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EMU — second stage: Muted hopes

Intereconomics

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COMMENTS

EC

A New Start in Transport Policy

The European Commission is making another attempt to instil life in the common transport policy which has been stagnating for years past. It set out from the basic fact that the common transport policy has reached deadlock. The previous efforts to remove obstacles and create a common transport market had ended in failure.

The transport programme of the European Commission, which was discussed by the Ministers of Transport in late November, envisages two stages and is aimed more especially at the longer term. In the first, traditional stage of transport policy — until about 1976 — the emphasis will as hitherto be on harmonisation and liberalisation. In the second stage it will probably change more markedly. The demand for maximum development of operational efficiency and coverage will be balanced by considerations of the commonweal. Not only the interests of the various operators, but issues relating to environmental protection and regional development are to be taken into account. Coincidentally the transport services are to make a contribution of their own to the common aims of the EC, to economic integration, regional development, etc. This is to be achieved by coordinating the infrastructure investments of the individual countries, which are to be sustained by charges for the cost of road-building, etc.

In what disarray the common transport policy is at present is shown clearly by the time schedule for the transport programme of the EC Commission. The acute and pressing problems—the questions relating to the protection of the environment and regional planning as well as the coordination of infrastructure investments—cannot be taken in hand for several years. The detail problems of harmonisation and liberalisation, which have been tackled without success for years, will have to be solved first. It may be asked whether it would not have been better to combine the two stages of the transport concept.

kw.

EMU — Second Stage

Muted Hopes

It all began with the decision of the EC's Council of Ministers on March 22, 1971, to create "an area within which persons, goods, services and capital can circulate freely and without distortion of competition", and it is still to end with the fruition of all the harmonisation, coordination and liberalisation efforts in the European Economic and

Monetary Union which is scheduled to see the light of day on December 31, 1980. The process however seems more protracted and complicated than had been assumed. The sobering balance-sheet for the first stage (1971/73) had already revealed that the decision-making authorities had not got through their heavy work load. Their dispositions for the second stage are even more clearly behind schedule—in time and substance. In accordance with the fiat of the Paris summit conference the action programme, which is to be presented by the end of this year, but has been held up several times, stipulates that EMU's second stage shall be ushered in on time, on January 1, 1974. This programme provides, i.a., for the removal of technical obstacles to the movement of goods, the adoption of common tax systems, decisions on freedom of settlement, and the liberalisation of capital transfers. All the evidence suggests that the package left to the EC Council of Ministers to dispose of before Christmas is far too large to be wrapped up in such a short time.

That the Commission has given up stating clearly any prior conditions and instead now gives priority to achieving what is attainable in the present period of transition to "some" second stage is therefore understandable. Its way of thinking is more in line with the muted hopes of all nine governments. The Federal Government would, chiefly for reasons of stabilisation policy, like a two-year phase of consolidation in place of the second development period. France, on the other hand, deems a constructive extension of the first stage more urgent. Only Great Britain, Ireland and Italy perforce still cling to the original transition date because on it depends the activation of the regional development fund.

There is no "guilty" party which can be held responsible for delays and inefficiency. Reasons for these there are many: lacking will to political union, monetary turbulences, etc.

zz.

GATT

Dispute In the Agricultural Sector

After years of preparatory work the new GATT round which was to have opened on October 24, 1973, has been postponed *sine die*, at the very least until spring 1974, because the US Trade Bill designed to give the US delegation the requisite negotiating powers will not have passed Congress before then. In the circumstances the EC is in no hurry to tie its hands by defining the mandate for its negotiators. To bridge the interval a negotiating committee which assembled in Geneva