



# INFRA CONNECTION

The journey to the future is a European railway system open to all

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## EIM Board meets Commissioner for Transport Jacques Barrot

On December 6<sup>th</sup>, the Board and the General Assembly of EIM met the Vice President of the European Commission Mr. Jacques Barrot to share their vision on the development of the European rail sector.



Were discussed in particular the implementation of the 1<sup>st</sup> railway package, the midterm review of the White Paper on transport, financing of infrastructure and the implementation of the European Rail Traffic Management System (ERTMS).

“You have an important role to play: a change of mentality is needed in the railway sector to ensure a proper transposition of the regulations”, he said. This will be achieved when the legislation is implemented in its letter as well as in its spirit. He also recognised the need for proactive, independent and strong regulators.

The EIM chairman Bert Klerk agreed: “the various functions recognised by the European laws, the management of the infrastructure, the provision of transport services and the regulation of the sector have to be really independent from each other. Their interactions have to be managed effectively in order to improve the railways’ efficiency”.

Bert Klerk also stated that EIM does not favour any new legislation for the railways. Instead EIM insists on real implementation of the current legal framework and on the fact that the Commission should take action against those Member States who have not yet fully implemented the legislation of the 1<sup>st</sup> railway package.

The Commissioner said that one very important point is a need for a proactive regulatory body, independent and strong, without it nothing will work. He also was quite firm on the fact that the capacity allocation body should not be separated from the infrastructure manager.

It is important for the infrastructure managers to have a stable financing mechanism. Eurovignette could contribute to the financing but the Commissioner made it clear that “the better is the enemy of the good” and one should not expect too much from the co-decision currently taking place. Ossi Niemimuukko (RHK) agreed that the infrastructure managers have their role to play by improving their efficiency in order to reduce their own costs.

Finally the EIM Chairman presented the EIM position on the implementation of ERTMS (see below). The Commissioner welcomed the positive feedback from the infrastructure managers on its level of maturity and the pace of implementation.

## Roundtable at the European Parliament in Strasbourg on December 13<sup>th</sup> co-organised by EIM

The Mid-Term Review of the Transport White Paper and Railway Infrastructure Charging Systems were the subjects of this event organised with the European Rail Freight Association (ERFA), the European Rail Freight Customers Platform (ERFCP) and Transport & Environment (T&E). The event was hosted by Mr. Luis Queiro, MEP and Vice-Chairman of the Transport Committee.



“Transport is a key factor in modern economies.” This core statement of the White Paper on transport policy has been the major trigger of the European Union’s rail reform policies, in which the European Parliament has always been a key actor as underlined by Mr Luis Queiro.

However, five years after the publication of the White Paper and two years after the entry into force of the First Railway Package, there is still no real competition in place in most EU countries. Procedures for granting safety certificates or licences are often slow and non transparent, and this contributes to the decline of rail freight market share.

Railway freight operators must start acting on a European scale whilst being more open to "intermodality". The management of the infrastructure, the provision of transport services and the regulation of the sector have to be really independent from each other. And this implies more proactive, independent and strong regulators.

The Commission must also play a more proactive role in enforcing the rules in place, though not necessarily through new legislation (e.g. appropriate guidelines). At the same time, best practices demonstrate that Member States can implement current legislation in a more business oriented manner through short and long term measures at little or no cost (e.g. dedicated small team to help new entrants on the market). The co-organisers also called on MEPs to make sure that the measures they had supported in 2001 with the Transport White Paper were implemented in their letter and in their spirit.

The financing of the infrastructure is another crucial issue for the future of transport in Europe. Most infrastructure managers depend on state contributions to cover the gap between income from track access charges and investments necessary to maintain or renew their network. This is a constant source of instability, as the funds available depend, each year again, on discretionary decisions of the state on its annual budget.

Short term solutions may come from a better knowledge of real costs of the infrastructure and a decrease of these costs via network optimisation. In the medium term, it will help introducing more harmonised charging systems on major international freight corridors.

