



**UNION OF ROAD TRANSPORT ASSOCIATIONS IN THE BLACK SEA ECONOMIC COOPERATION REGION  
(BSEC-URTA)**

DOC/GA06/ECMT/04

Istanbul, 11 October 2004

**SIXTH MEETING OF THE BSEC-URTA GENERAL ASSEMBLY**

Marriott Hotel, Tbilisi- GEORGIA  
Tuesday, 26 October 2004, at 10:00 hrs

**ECMT MULTILATERAL QUOTA SYSTEM –  
PERSPECTIVES FOR A MEANS OF FACILITATION AND  
REMOVAL OF BARRIERS FOR ROAD TRANSPORT OF GOODS**

The European Conference of Ministers of Transport (ECMT) is an inter-governmental organisation established on 17 October 1953, with a view to making cooperation for a rational development of European transport systems of international importance. As of October 2004, there are 43 Member Countries, 7 Associated Countries and 1 Observer Country. Twenty-eight of these countries have joined the ECMT since 1991.

Activities of the ECMT regarding Road Transport are coordinated and developed by a dedicated ECMT Road Transport Working Group.

**The ECMT Multilateral Quota System**

The ECMT multilateral quota system was introduced on 1 January 1974 and was seen by the Council of Ministers as the first practical step towards the gradual liberalisation of road freight transport in conjunction with the harmonisation of the terms of competition both between road hauliers from different countries and between modes of transport.

The licenses issued under the system entitle their holders to engage in the international carriage of goods by road for hire or reward, using a single vehicle or coupled combination of vehicles, where the points of loading and unloading are located on the territories of different Member countries – including transit operations – and also to engage in empty runs on the territory of Member countries which require a license for such journeys.

The system gave professional operators greater flexibility in that it broke with the rigid system of bilateral agreements, which traditionally prevailed in Europe.

From 1991, the situation has gradually changed as a result of a number of factors:

- The accession of the new Member countries (19 new Member countries in 1991, a total of 42 Member countries in 2002), followed by a decision by the Council of Ministers to include them in the multilateral quota system as a practical means of integrating them into the market economy.
- The establishment of the Community's Single Market and the creation of the European Economic Area in 1993 led to an increase in the movement of goods.
- The facilitation of the internal market for haulage for the 15 existing EU member States in July 1998.
- The enlargement process in the European Union in May 2004, which already boosted trade between Member States.



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**Actual Situation**

From 43 ECMT Members, 25 are EU Member States. There are shifting interests of ECMT Members from inside and outside the EU.

Within the ECMT Road Transport Working Group there are difficult and open-ended debates on the future of the ECMT multilateral quota system with a view to restructuring of the quota.

There are opposite views on to increase or to decrease the quota in the future and on the quota allocation criteria which should be maintained or reformed.

According to some EU Countries, the ECMT multilateral quota is being used to a significant extent for purposes other than promoting economic links between EU countries and other European countries. Many ECMT licenses issued to transport companies from non-EU countries are used without any connection to home country trade flow. The concern is that non-EU countries participating in the ECMT quota, having other standards and paying other prices and therefore bearing considerably lower costs, are undercutting the prices on the EU market, producing unfair competition and market distortions while remaining profitable.

Germany has concrete quota reform proposals supported by many EU Member States but opposed by non-EU countries:

- The quotas should not be increased any further,
- The maximum rate of conversion of 1 to 6 should not be increased,
- Environmental aspects must be taken into account,
- With the introduction of EURO4 vehicles the ECMT standard would be raised by one tier, while retaining the "green" ECMT licenses,
- ECMT licenses to be issued "green", "super green", "EURO3 safe" and "EURO4",
- The new basic quota would consist of "green" licenses, which could be exchanged for "super green" licenses at a rate of 1 to 2, for "EURO3 safe" at a rate of 1 to 4 and for "EURO4" licenses at a rate of 1 to 6,
- Date of introduction: not before 2006.

The German proposal includes aspects for re-balancing distribution of the basic quota itself: the number of categories and extend of each basic category.

In present there are 7 categories of basic quota defined on the basis of two main criteria:

- contribution to the ECMT budget (based on area, population, currency exchange rate and GDP),
- transport in tonne-km performed by national hauliers during the three preceding years to accession in ECMT.



