

## Infrabel joins EIM

EIM welcomes Infrabel, the Belgian Infrastructure Manager, as a new member from 1<sup>st</sup> July 2006. Infrabel, was established in January 2005 at the splitting up of Belgian Railways. Infrabel is a part of the SNCB Holding Group.

The specific structure of the shareholders guarantees that Infrabel is compliant with the EC criteria of independence. These criteria are specified in Annex 5 of the EC report of the first railway package.

Its responsibilities include the management, maintenance, renewal and development of the railway network in Belgium. The company is also in charge of the allocation slots.

The Belgian Infrastructure Manager subscribed to the EIM Memorandum of Understanding and has thereby agreed to the delivery of non-discriminatory services for all Railway Undertakings. This includes both path allocation and charging.

The new Belgian member encourages and strengthens EIM mission's to together with the industry improve the development of the rail transport mode in accordance with the Lisbon objectives for a sustainable development strategy.

## Infrabel joins EIM

### Table of contents

- Freight Oriented Network
- EIM/ERFA/UIRR/ERFCP Conference 29th March 2006
- Infrastructure Managers CEOs seminar
- EIM exchange of views with key transport players

## Freight Oriented Network

EIM submitted to the European Commission its position on the European Commission's consultation document on the progressive implementation of a rail freight-oriented network (issued by the Commission on 22<sup>nd</sup> May 2006).

The complete EC paper and EIM answer can be consulted on [www.eimrail.org](http://www.eimrail.org)

## Summary

EIM agrees that action needs to be taken to further promote the rail-freight industry in those corridors where it is not achieving an appropriate market share. It argues that prior to any new action being taken in this area, existing rail market directives, such as 2001/14 should be properly implemented in member states, in order to increase levels of competition, which is unarguably one of the key drivers for freight quality improvements.

EIM supports the general principles of the option B proposal contained in the consultation document, but has a number of specific concerns therein. Any such European Action Plan to support option B must incorporate the existing work from the Mr Vinck's corridor studies, as well as other sector research.

## EIM general comments

1. EIM shares the views expressed in the consultation document concerning the current poor state of rail freight traffic in some member states, and the urgent need to improve its competitive edge against competing modes.
2. EIM believe that rail freight traffic will increase its performance and quality by genuine competition, which is still more virtual than real and biased where complete independence of the infrastructure manager has not been achieved (no European corridor at the moment).
3. EIM agrees with the concept of an Action Plan, on a corridor basis, to encourage the emergence of a freight-oriented network. The action plan would need to identify actions to improve the reliability, performance and competitiveness of rail freight services.
4. EIM would not support using the results of the UIC ERIM project in support of defining the Action Plan as it believes that the Mr Vinck's corridor studies are based on more robust methodology.
5. On corridor capacity, EIM believes that DG TREN should give priority to the views of RNE, who are in charge of cross border path coordination, and therefore have a good understanding of corridor capacity demands.
6. EIM fully endorses the Commission comments on the value of "performance schemes". We believe

Newsletter 14.07.2006

that the final communication should strongly recommend a full implementation of article 11 of Directive 2001/14, including the use of financial incentives and penalties between RU's and IMs.

7. The reforms undertaken in the Member States rest on in particular the following essential elements, a number among them remain however to be deepened/improved.
  - Separation between essential functions: EIM encourages the Commission to examine, on the basis of the criteria set up in the annex 5 to its report on the implementation of the 1<sup>st</sup> railway package, whether the infrastructure manager acts neutrally.
  - An independent regulatory body is essential to monitor the railway market. This body must have sufficient human, financial and administrative resources.
  - The granting of infrastructure access rights, including access to the necessary services, on a fair and non-discriminatory basis to all railway undertakings.<sup>1</sup>
  - The enabling of authorised candidates (e.g. freight forwarders, and the competent authorities for public transport service contracts) to have access to infrastructure.
8. The directive 2001/14 makes rail infrastructure charging obligatory, but it does not address by itself the question of intermodal competition between rail and road. The new Eurovignette Directive only gives a partial response to this question. The text requests the Commission to work out a model for the incorporation of external costs into charging for the use of infrastructure in all modes by 2008, and come forward with legislative proposals if necessary. The sooner, the better.

## Comments on the proposed option B measures

### MEASURE B1: OPTIMISE PRIORITY RULES IN CASE OF DELAYS

- EIM fully endorses the Commission's wish to seek implementation of performance schemes
- There is a need to link this measure with the 3rd Rail Package: the wider the scope of passenger rights regulation, the more we need some priority rules for freight

- Harmonisation of train regulation rules along the major corridors is also an issue in the event of delay or perturbation. EIM draws the attention of the commission to the UK use of contingency plans as a mandated requirement of the Access Conditions and Network Code
- This is the easiest measure to implement

### MEASURE B2: OPTIMISE PATH ALLOCATION PROCESS

This appears too prescriptive. EIM believes that the objective of B2 can be achieved if the allocation of train paths follows strict priority criteria, and is subject to the scrutiny of the appropriate national regulatory body where a RU believes the IM has not followed them correctly. The UK model is a good example of this in practice.

