



EU Railway Policy and Reform: Driving Forces and Institutional Set-Ups

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Overview

1. What is the problem with rail transport and what causes can be identified?
2. Why do we need a European approach?
3. An overview of the main measures
4. What have been the results up to now?
5. How to continue?



What's problem? - 1

- Rail transport declined significantly compared to road and air transport. Freight traffic even declined in absolute terms;
- Revenues from rail transport do not cover its costs, whereas the quality of it remains behind what other modes can offer in terms of punctuality, speed, comfort and price;
- Railway safety and the transport process have been very important to Railway undertakings. The client and its needs came second for a long period of time;
- Railway undertakings have accumulated heavy debts as a result of investments made in the infrastructure. The available means have hardly been used to develop new products and services for existing and emerging markets.



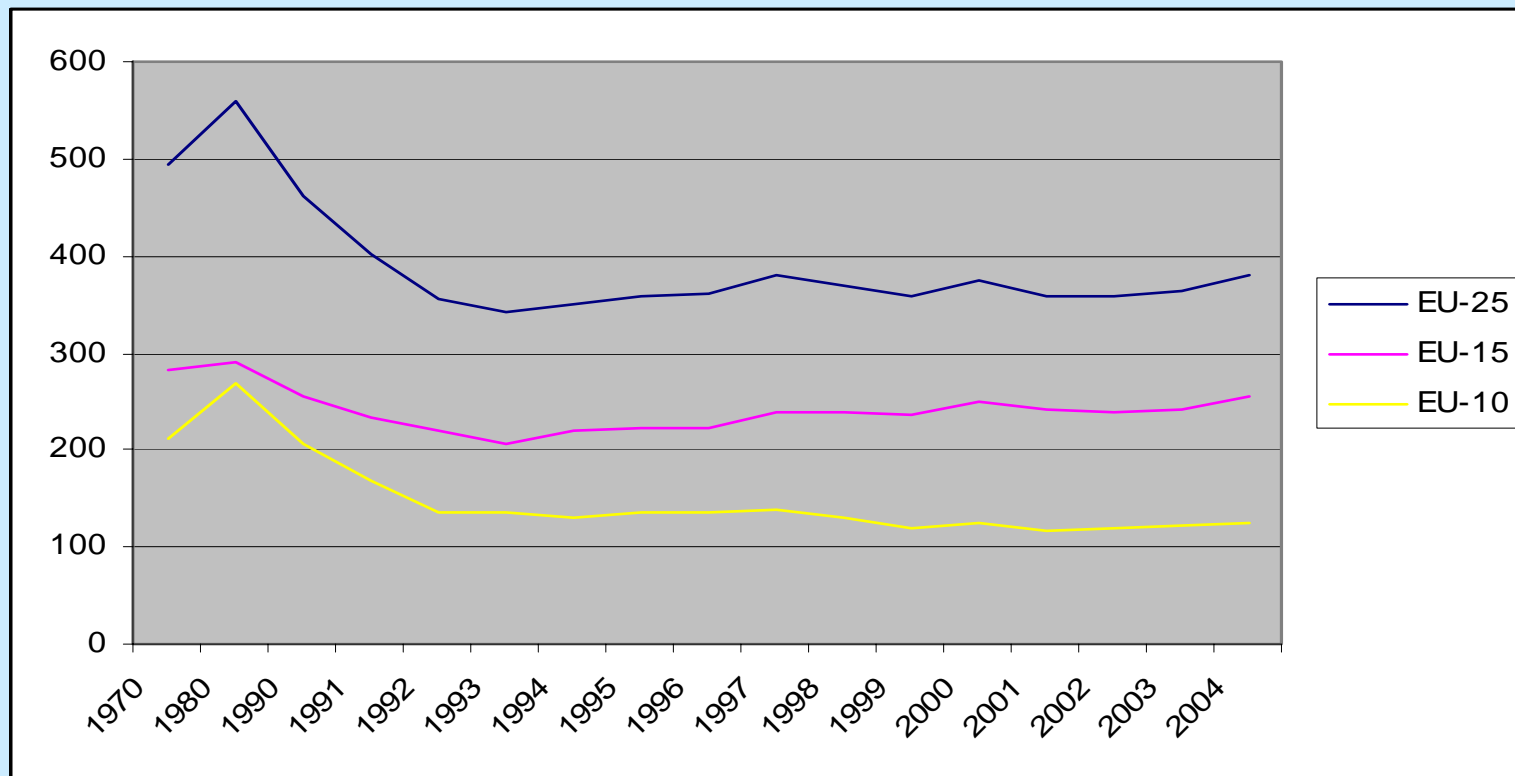
What's the problem? - 2

- **The internal organisation of railway undertakings have been rigid: restructuring and adjustment to new situations have been difficult to implement;**
- **The independance of the management of railway undertakings has been insufficient to allow for the necessary restructuring measures;**
- **Railway networks have been organised according to national lines. International transport has thus been made more difficult than road or air transport. Full Interoperability of national networks takes a long time to realise.**