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**ECMT Road Transport Working Group Meeting (Istanbul, 16-17 September 2004)**

*NEA Study on the Importance of the ECMT Quota*

The ECMT Secretariat had asked NEA Transport, Research and Training Institute in the Netherlands to carry out a study on the importance of the ECMT quota for the European transport market. This is the second study of its kind, similar to that carried out in 2001. 34 Transport Ministries (out of 42), 22 IRU member associations and 85 operators (through associations) were involved via dedicated questionnaires, sent out to all ECMT Member States and the respective road haulage associations.

The study uncovers the positive impact of the ECMT quota on facilitating trade and transport in Europe, the greening of the fleet, as well as on the more efficient use of vehicles. The study also concludes that there is no majority on the issue of increasing/decreasing the quota.

However, several delegations (Germany, Austria, France) were of the opinion that the study was not sufficiently representative or scientifically rigorous enough to serve as a basis for further technical and political deliberations. Others (Turkey, Russia, Moldova, Bosnia and Herzegovina), however, took a diametrically opposed view.

The IRU expressed the opinion that where there is a large consensus (role of the quota for improved trade and environmental performances, operational efficiency, etc.) the conclusions of the study should be taken into account. For the future, the IRU suggested a wider use of the official quantitative information, provided by ECMT Member States, on the basis of logbooks.

The conclusion on the study according to the chairman of the meeting was that the study is not perfect, but it provides a comprehensive picture of the situation. However, at the moment it cannot be regarded as a real basis for decision-making.

The study remained an internal document (no external circulation foreseen) of the WG.

*Restructuring of the Quota: Creation of a Dedicated Sub-Group*

The most important aspects, debated by the meeting, were connected to the quota allocation criteria:

- should the current criteria be reformed and, if so, what kind of new criteria should be taken into account?
- how may a compromise be found between opposite views? (to increase or decrease the quota)

To facilitate the debate, the IRU suggested drafting a summary of principles adopted by Ministers on both the quota and market functioning, for the next meeting of the WG. This could be used as a litmus test for all incoming proposals to restructure the quota.

The WG decided to establish a Sub-Group to formulate concrete proposals on quota restructuring and a new quota calculation methodology, by the end of 2004.

The German proposal, as enriched by comments from other delegations, will become the basis for the Sub-Group discussions. The Group is still open for countries wishing to take part in this work.

It was also decided that "EURO 4" lorries should be managed on a temporary basis under the same scheme as "EURO 3" lorries, i.e. that the conversion rate between traditional and "EURO 4" lorries will be the same as that applied to "EURO 3" lorries (1 to 6).

In addition, the ECMT Secretary General asked a group of independent experts to submit a report, by the end of 2004, containing a broad view of trends, problems and possible solutions pertaining to the functioning of the Pan-European market of road transport services. The report will also provide information to the Sub-Group working on quota restructuring.



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**IRU Resolution on the Distortion of Competition and the Use of the ECMT Multilateral Authorisations (Geneva, 7 November 2002)**

On the other hand, the International Road Transport Union had adopted a Resolution on misuse of ECMT multilateral authorisations in Geneva on 7 November 2002:-

“... ”

*The International Road Transport Union IRU,*

*Considering that*

- Global and regional processes shape today's trade and transport environment, which requires further harmonisation of the rules and practices governing international road haulage activities at international and regional level;
- Distortion of competition in the road transport industry is principally a result of lack of harmonisation in legislation, its implementation and interpretation, particularly at Pan-European level, as well as of the infringement by certain operators of existing basic laws and regulations governing road transport;
- The negative impact of unfair and often illegal practices has to be taken seriously by all authorities involved;
- Transport prices covering operating costs and yielding the necessary reasonable profit margins for compliance with the laws and regulations in force and the further development and progress of the industry as a whole, as well as that of individual operators, are difficult to obtain in markets with distortions of competition;
- Non-compliance with legal provisions by dishonest operators is a much more complex issue than just the misuse of international transport authorisations, such as those stemming from the ECMT multilateral quota;
- Among the disrupting factors,
  - The lack, insufficiency and/or uncontrolled implementation of rules of admission to the occupation of international haulier in certain countries,
  - The lack and/or insufficient control of social regulations,
  - The activities of certain forwarding agents taking advantage of the possibility of using “T” customs transit documents instead of TIR carnets to the detriment of transport operators,

all need to be effectively addressed to reduce distortions;

