step policy is a complete failure. It is unrealistic to want to settle specific problems such as that of laying-up in isolation, and it is self-deception of the highest order to imagine that, since all economic measures are interdependent, specific and important matters can be settled without prior agreement being reached on the general direction to be given to the Rhine navigation policy.

96. The failure of the attempt to regulate laying-up measures is connected with the question of how to delimit the various navigation zones and what arrangements should be made for vessels that use the Rhine on rare occasions only. Failure has been met where it was to be expected, in other words in trying to distinguish between shipping on the Rhine and shipping on other inland waterways. The project is obviously past hope.

97. Once the Rhine-Main-Danube waterway is completed the problem will become even more acute, since fleets from state-trading countries will penetrate the Rhine navigation market.

#### 4. Pipelines

98. One of the most important revolutions in transport techniques, which has led to considerable changes in the geographical pattern of European economy, is the transport of oil by pipeline.

The east of France and the south of Germany are supplied by three large pipelines that compete with each other. The first crosses France from Marseilles the second Switzerland from Genoa, and the third Austria from Trieste and ends in the Federal Republic.

99. For some years, Community activity as regards pipelines has been at a standstill. This state of affairs is no doubt due mainly to the fact that pipelines are not mentioned in the EEC Treaty. Whereas, sea and air transport were subject to the legal imbroglio of Article 84(2), in the case of pipelines the only reference was to Article 238, at least until the Court of Justice delivered its judgment<sup>2</sup> of 6 April 1974, the implication of which is that the general provisions of the Treaty should also be applicable to pipelines.

<sup>1</sup>7th General Report of the Commission of the European Communities, p. 343, paragraph 401.

<sup>2</sup>Case 167/73

100. It is obvious that a whole series of problems will have to be settled if fair terms of competition are to be introduced or maintained for the supply of oil and the transport of crude oil. It seems particularly urgent to harmonize the regulation safety measures applicable to crude oil pipelines in order to protect the environment and ensure equal terms of competition.

#### 5. Air and sea transport and ports

101. Austria and Switzerland are also important negotiating partners of the Community on other forms of transport.

102. It is obviously impossible to draw up an outline plan for the Community's airport infrastructure without taking account of Austrian and Swiss airports. The proposals made by Mr Noè in his report<sup>1</sup> on air transport on the organization of multilateral rather than bilateral negotiations on landing rights, the replacement of star-shaped air traffic networks by circular routes, and improving regional air transport services across European frontiers, etc., could be put into effect much more effectively if the relevant regulations could be extended to Austria and Switzerland, whose air space will be crossed by a number of Community air routes.

103. The common European sea transport policy proposed by Mr Seefeld in his report<sup>2</sup> should also take account of the interests of land-locked countries that do not have their own ports.

104. The same consideration should also be given to the European seaport policy described in another report by Mr Seefeld<sup>3</sup>. As the seaport policy largely consists of regulating traffic to and from inland areas, the interests of Austria and Switzerland are also affected.

#### IV. The need for negotiations with Austria and Switzerland; the development of cooperation in the transport sector

105. The points made above by no means cover the whole of the subject. They have been given by way of example, and clearly show that the way in which the Community has so far organized its relations with Austria and Switzerland in the field of transport policy does not meet the requirements.

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<sup>1</sup> Report on the proposal from the Commission of the European Communities to the Council (Doc. 134/72) for a decision on the first measures of a common approach to air transport (Doc. 195/72, 21 December 1972).

<sup>2</sup> Report by Mr Seefeld on sea transport problems in the Community (Doc. 305/74, 25 October 1974) (rejected by Parliament in plenary sitting)

<sup>3</sup> Report by Mr Seefeld on ports policy within the framework of the European Community, Doc. 10/72, 12 April 1972.

The step-by-step policy pursued within the Community has made it necessary to initiate special negotiations with both countries which result automatically in failure.