What's the problem? - 4

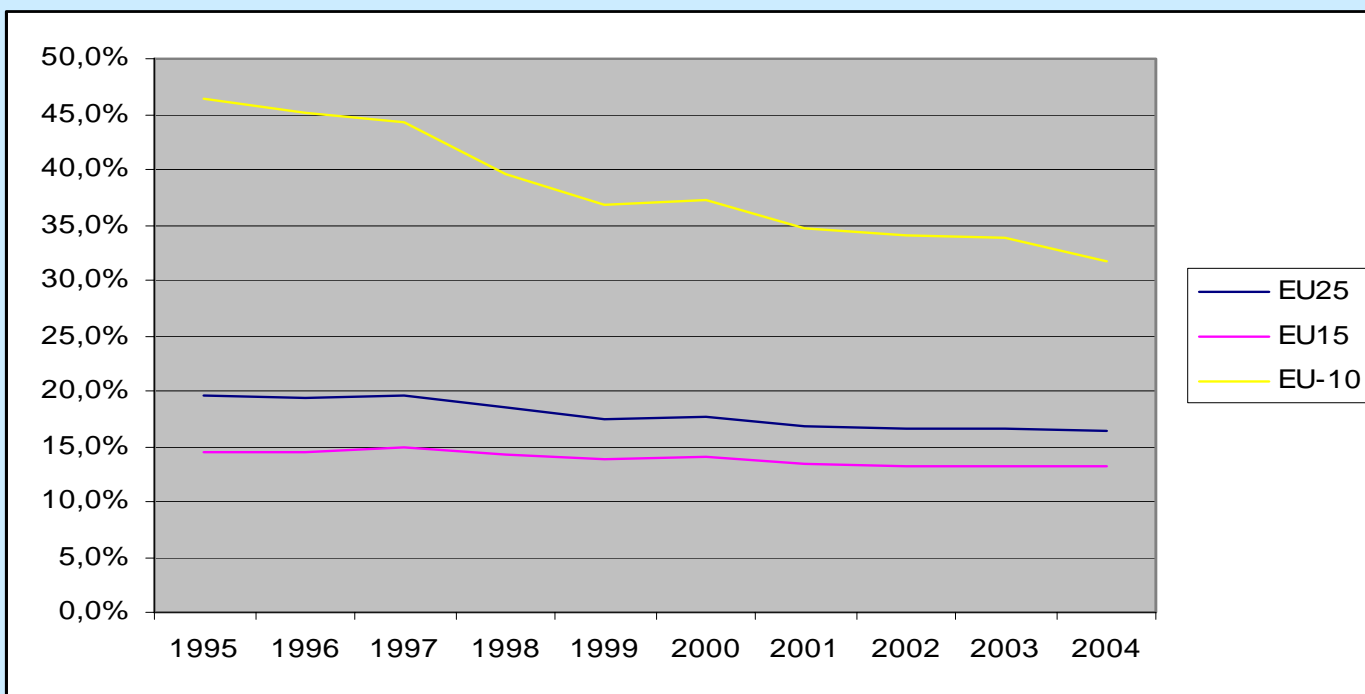
Development of freight transport in tkm, 1970-2004