In this context, the current Eurovignette proposal was an opportunity not to miss. All co-organisers supported the use of a common methodology to evaluate external costs and the principle of internalisation of these costs implemented in a

pragmatic way. Bearing in mind the institutional progress that has been made, they regretted that the Plenary Assembly of the European Parliament was now ready to accept the compromise proposed by the Council of Ministers on external costs, instead of consolidating the useful gains of the Transport Committee.

*For more details on actions proposed by EIM and on ways to reach the targets set out in the 2001 White Paper, you may download our positions from our website:*

[http://www.eimrail.org/position\\_papers.asp](http://www.eimrail.org/position_papers.asp)

## Meeting Transport Attachés, 26<sup>th</sup> January

The presentation of EIM's positions on the White Paper and on the European budget for transport was followed by a rather long discussion on various topics on which Transport Attachés were seeking advices and information: means to better implement the 1<sup>st</sup> Railway Package; new ideas to rationalise the use of the rail network; level of intramodal competition in different countries; small structures that can be set up to help new entrants on freight markets; costs and usefulness of ERTMS; independent schools for drivers.

## Eurovignette: a missed opportunity?

### **Votes of 15<sup>th</sup> December and content of the compromise**

The broad political consensus was confirmed by the massive vote in favour of the 24 compromise amendments (489 votes against 34).

Among the positive elements of the agreed compromise package (as compared with the existing Eurovignette directive) are:

- the possibility for Member States to apply tolls on all roads, not just on the trans-European road network,
- the introduction of compulsory toll variations according to the degree of pollution caused (EURO emission class) from 2010,
- the obligation for Member States to apply tolls to vehicles from 3.5 tonnes instead of 12 tonnes from 2012,

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- the possibility for Member States to apply additional regulatory charges to combat environmental impacts,
- the possibility for Member States to apply mark-ups in mountainous regions and earmarking of the resulting funds for the development of other means of transport.

However, although explicitly referring to the internalisation of external costs for the first time, the compromise is very weak on this point: the Commission will present within two years “*a model for the assessment of all external costs to serve as the basis for future calculations of infrastructure charges*”, together with an “*impact analysis on the internalisation of external costs and a strategy for a stepwise implementation of this model for all modes of transport*”. The Commission may also decide to present a proposal for the revision of the directive if it deems it “*appropriate*”.

The compromise thus puts off once again any firm decision on the internalisation of external costs. Besides it allows rebates for frequent users.

However, it should be stressed that the agreed text does give some more manoeuvring room to Member States that wish to apply toll charges than the existing directive.

### **Next procedural steps**

The Council is expected to endorse the compromise and thus put a formal end to the legislative procedure at the beginning of 2006.

Member states will then have to implement the directive within the next two years.

*EIM will continue the lobbying activity within a coalition of 14 transport and environmental organisations.*

### **Railway reform and charges for the use of infrastructure: ECMT new publication**

Over the last few years, much progress has been made in developing rail charges to ensure non-discriminatory access to, and efficient use of national rail networks. But in Europe the international dimension is still missing, particularly for the freight market.

Integration of European markets should provide great opportunities for rail freight transport to grow. The purpose of this report is to set out how barriers to this growth - arising from differences in the way trains pay to use national networks - can be overcome. It recommends moving to a set of simple charges for freight that create similar incentives for the management and planning of train operations across national borders.

Please click following link for more information:  
<http://www.cemt.org/events/JustPub/JustRailRef.htm>

### **Rail freight needs ERTMS implementation on a corridor basis**

EIM warmly welcomed the decision taken on December 12th by the Member States and the European Commission during the meeting of the Committee established by the Article 21 of Directive 96/48/EC.

This decision updates and fixes the system specifications taking into account the implementations both achieved and under progress.

Locomotives are facing barriers for crossing national borders in Europe. The implementation of ERTMS (European Rail Traffic Management System) on the main European freight corridors will remove some of them. After ten years of joint work between industry and railways the system is mature and ready for a large scale deployment.

#### **A European system**

Today there are more than twenty signalling and speed control systems operating in Europe. Any cross border locomotive needs to be equipped with several systems, Thalys linking Paris, Brussels, Amsterdam and Cologne need seven different systems. ERTMS is the European system for traffic management, composed of the radio system GSM-R (GSM for Railways) and the safety and signalling system ETCS (European Train Control System).