106. Obviously, this situation can be brought to an end only if, as in the present case, the Community defines the basis for negotiation, in other words, the general principles of a common European transport policy which could then be discussed with the neighbouring countries with which the Community has contractual relations and to which it is linked geographically.

107. Whilst it is necessary to define the Community's negotiating basis, it would be quite wrong to confront the neighbouring countries with faits accomplis.

After determining the negotiating basis, that is, the general principles, therefore, the neighbouring countries must be informed at the earliest possible stage in the implementation of the common policy. Only on these terms can they be expected to make the desired contribution to applying the common transport policy and, possibly, to renounce their traditional rights once the policy is improved and up-dated. Similarly, it is only in this way that, in due course, it will be possible to establish that implementation of the new Community transport policy is not detrimental to them.

108. In October 1973, the Commission of the European Communities laid down the general principles of the transport policy. After being supplemented by Parliament following consideration of Mr Mursch's report, they can be considered as a satisfactory basis for negotiation.

The next stage will consist in the Commission's amending its communication along the lines of Parliament's decision and in the Council's giving the Commission its general agreement, in the form of a resolution, on the general principles laid down, and instructing it to submit specific legislative proposals in the near future in accordance with the proposed timetable.

109. Thereafter, before finally formulating its legislative proposals, the Commission could enter into talks with Austria and Switzerland and ensure that the transport policy met their requirements. It seems particularly important in this connection to settle the problem of shipping on the Rhine and the Danube.

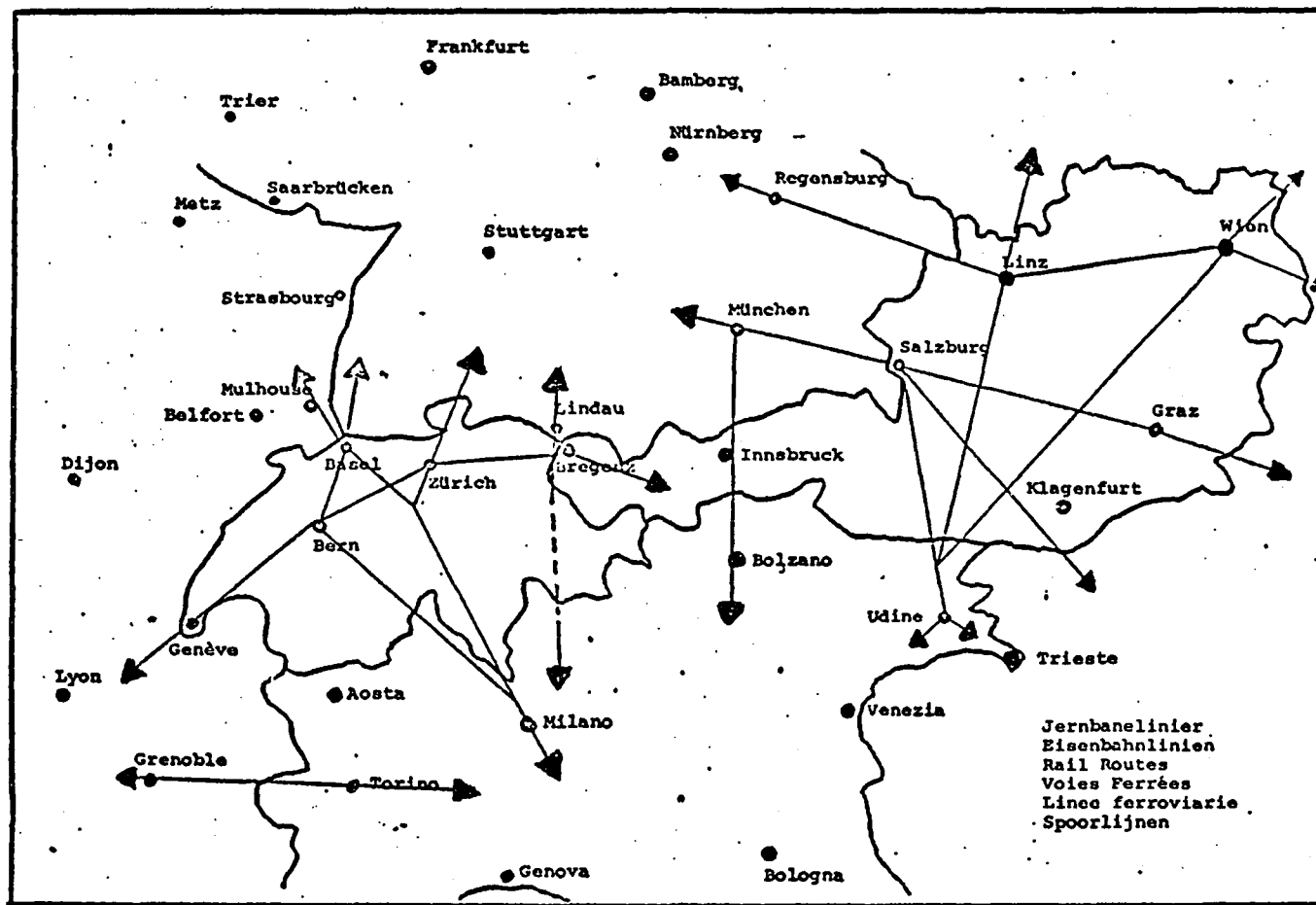
110. Your committee hopes that the common transport policy will be sufficiently well defined and implemented to serve as a basis for negotiation with state-trading countries in the first half of the next decade.