What's the problem? - 5

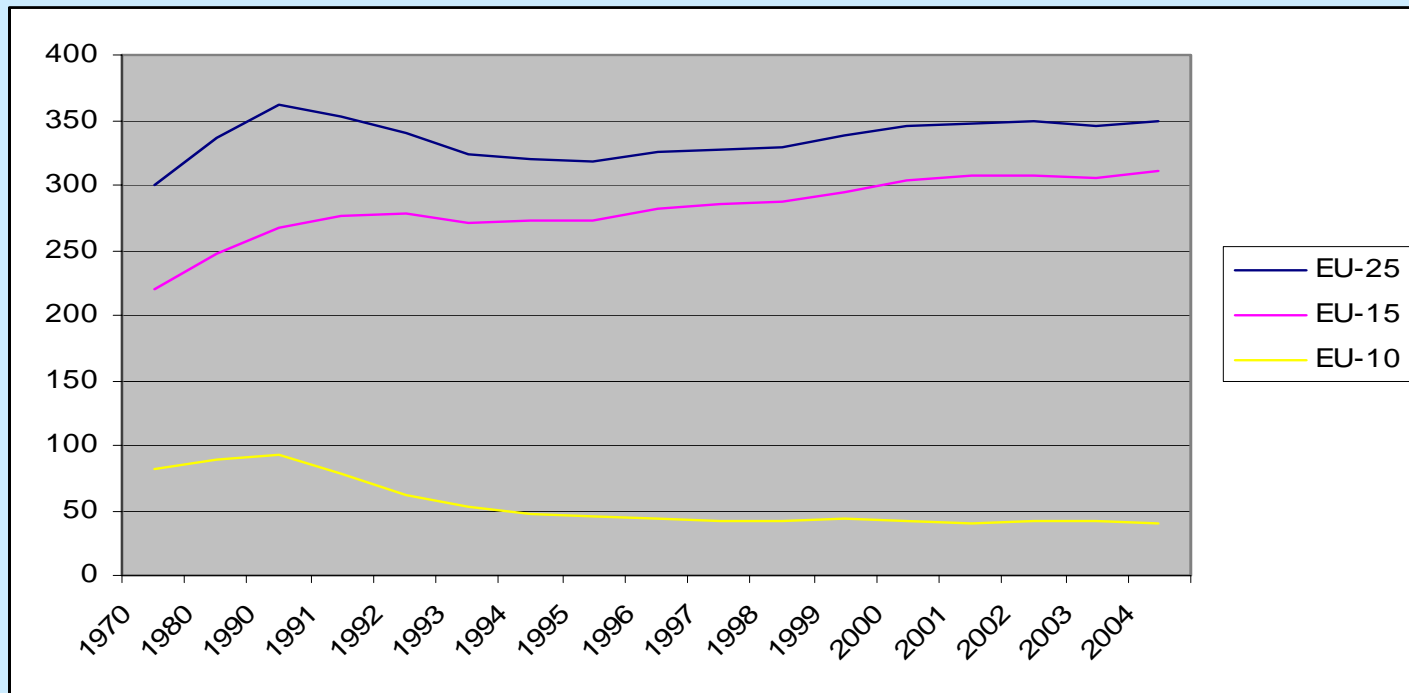
Modal share in of rail freight transport 1995-2003





What's the problem? - 6

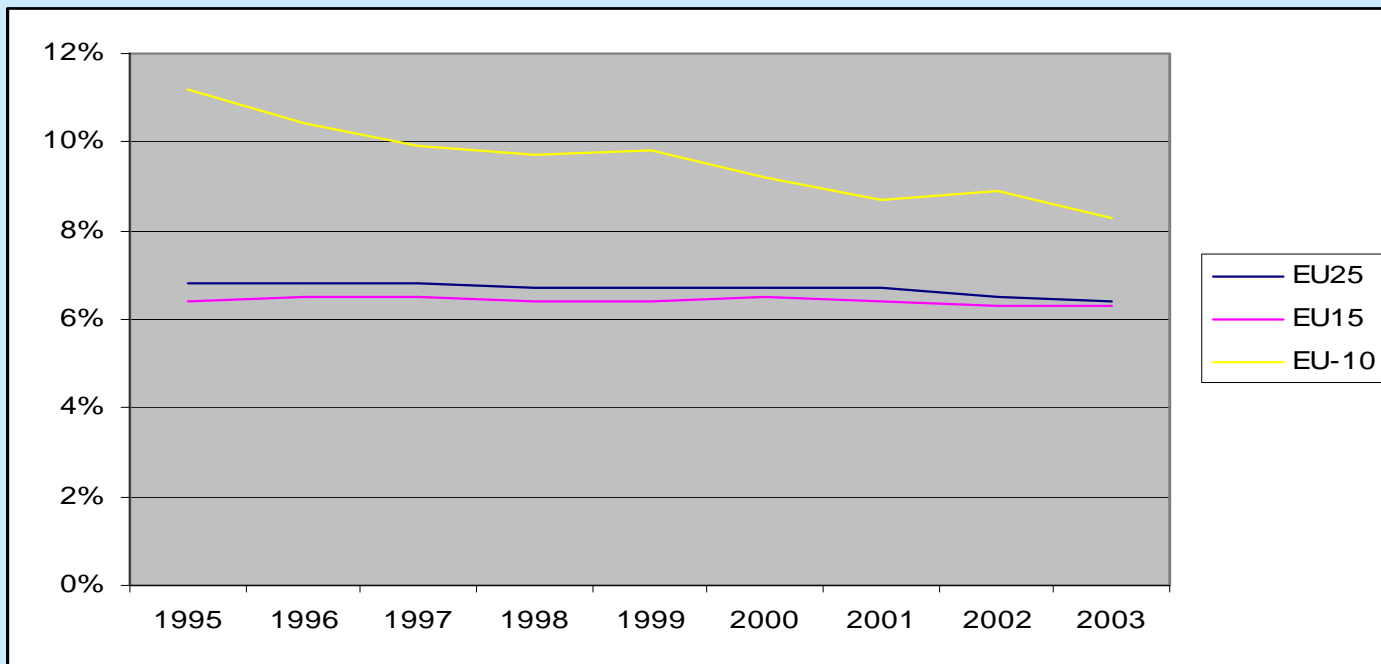
Development passenger transport by rail in pkm 1970-2004





