

**REPORT OF THE COMMITTEE OF DEPUTIES
ON THE ESTABLISHMENT OF A MULTILATERAL QUOTA AND THE HARMONIZATION
OF COMPETITIVE CONDITIONS IN INTERNATIONAL TRANSPORT OF GOODS BY ROAD**

[CEMT/CM(70)5]

1. Taking into account the discussions at the 30th Session of the Council of Ministers of the E.C.M.T., the Working Party, appointed to deal with the establishment of the multilateral quota, at two meetings on 15th–16th January and 12th March, 1970, considered a solution to the problem of establishing a multilateral quota acceptable to the largest possible number of Member countries.
2. The Working Party took, as a basis for its work, the documents it had already prepared or which were prepared by the Group of Rapporteurs which had previously studied the matter, and in particular documents CM(69)12 of 7th May, 1969, and CS(69)15 of 27th October 1969. Furthermore, it examined, as a working document, a questionnaire dated 22nd December, 1969, sent to all the Member countries.
3. It became apparent in the course of the discussions that a large majority of Member countries were in favour of setting up a trial multilateral quota without linking it to the application of prior conditions with regard to harmonization of competition.
4. A large majority of the Member countries could also accept a solution whereby the coming into effect of a multilateral quota would be linked with the application by the Member countries concerned of the A.E.T.R. (as amended) or of requirements at least as stringent as those laid down in that Agreement.
5. With regard to taxation, the divergence between taxes on fuel do not seem to play a decisive role, due to the relatively long distances generally covered in multilateral traffic (making it necessary to refuel in different countries), and to the explicit provisions in the Draft Resolution for limiting the amount of duty-free fuel which can be imported by each commercial vehicle.

The problem of the harmonization of taxes on vehicles can only be solved by a progressively closer alignment of the Member countries' different systems and levels of taxation. It emerged from the discussions, however, that this would call for amendments – in some cases far-reaching amendments – to the legislation of the countries concerned. In some quarters, it is also claimed that road pricing has a bearing on the issue. Harmonization on a voluntary basis would be very difficult, not only because there are no provisions to this effect in the Member countries but also because of the incidence that this might have on the utilisation of E.C.M.T. licences.

In view of the extent of the problem of fiscal harmonization, it can only be solved by a basic revision of the existing legislation in the Member countries. This task would entail relatively long delays and thorough studies before concrete proposals could be drawn up. Fiscal harmonization falls within the context of general transport policy. The Draft Resolution terminates with a confirmation of the instructions previously issued by the Council of Ministers to the Committee of Deputies.

Until some appreciable progress has been made in this field, it would be advisable to instruct the Member countries to direct their efforts, by measures taken at national level, towards a closer alignment of taxation levels among themselves¹.

6. The representative for France pointed out that the coming into effect of a multilateral quota could only be envisaged after results had been achieved in the fields of social (application of the P.T.A. Agreement), and fiscal harmonization, particularly through road pricing.

A great majority of the Member countries stated that they were unable to accept this solution.

In view of the position that the Group has adopted, the representative for France said that his country could not take part in the establishment of a multilateral quota.

7. The representative for Ireland said that, in view of his country's geographical position and the general trends in its international traffic by road, Ireland wished to withhold any decision to take part in the establishment of a multilateral quota, and reserved the right to take part at a later date after having become acquainted with the actual operation of the system.

8. As regards the allocation of the quota, the majority of countries were in favour of an allocation based on the Member countries' international road haulage and foreign trade (by value).

Some countries stated that they still preferred either the sole criterion of international road haulage, or an equal allocation among Member countries.

Based on data for the year 1968, both for foreign trade and for international road haulage, a theoretical allocation has been prepared and is shown in Annex I to this report.

It is clear, however, that these figures cannot take into account certain important elements which entail corrections to the theoretical calculation prepared. Among these elements, particular mention should be made of:

- the variable extent, from country to country, of border traffic, the figures for which are included in the international road transport statistics;
- the distance to be covered, which varies according to the geographical position of the different countries;
- the special situation of some countries with regard to transit traffic;
- the need for E.E.C. Member countries to attain a certain balance among themselves – this could be found through the allocation of the community quota (although the situation is not absolutely comparable owing to the non-participation of France and the distribution as corrected to give each country a minimum number of licences);
- the fact that this correction has a relatively important incidence for those countries which are at the limit of the requisite minimum for benefitting, in accordance with the theoretical calculation from a supplementary quota (examples: the case of Spain and Switzerland).

¹ Several Delegations entered reservations.

After negotiations, therefore, a new allocation was prepared and is annexed to the Draft Resolution.

9. Provided that, during an experimental period, the overall quota is not large, the problem of criteria to be taken into consideration is important for only a limited number of countries. It is however particularly important to stress that the criteria adopted for the experimental period cannot be considered a priori as equally valid for a later stage of the system.

10. The representative of Austria said that due to existing regulations in his country, Austria could accept no other system except that of equal allocation, following the example of that currently in force on the conclusion of the bilateral agreements for road transport. Any other system would first necessitate amendments to Austrian legislation and, in view of the relatively small size of the quota this could not be envisaged at present.

11. Taking into account the special problem raised by the Austrian representative, the Group thought that a solution might be found by limiting the validity of the licences issues to the different Member countries, so that the number of licences valid for Austrian territory would not exceed, for each Member country, the number of licences granted to Austria.

12. In view of the position adopted by France and the restriction requested by Austria, some Member countries felt it would be necessary to embody in the Draft Resolution a provision under which the two aforementioned countries would facilitate the transit on their territory of vehicles operated under an E.C.M.T. licence, either within the context of bilateral agreements², or by granting general freedom of transit for the vehicles in question.

With regard to the number of licences exceeding the minimum, France and Austria declared that vehicles in transit in their territory must be covered by the normal bilateral licences.

13. Finally, as regards the total number of licences, the Group³ agreed on a figure of approximately 300, and submits the Resolution No 22 to the Council of Ministers.

² The Spanish Delegation pointed out that the need to resort each time to a transit licence for France in accordance with the Franco-Spanish bilateral agreement raised the problem of using up the transit quota too quickly. It wished to re-examine this matter at a later date.

³ With the exception of France

Annex I - REALLOCATION OF OVERALL QUOTA ON THE BASIS OF FOREIGN TRADE AND INTERNATIONAL ROAD TRAFFIC

Theoretical calculation

Country	Foreign trade % (1)	Road traffic % (2)	Total (3) = (1)+(2)	Theoretical allocation of overall quota	Corrected allocation (in round figures) minimum quota of 12 licences
Austria	2.6	4.8	7.4	10.7	12
Belgium	9.6	16.9	26.5	38.2	29
Denmark	3.7	3.4	7.1	10.2	12
Germany	25.7	27.9	53.6	77.2	59
Greece	1.1	0.1	1.2	1.7	12
Italy	10.3	4.1	14.4	20.7	16
Luxembourg	0.6	1.5	2.3	3.3	12
Netherlands	11.0	21.4	32.4	46.7	35
Norway	2.9	1.4	4.3	6.2	12
Portugal	1.0	0.1	1.1	1.6	12
Spain	2.7	6.4	9.1	13.1	12
Sweden	6.0	3.6	9.6	13.8	12
Switzerland	5.3	5.6	10.9	15.7	12
Turkey	0.7	0.7	1.4	2.0	12
United Kingdom	15.2	0.8	16.0	23.0	17
Yugoslavia	1.4	1.3	2.7	3.9	12
TOTAL	100.0	100.0	200.0	288.0	288