111. Your committee therefore recommends that Parliament should adopt the motion for a resolution submitted to it.

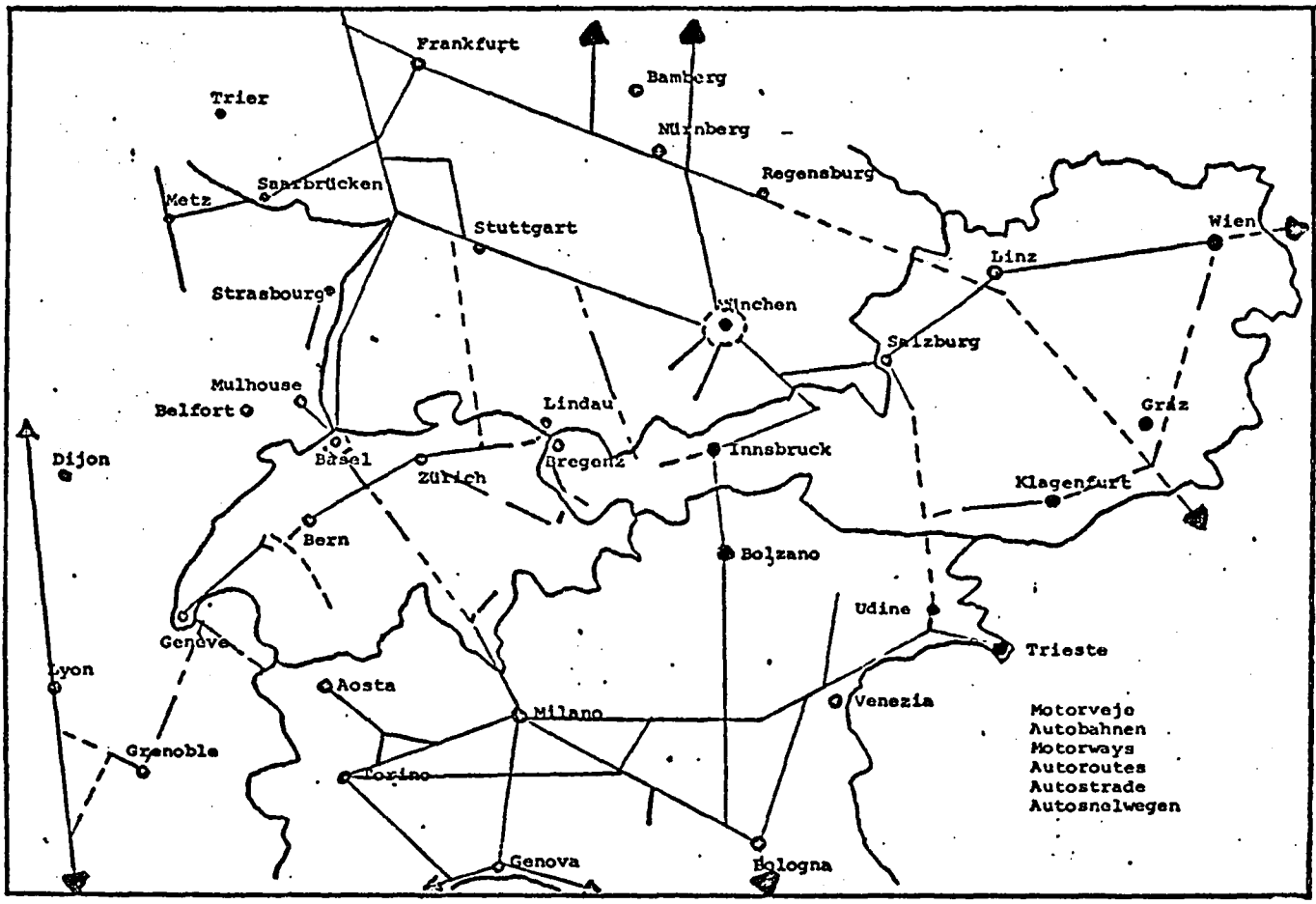
Diagrams

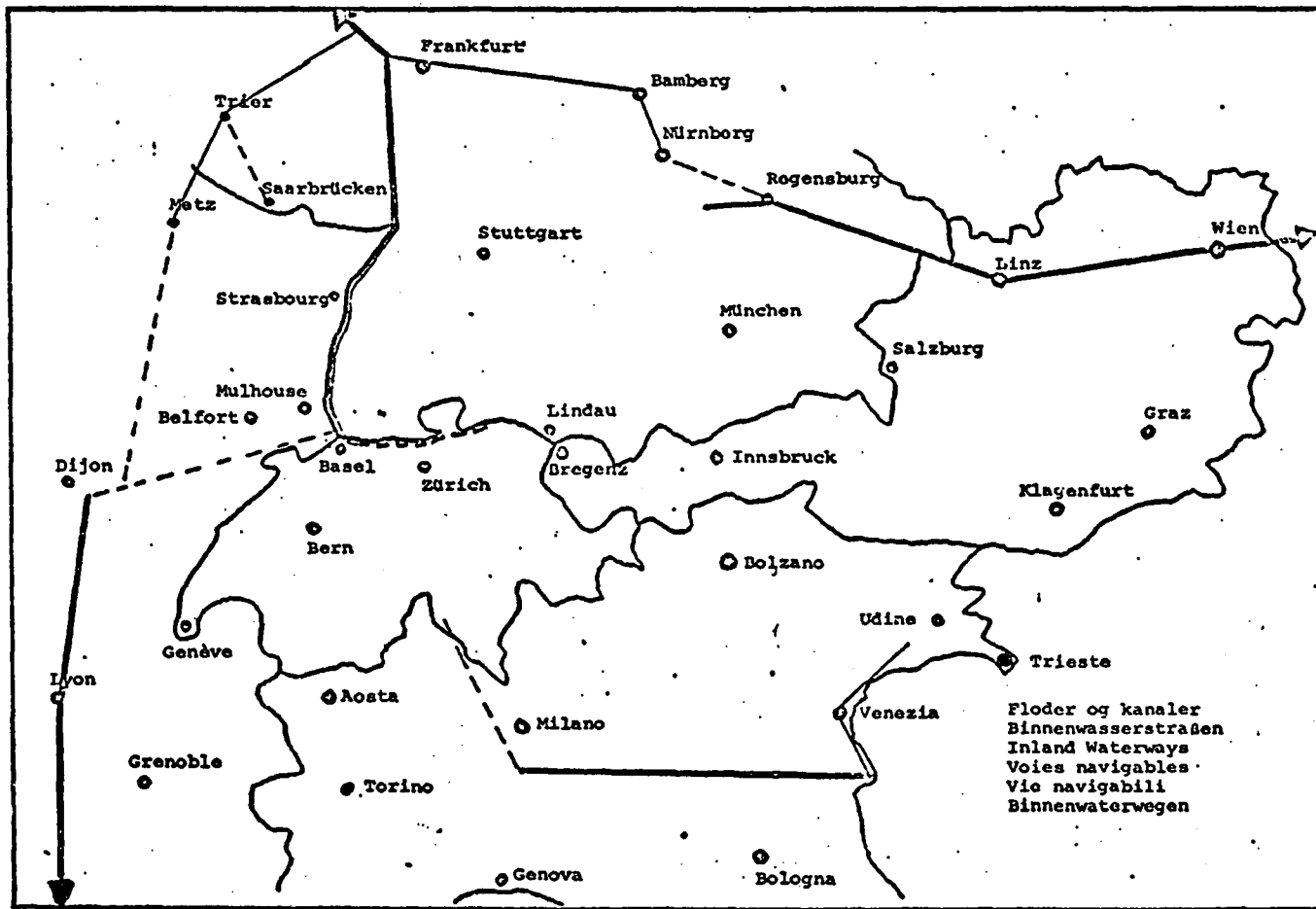
of transit routes through Austria and Switzerland