What's the problem? - 7

Modal share rail passenger transport rail in % 1995-2003





Why a European approach? - 1

- **There is a Treaty! Member States agreed:** *to promote throughout the Community a harmonious and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance; a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States'* (Article 2 of the Treaty);
- **Member States agreed to develop a common policy in the sphere of transport (Article 3 (f) and Title V of the Treaty).**



Why a European approach? - 2

- **A solution at national level for the observed problems is not necessarily a solution that could be applied in other Member States;**
- **A solution at EU level better allows for the development of new markets for products and services at EU level, thus taking full advantage of economies of scale;**
- **State aids can disturb markets or prevent new markets to emerge;**
- **The EU as scapegoat.**



The main measures - 1

- **Directives adopted during the 90ties:**
 - **91/440: Separation of essential functions (transport operations, infrastructure management, capacity allocation); Restructuring transport undertakings; Modest market opening for international groupings; Independence for the management of the railway undertakings;**
 - **95/18: Licences to guarantee compliance with financial and social legislation by railway undertakings;**
 - **95/19: Capacity allocation and charging;**
 - **96/48: Interoperability European High-Speed network; Decisions on the Technical Specifications of Interoperability (TSIs) adopted in 2002 (e.g.: ERTMS).**



The main measures - 2

- **Railway Infrastructure Package 2001('First package'):**
 - **2001/12 (amending 91/440): Further separation of essential functions; opening market for freight transport by rail as of 2003;**
 - **2001/13 (amending 95/18): A licence issued in one Member State is valid throughout the territory of the EU;**
 - **2001/14 (replaces 95/19): Capacity allocation and charging; Obligation to publish Network Statement and creation of a Regulatory Body;**
- **2001/16: Interoperability Conventional Trans-European Railway System.**



The main measures - 3

- **The second railway package (proposed in 2002 and adopted in 2004):**
 - **2004/51 (amending 91/440): opening full network for international freight transport by rail as of 2006 and national freight transport as of 2007 (with the exception of France);**
 - **2004/49: Safety Directive: provisions on issuing safety certificates; creation of a safety authority and an accident investigation body;**
 - **2004/50: Amending Interoperability Directives 96/48 and 2001/16):**



The main measures - 4

- **881/2004: Regulation creating the European Railway Agency in Valenciennes:**
 - **Supports the Commission in the preparation of implementing rules, such as the TSIs;**
 - **Monitors the implementation of safety rules;**
 - **Sets up databases with information on licences, certificates and the networks.**



The main measures - 5

- **The third railway package (proposed in 2004):**
 - **Proposal for a Directive to open the market for international passenger rail transport (including cabotage);**
 - **Proposal for a Directive on train driver certificates;**
 - **Proposal for a Regulation on Passengers' Rights (compensation for delays; integrated tickets);**
 - **Proposal for a Regulation on rail freight quality;**
- **Proposal for a Regulation on Public Service Contracts and Obligations (PSO proposal 2005)**