- The ECMT multilateral quota system has played a pivotal role in allowing trade to develop in Europe and has also significantly increased the technical standards of goods transport vehicles registered in non-EU Member States;
- The ECMT quota system has contributed to the harmonisation of national legislation governing road transport, without which competition would be even more distorted; there is thus certainly a need to maintain the ECMT quota of multilateral authorisations throughout Europe;



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*Appeals to Transport Ministers and to the competent international Governmental institutions and bodies to:*

- Reinforce the criteria for admission to the occupation of road haulage operator and those of access to the market by means of ECMT authorisations, in particular through: intensifying requirements for professional competence (also considering opportunities offered by IRU Academy accredited training institutes), financial standing and good repute as well as an appropriate use of ECMT permits;
- Consider the need to make financial risks more transparent and intensify the financial position requirements for establishing and operating road transport companies based on leased vehicles;
- Insist on the availability of appropriate transport company infrastructure for new entrants (office and terminal facilities, etc.) as a further condition for establishment;
- Set up a market monitoring system in order to closely observe market phenomena, on a quarterly basis, by the publication of appropriate indicators on the development of volumes carried by road transport, both on national level for each country (EU Member and candidate States) and pan-European level regarding all other countries;
- Enhance the incentives and requirements governing the use of ECMT authorisations, in particular in technical and social regulatory areas as well as admission to the occupation combined with strict enforcement measures;
- Harmonize and strictly control the fair allocation and use of ECMT authorisations at national level;
- Introduce incentives for a controlled return of vehicles using ECMT authorisations to their country of registration after a certain period or number of trips performed in order to support the bilateral trade of the home country with the outside world;
- Step up the fight against forging ECMT authorisations and other transport documents, in particular by introducing a strict monitoring of lost and stolen authorisations as well as that of the management of the stock of reserve authorisations at national authority and ECMT Secretary levels; introduce possible sanctions for lost ECMT authorisations; exclude possible defrauders from this quota system;
- Introduce modern IT to reinforce control of the use of authorisations and the related information exchange (in this respect, consider co-operation with IRU member associations).

...”



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## **Conclusions**

When introduced on 1 January 1974, the ECMT multilateral quota system was aiming to facilitate gradually, the road freight transport between the Member countries. However, due to the changing political and economic conditions since 1991, some Member countries, particularly in the EU, do not like to respect this original reason of being anymore.

Although this seems to be an outcome of changing national concerns and interests on the professional level by some Member countries, which is tried to be supported through a number of arguments and certain problems as regards improper use of the ECMT authorisations by non-EU transport companies, the international road transport profession in the BSEC region is extremely concerned that the true aim of facilitating the road freight transport is severely endangered by the old fashioned instincts of protectionism instead of working together for better enforcement and control of rules in their respectful countries.

In fact, the restructuring of the quota, as proposed, would not be contributing to the facilitation of trade and transport in Pan-European area but would merely limit the access of non-EU transport companies to the market, thus acting as a protection tool for EU members and as a discriminatory barrier for the third countries. In this regard, it is the most noteworthy that some Member countries even choose to remain firm against the outcome of objective research activities, for they contradict their position and disclose the fact that the ECMT quota has a positive impact on facilitating trade and transport in Europe, the greening of the fleet as well as on the more efficient use of vehicles.

Taking note of these developments under the ECMT, the Member countries, which supports the original reason of being of the ECMT quota and believe in its positive impact, should need to be more willing to join the relevant Sub-Group, being still open to new participants, where they could express their views with well prepared arguments and in a coordinated manner with other country representatives having a similar opinion. It is important to acknowledge that the Sub-Group is charged to submit a relevant proposal on these issues, to the ECMT Road Transport Working Group before the end of this year, which, upon the latter's proposal, will eventually be considered for a final decision, during the Ministerial meeting to be held in Moscow on 24-25 May 2005.

## **Next ECMT Meetings**

- Meeting of the ECMT Road Transport Group, Paris, 15 November 2004
- Several meetings of the Sub-Groups (restructuring of the quota, revision of the Guide) – until end of 2004
- Meeting of the ECMT Road Transport Group, Paris, 14-15 February 2005 (another meeting may be organized according to needs, e.g. in March 2005)
- Meeting of the ECMT Deputies – 18-19 April 2005
- Ministerial meeting – Moscow, 24-25 May 2005

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