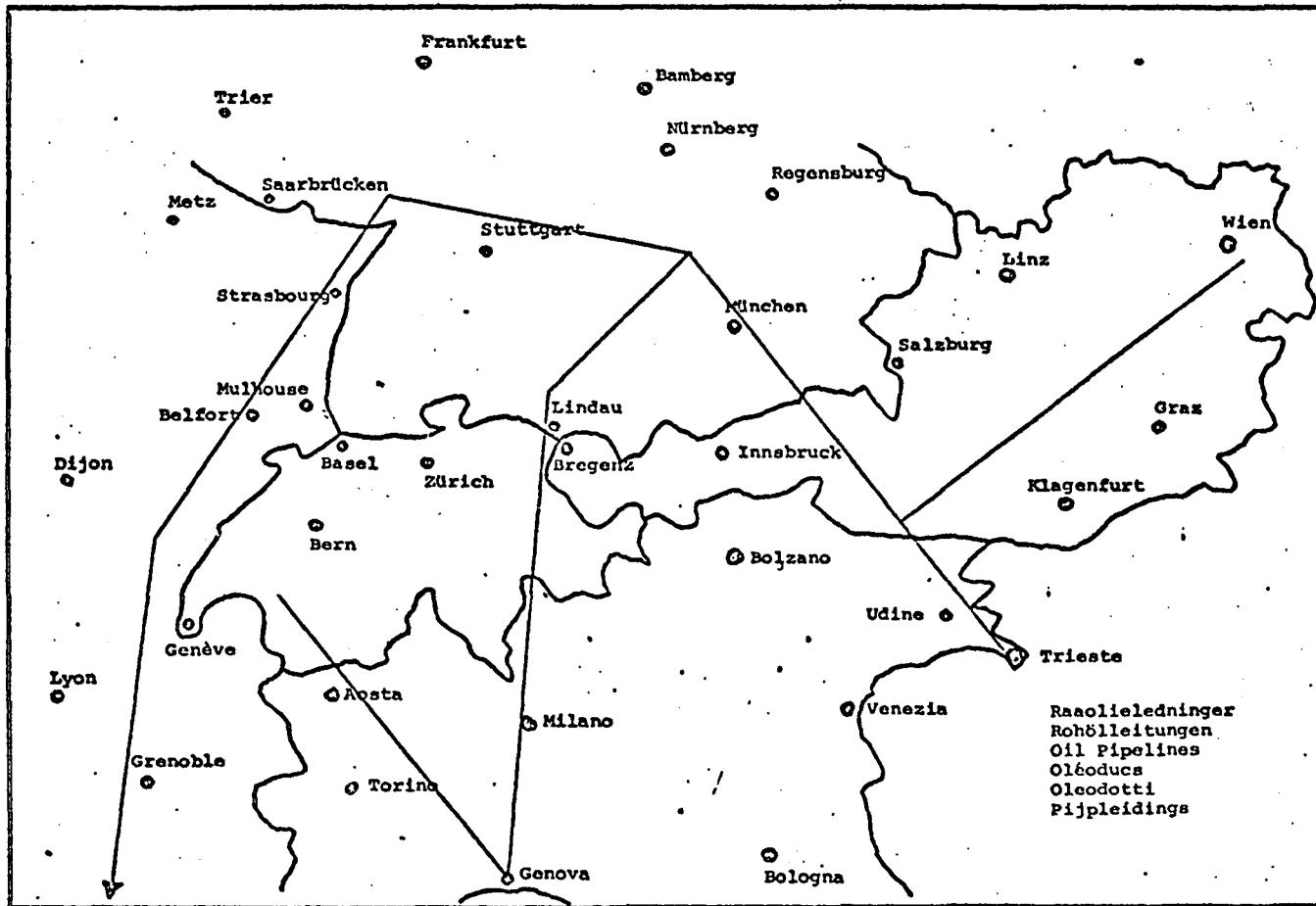
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