The main measures - 6

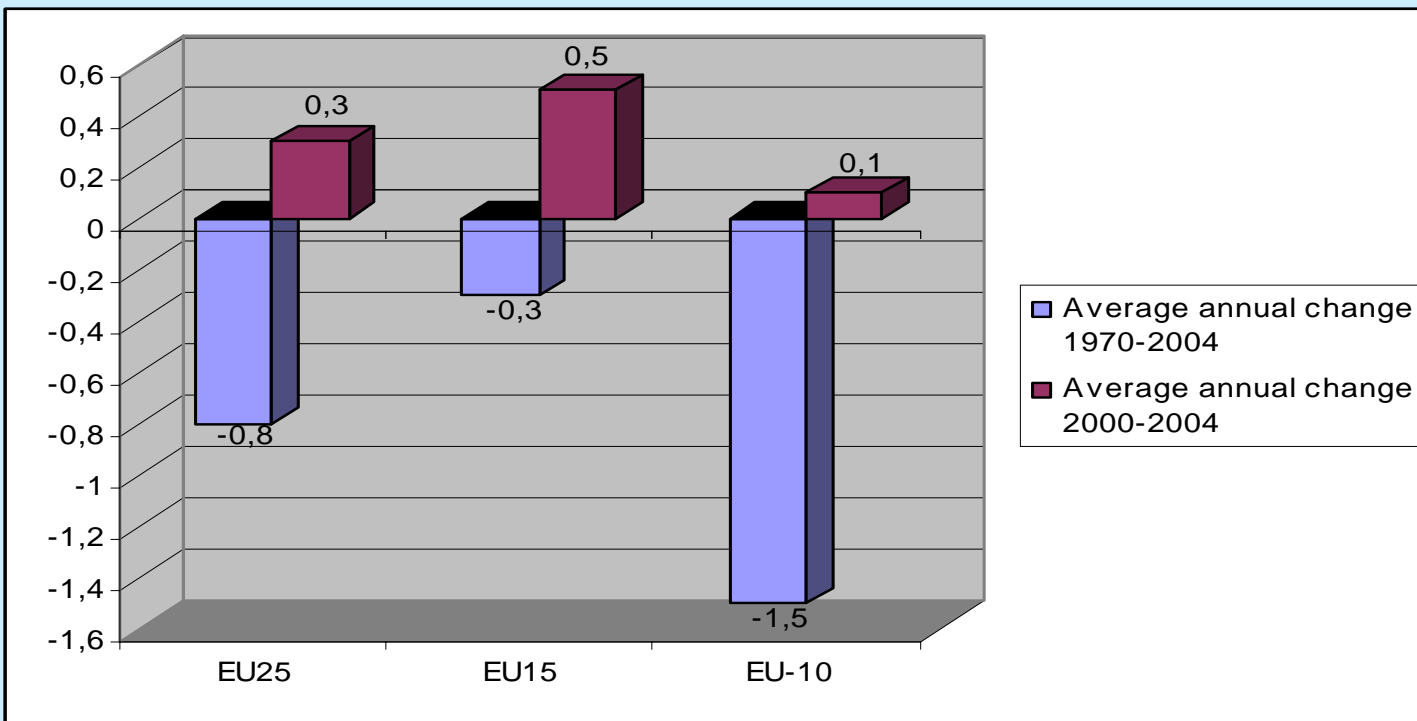
➤ **Money!**

- **Structural funds provide significant resources under objective 1 programmes to improve the infrastructure of Member States. Large amounts are used to improve the rail infrastructure;**
- **Cohesion funds provide large sums for the improvement of the infrastructure;**
- **The TEN funds provide resources for the further development of trans-european networks, in particular the priority projects, the corridors and improvement of cross-border links;**
- **EIB supports many infrastructure projects with loans.**



What have been the results? - 1

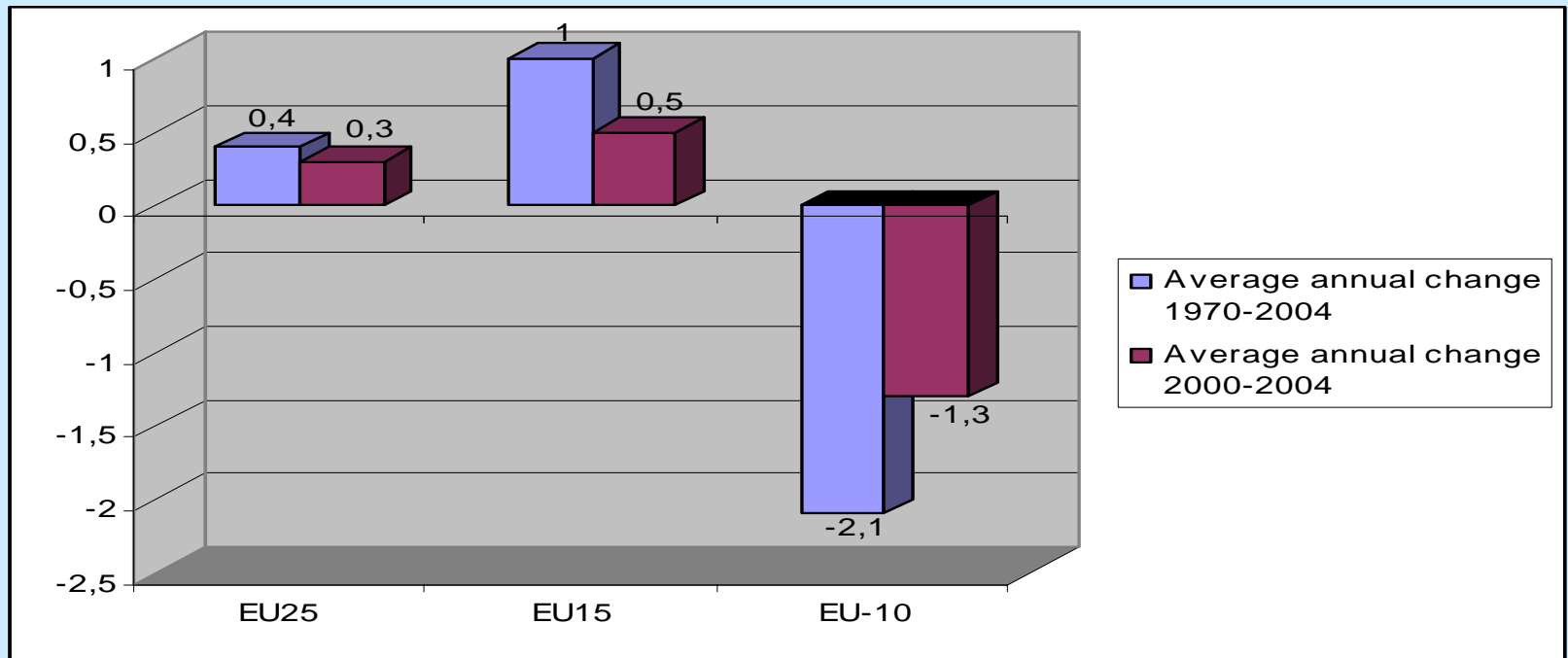
Average (geometric) yearly increase freight transport in %, 1970-2004 (bleu) and 2000-2004 (red)