#### **A mature system**

By 2008 GSM-R will be implemented in 11 railway networks. ETCS is now mature and commercial operations have started. Contracts for noteworthy equipment for locomotives and lines

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have been signed in Austria, Belgium, Bulgaria, France, Greece, Germany, Hungary, Italy, Korea, Luxembourg, the Netherlands, Sweden, Spain, Switzerland, Taiwan, Turkey and the UK.

The European Rail Agency, system authority from 1<sup>st</sup> January 2006 on, will secure safe and economically justified evolutions whilst safeguarding interoperability.

### **Implementation by the infrastructure on a corridor basis**

EIM believe that Member States and infrastructure managers should commit to implement ERTMS on a total freight corridor, including marshalling yards, harbours, freight terminals etc, by a defined date. They should also guarantee an overlap with current systems during some years. This will allow railway undertakings to optimise their investments in ERTMS on-board equipment.

### **Financing of deployment**

Infrastructure investments and their funding are decided upon by the Member States. The railway undertakings are in a much more complex situation. They may be either public or private; either active on the concerned corridors or not; either convinced of a positive business case or not.

The European Commission proposes to provide partial funding through various financial instruments (Cohesion Fund, Structural Funds and TEN-T funds). EIM will express its views on this issue in a few weeks' time.

Nevertheless, EIM is mainly concerned to ensure a fair allocation and the best possible use of funds. It would be absolutely counter-productive if the European funds were to be allocated to one single corridor. ERTMS should be applied as widely as possible on the corridors with most growth potential.

### **Working programs of the European Institutions**

**Council:** Austria and Finland will both hold the Presidency of the Council in 2006. The annual operational programme will contain in particular:

- TENS transport and energy financing: The Council is expected to adopt the regulation determining the rules for the granting of Community financial aid in the field of the trans-European transport networks and energy. This regulation should enter into force by the beginning of 2007. It could be adopted before July 2006;
- EIB lending mandate: The Council will adopt a renewed Council Decision granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa). The Commission is expected to transmit its proposal in the first half of 2006. This renewed mandate will fix the amounts of the guarantees to be allocated to the different geographical areas of operation of the EIB. It could also include new geographical areas to be covered in view of the enlargement and the new neighbourhood policy. This regulation should be adopted by the end of 2006 in order to enter into force at the beginning of 2007.
- Third railway package: The Presidencies will continue work on the Third Railway Package in order to reach common positions of the proposed legislation, taking due account of the European Parliament's view. The evaluations on the implementation of the Directives 2001/12/EC, 2001/13/EC and 2001/14/EC (1st Railway Package) will also be considered.
- Regulation on public service obligations: The Commission has adopted a proposal for revision of the regulation and depending on the state of the play the Presidencies will examine possibilities to work on the proposal.

### **Commission**

- White Paper "European transport policy for 2010: time to decide" 2005 Mid Term review: As a result of this assessment it may turn out that no major adjustment is needed or that new regulatory and non regulatory measures are necessary. Expected date of adoption of the proposal: 4th quarter 2005;
- Communication on a dedicated rail freight network: Action plan with awareness campaigns and fundings (TENs) for co-ordinated projects from IMs or Rus launching innovative projects

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services on a series of corridors that may constitute an integrated network in the future. Expected date of adoption of the proposal: November 2006;

- Communication on “Galileo future applications” : Expected date of adoption of the proposal: October 2006;
- Communication on a European policy for urban transports: possible measures include harmonised rules for restricting access to urban areas for the most polluting vehicles, charging, harmonised speed limits, priority for public transport. Expected date of adoption of the proposal: November 2006;
- Communication on extension of the remits of ERA: accelerate certifications of rolling stocks + revise interoperability directives. Expected date of adoption of the proposal: Fourth quarter 2006;
- Communication on the protection of critical transport and energy infrastructure: debate on the most appropriate policy options including standardisation bodies, common minimum protection standards... Expected date of adoption of the proposal: December 2006.

#### Transport Committee of the European Parliament:

- Third Railway Package: probably second and last reading beginning of 2006;
- All Commission proposals related to transport and reaching the Parliament in 2006.