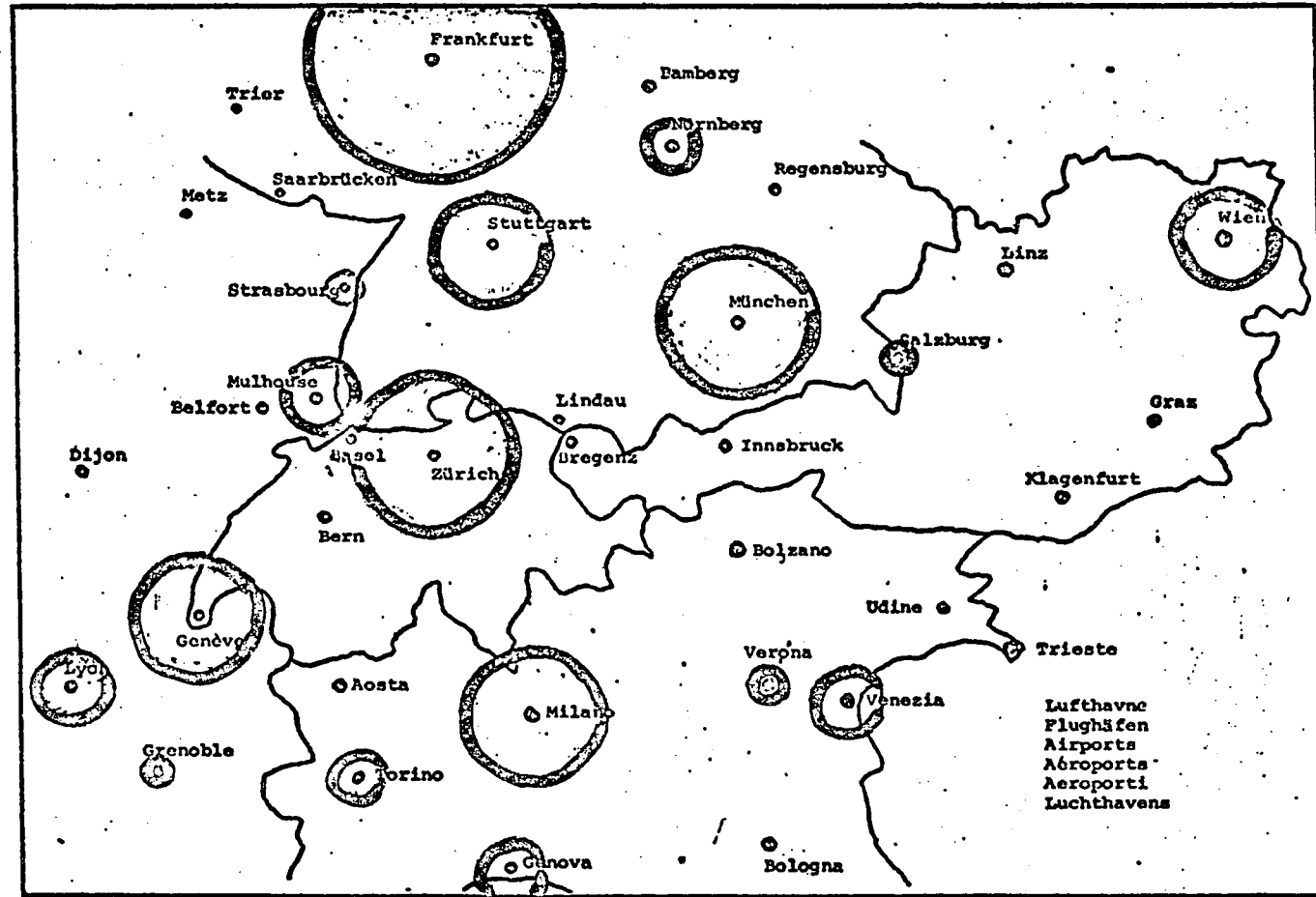












OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Draftsman: Mr A. BAYERL

The Committee on External Economic Relations appointed Mr BAYERL draftsman on 4 November 1975.

It considered the draft opinion at its meeting of 2 December 1975 and adopted it unanimously.

Present: Mr Kaspereit, chairman; Mr Scott-Hopkins, Mr Bermani and Mr Boano, vice-chairmen; Mr Bayerl, rapporteur; Mr Barnett, Mr Brégégère, Lord Castle, Mr De Clercq, Mr Dykes, Mr De Koning, Mr Schulz and Mr Schwörer.

1. This own-initiative report by the committee responsible takes a comprehensive look at all the problems of traffic into and through Austria and Switzerland. The issues raised in this report of a Community transport policy and its harmonization with that of the two countries mentioned are basic to the whole question of goods transport in this area. It is not only intra-Community trade, particularly between Italy, France and Germany, that is affected but also the Community's foreign trade, including its trade with the Comecon countries of south west Europe, Yugoslavia, Albania, Greece and Turkey.

2. The report under consideration stresses the way in which transport policies have been hitherto insufficiently coordinated and the inadequate expansion of the various transport routes in the different countries concerned. The shortcomings that exist in this area, especially in goods transport through Austria and Switzerland, cause high costs and much loss of time, both detrimental to the free movement of goods which the Community is seeking to achieve.

In this connection the Committee on External Economic Relations requests the committee responsible, on the basis of its report on 'the improvement of traffic infrastructures across the Alps' (Doc. 85/73 - rapporteur: Mr Noé), to take a fresh look at the problems of transfrontier traffic with Italy, where regular disruptions of lorry and rail transport continue to hamper the exchange of goods and prevent it from developing in accordance with the spirit of the EEC Treaty.

3. Finally, the Committee on External Economic Relations agrees with the conclusions arrived at in the report under consideration and supports the committee responsible in its efforts to work out solutions to the questions raised in the report. In this connection it refers also to Article 1 of the Free Trade Agreement between the EEC and Austria and Article 1 of the Free Trade Agreement between the EEC and Switzerland, which provide for

- harmonious development of their economic relations by means of an expansion of goods traffic;
- fair conditions of competition in goods traffic; and
- the abolition of obstacles to trade,

in all of which, as has already been pointed out, the development and coordination of the various transport policies will play a decisive role.