What have been the results? - 2

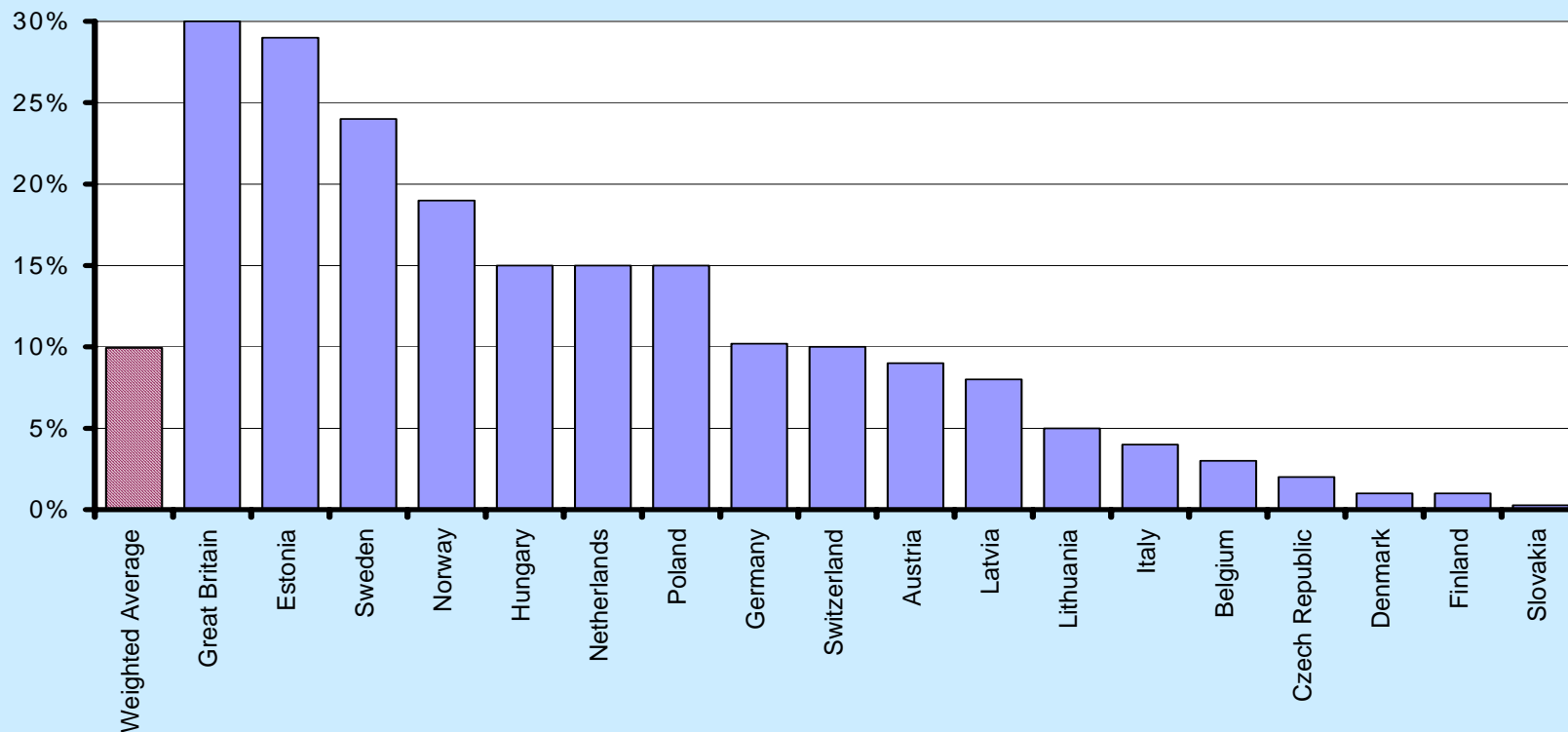
Average (geometric) yearly increase passenger transport in %, 1970-2004 (blue) and 2000-2004 (red)