#### EU financial perspectives

With near unanimity the Committee on Budget has accepted the resolution by the European Parliament, by Reimer Böge MEP, on the inter-institutional agreement and the financial perspectives of the EU: "The committee takes note of the common position of the Council, but it rejects it in its current form. We are, however, open for constructive and substantial negotiations with the Council, provided the Austrian presidency is being given the appropriate mandate", declared Böge.

On 18th January 2006, the European Parliament adopted the resolution with 541 votes to 56 votes.

The two different positions are the following:

- Council agreement: Total budget of €62.363 billion in spending (equivalent of 1.045% of EU27 GNI) vis-à-vis the Commission original proposal amounting to 1.24% of EU27 GNI .
- EP proposal based on the 8 June 2005 Luxembourg compromise: €74.837 billion (equivalent of 1.18% of EU27 GNI).



The full programme and registration form are available on our website ([www.eimrail.org](http://www.eimrail.org)).

On 1st February the European Commission adopted a **new inter-institutional agreement** on budgetary procedures. This proposal is a working paper for the last phase of the negotiations taking into account in particular the conclusions of the European Council of 15-16 December 2005.

TRAN Committee Chairman Costa (ALDE, IT) did not hide his disappointment at the proposed TEN budget: “Major projects risk being abandoned not least because effective progress in construction phases from 2010 depends on adequate commitment to invest from 2007”. As a result European Parliament will issue its own proposal if the Commission does not come up with a better proposal. This proposal should contain a micro and macro economic evaluation of what the proposed cuts mean for each individual European policy.

Schedule: second trialogue meeting 21st February; third trialogue meeting 22nd March; end of April – beginning May: vote in EP plenary.

On the same topic, Deputy Director-General for Energy and Transport Zoltan Kazatsay (DG TREN) stated that “Member States should invest in proper planning as only the best-planned projects will be eligible in the future. The best solution to make rail

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survive is to integrate rail services with other modes of transport.”

## Report of the High Level Group on the extension of the major trans-European transport axes to the neighbouring countries and regions

Ms Loyola de Palacio, Chair of this High Level Group, delivered it to Commissioner J.Barrot on 7<sup>th</sup> December 2005.

It lists five major routes between the EU and its neighbours and selects a number of important transport projects likely to be granted financial support and other funding facilities from the European institutions and international banks. One of the questions is whether any routes should be added to or deleted from the five priority routes. A public consultation is open until 10th March 2006 and a public meeting is scheduled for 1<sup>st</sup> of March.

Please click following link for more information: [www.europa.eu.int/comm/ten/transport/external\\_dimension/hlg/2006\\_02\\_17\\_tent\\_consultation/doc/public\\_consultation\\_question\\_en.pdf](http://www.europa.eu.int/comm/ten/transport/external_dimension/hlg/2006_02_17_tent_consultation/doc/public_consultation_question_en.pdf)

## EIB's funding portfolio backs TENs and upgrading projects

During his interview with the Railway Gazette, Ivan Pilip, Vice-President of the European Investment Bank (EIB), argues on the importance of rail for the economic development of CEE countries. His intervention can be summed up as follows:

- EIB financing of TENs projects can go up to 75% of the total project cost, whereas until now the Bank normally provided financing up to 50% of the total value.
- About 40% of the total lending (about €32 billion) will be devoted to CEECs and Accession countries.
- In spite of the EC Commission reluctance, the EIB will have a greater role in the financing of rolling stock in Eastern Europe.

- PPPs will be supported by the Bank, especially with the help of such as JASPERS.
- ERTMS will remain a priority.

## EP Transport Committee organises ERTMS hearing

On 24. January the European Parliament TRAN Committee organised a public hearing to discuss the challenges for the European Rail Traffic Management System (ERTMS).

All presentations are available on [http://www.europarl.eu.int/meetdocs/2004\\_2009/or\\_ganes/tran/tran\\_20060124\\_1500\\_audition.htm](http://www.europarl.eu.int/meetdocs/2004_2009/or_ganes/tran/tran_20060124_1500_audition.htm).