What have been the results? - 3

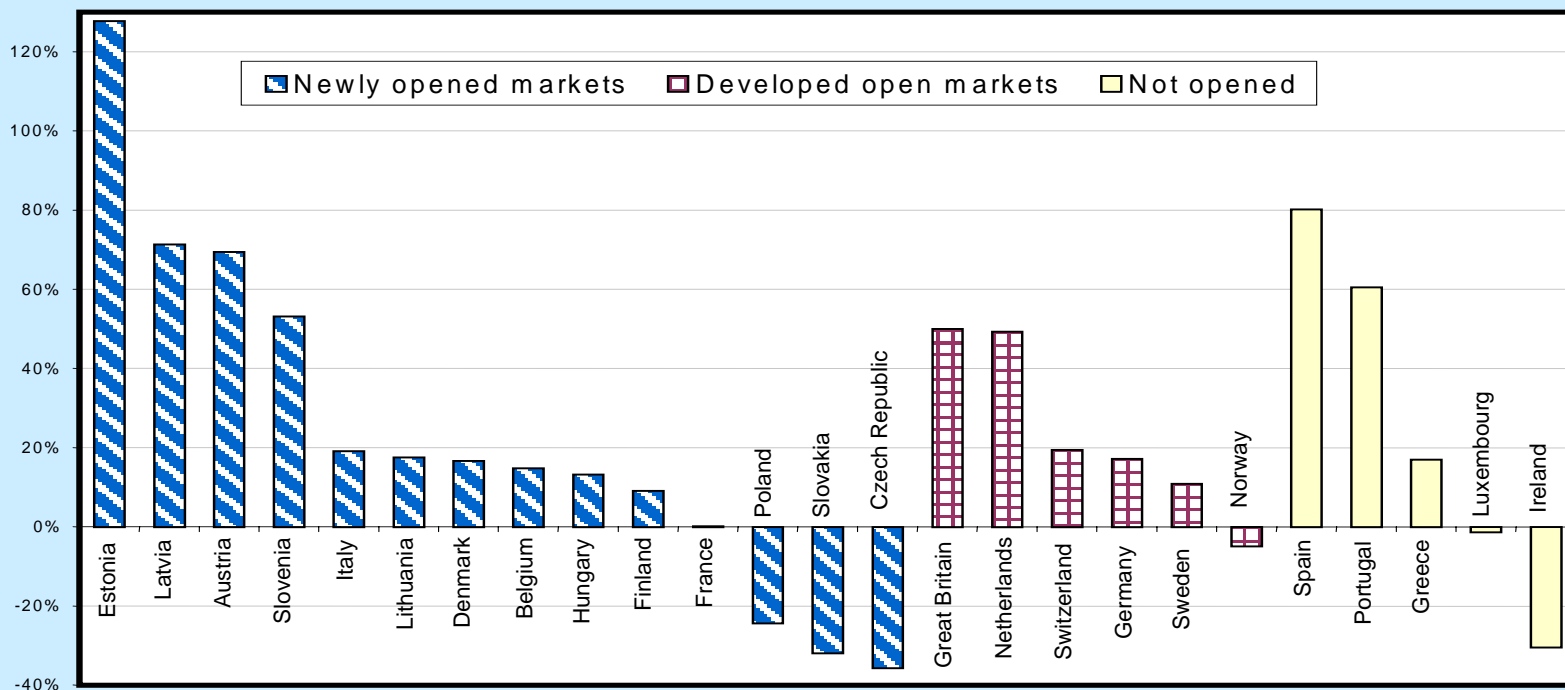
Market share new railway undertakings in 2004





What have been the results? - 4

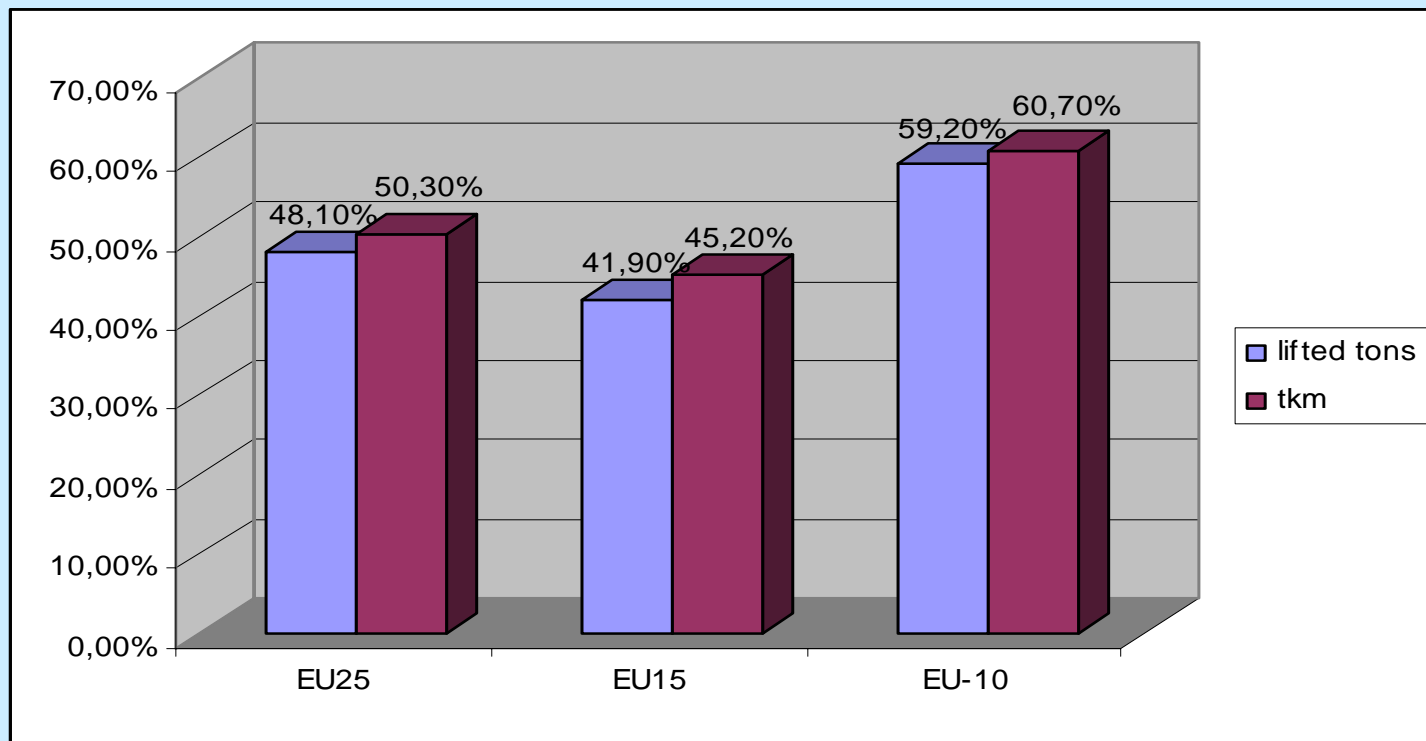
Development rail freight transport 1993-2004, broken down by degree of market opening.





What have been the results? - 5

Share international rail freight transport, 2004





How to continue? - 1

The Markets:

- **Enforcement: existing provisions must be implemented and be complied with;**
- **Charges for the use of the infrastructure must be transparent and should not deter the its use;**
- **Charging for other transport modes;**
- **Further development of a truely integrated European railway area: both in terms of transport operations as well well as for the rail supply industry.**



How to continue? - 2

The institutional context:

- **Fast adoption of the proposals tabled within the framework of the third railway package, in particular the train driver certificate;**
- **Creation of a 'level playing field' in the Member States: the administrative and institutional framework must be implemented and must function;**
- **Separation of essential functions is major requirement;**
- **Thorough evaluation of the impact of new proposals: 'Look before you leap'.**



How to continue? - 3

The Infrastructure:

- **Inventory of major problems in relation to the physical infrastructure;**
- **Problems to be addressed within the existing framework: not every problem requires new rules but sometimes only the application and enforcement of existing rules;**
- **Investments from structural and TEN funds.**



How to continue? - 4

The People:

- **Rail sector employs a large number of staff. Many railway undertakings face shortages as a result of (early) retirements. Massive recruitments of new staff will be necessary;**
- **Training: rail technology is complex and requires specialised staff that are not available ‘on the shelf’: a major effort will be necessary to set up training facilities and centers that do not directly depend on railway undertakings or infrastructure managers.**



Website

More information:

http://ec.europa.eu/comm/transport/rail/index_en.html

Or Google 'Rail Transport Interoperability'