## Austrian Presidency exchanges views with the EP TRAN Committee

Hubert Gorbach, Austrian Transport Minister met the Transport Committee on January 25<sup>th</sup>.

## TEN-T fundings

MEPs noted that, according to the Council compromise on the 2007-2013 financial perspectives, we are moving from the EUR 20 billion proposed by the Commission to EUR 7 or 8 billion. This is “unacceptable”, Austrian Minister Hubert Gorbach exclaimed. “I shall fight at your side. I have the same vision of things as you do. The European Union cannot say we need a growth strategy and then pretend that mobility plays only a secondary role in implementing this strategy”, he asserted. However, he stated that in any case it was the Ecofin and not the Transport Council which would take the final decisions on the budget.

## Third Railway Package

The issue of “breaking up” the third rail package is still not settled - even though the Council reached a political agreement on December 5 on the three constituent proposals (liberalisation of international passenger transport, passengers' rights, certification of train drivers) - since the Austrian Presidency plans to move forward **more quickly on the proposal on licences for train drivers** (transforming the political agreement into a common position to ensure that it can be tabled as quickly as possible before the European

Parliament). “Liberalisation will follow”, Mr Gorbach insisted. Georg Jarzembowski (EPP-ED, Germany) Parliament's rapporteur on liberalisation, clearly doesn't see things this way. However, positions within the Transport Committee are divided. French Socialist Gilles Savary, rapporteur on the certification of train drivers, is known to be not averse to seeing his report progress without the others. Erik Meijer (GUE/NGL, Netherlands) also believes the dossier “merits priority billing rather than stagnating with the rest of the package”. The fact is that the Council and Parliament are likely to clash on the proposal on passengers' rights, notably regarding the scope of the text which Parliament would like to see extended to cover national lines (the proposal only concerns international lines). Dirk Sterckx (ALDE, Belgium), Parliament's rapporteur on this text, indeed warned the Austrian minister that “the dossier will perhaps not surface during his presidency”. Mr Gorbach had just announced that he hoped to break the principle whereby rail packages systematically end in conciliation procedure between the Council and Parliament.

## Other points

Other points highlighted by Hubert Gorbach include:

- Marco Polo II: the Minister backs the financial framework proposed by the Commission, namely €740 million for the period 2007-2013;
- the Alpine Convention: Mr Gorbach aims to advance the signing in ratification of the transport protocol (see above)
- urban transport: the draft Regulation on public services obligation will be included on the Transport Council agenda for March 27/28 (a first for a proposal tabled several years ago!) and Austria hopes to secure a political agreement from the Council in June.

## Options for the DB reform

German Federal government is keen to take a decision by the summer. To that purpose consultants Booz Allen Hamilton prepared a study.

This study lists five options:

- An integrated business corresponding to DB's present legal structure
- An 'ownership' model in which the rail infrastructure is transferred to an organisation whose share are owned by the state
- A second ownership model which hands further responsibility, including path allocation, to the infrastructure-owning organisation
- A financial holding model in which the state has its own direct stake in the infrastructure business
- A model that fully separates infrastructure from operations, under which only the operators would move to the private sector.

These options will be assessed against four criteria: the market and competition; DB's ability to enter the capital markets; the effects on the federal budget and the institutional framework.

According to the report, none of the options is expected to bring about a significant transfer of road traffic to rail, although separation would have a 'slight' benefit.

Also, all options are legally possible, but only the separation model is fully in line with EC requirements.

## German Rail Infrastructure Agency becomes new regulator

The German Rail Infrastructure Agency (Bundesnetzagentur) will take over the responsibilities of the regulator from the Federal Office of Railways (EBA) effective 1<sup>st</sup> January 2006. That way, all risk for discrimination would be abolished, as required by EU legislation.

CEO Matthias Kurth of the Bundesnetzagentur, is of the opinion that the release of DB Netz from the holding would be nothing but advantageous, if only for the sake of competition. “The stronger the separation of rail infrastructure from the operator, the more important it is for the infrastructure manager to use the infrastructure in its full capacity.”

Should you have any further queries, please do not hesitate to contact us: [info@eimrail.org](mailto:info@eimrail.org)