### MEASURE B3: GENERALISE BI-OR MULTI-LATERAL OPERATION CENTRES

EIM endorses the Commission's views, but believes the text should be strengthened to encourage the sector to set up joint operational centres *which include the relevant IM's*. This is seen as a further opportunity to reduce cross border transition times through the shortening of communication, and decision making, chains in the event of traffic disruption. Such centres are already implemented in the UK, the Netherlands, and partly in France

### MEASURE B4: SIMPLIFY CROSS-BORDER OPERATIONS

The European Rail Agency should urgently focus on this issue (TSI operations). The workshop organised by the EC on July 13<sup>th</sup> on that issue should encourage Member States and the industry to share and spread best practice without delay.

### MEASURE B5: IMPROVE THE CIRCULATION OF INFORMATION AND DATA MANAGEMENT

- The Commission should note that implementation of the TAF TSI is in progress, through the SEDP project. In addition, Europtirails, which is being developed through UIC and RNE, should meet many of the IT needs identified in this element of option B.
- EIM believes that RNE's role should be recognised as mandatory by all stakeholders.

### MEASURE B6: OPTIMISE TERMINALS' OPERATIONS

- The Commission must make access to terminals a priority of its audit on compliance

Newsletter 14.07.2006

with the 1st Railway Package (non discrimination)

- EIM believes that terminals access arrangements and opening times must reflect the commercial needs of relevant RU's. This should not be subject to specific mandates by the Commission, but be driven by market and economic needs.

**MEASURE B7: GENERALISE QUALITY CLAUSES AND FINANCIAL COMPENSATIONS FOR NON-COMPLIANCE IN THE CONTRACTS SIGNED BETWEEN THE STAKEHOLDERS**

- EIM believes that the function of the performance and compensation schemes required by article 11 of Directive 2001/14 will drive the aspired quality improvements. EIM also reminds the Commission that this issue was rejected both Council and Parliament in 2005 as part of its consideration of the 3<sup>rd</sup> Railway Package.
- Where the aforementioned article 11 has not been implemented, EIM urges the Commission to commence infringement procedures.

**MEASURE B8: ENSURE COHERENT MARGINAL COST PRICING ON THE NETWORK**

- Marginal cost pricing and competitiveness with other modes is difficult to combine
- Eurovignette and the need for a level playing field (internalisation of external costs) between the transport modes should be stated by the Commission in its Communication
- Financing should be found for the investment needed for implementing a freight-oriented network
- The Commission should be mindful of the need in some circumstances for some Member States and/or IM's to invest for the benefit of those from other countries on a corridor. (TEN-Ts financing rules). Suitable incentives should be provided to make this happen quickly and easily.

**MEASURE B9: ENSURE A MANAGEMENT/MONITORING OF THE OPERATIONS ON THE NETWORK BY THE SETTING UP OF A "COMMON CORRIDOR ORGANISATION"**

Existing coordinators (the 6 EC coordinators and RNE One Stop Shop) should ensure that bottleneck exercises are undertaken, in conjunction with IMs, where congestion exists (as per Directive 2001/14/EC, Articles 22 etc).

**MEASURE B11: FOCUS INFRASTRUCTURE AND TERMINALS WORKS ON PRIORITY SECTIONS AND COORDINATE THEM AT A CORRIDOR-LEVEL**

- As with Measure B8, the Commission should be mindful of the need in some circumstances for some Member States and/or IM's to invest for the benefit of those from other countries on a corridor. (TEN-Ts financing rules). Suitable incentives should be provided to make this happen quickly and easily.
- Investment optimisation and priorities are to be examined by the Corridor Coordinators, EIB, and the proposed TEN-Agency. Such issues should include,
  - Train length
  - Loading gauge
  - Axle and metric load
- Gauge C is either too expensive or is not feasible in some areas
- TSI's will define mandatory requirements, and care should be taken not to duplicate effort in this area.

**MEASURE B12: ENCOURAGE IMPLEMENTATION OF INTEROPERABLE SYSTEMS AND HIGHLY-EFFICIENT TECHNOLOGIES**

- Studies should be carried out "under the supervision" of the EU coordinator (and not "by the coordinator")
- A prerequisite to B12 is B4: simplification of cross-border operation.

Newsletter 14.07.2006

### Context

Three years after the opening-up of the international rail freight market, this was an appropriate moment in time to analyse the operation of the market and the regulatory framework governing infrastructure access, especially as the Commission was expected to shortly adopt its report on the implementation of the first railway package dating back to 2001 and the mid-term review of the White Paper on transport policy.

The First Railway Package of which one of the objectives was the opening of all the European networks to freight operators has been implemented in almost all the Member States.

Nevertheless it was obvious that:

- Competition has started, but not in all countries, making it difficult (in fact impossible) for operators to build European services.
- Some freight operators have a clear European strategy, but are still facing legal and practical obstacles in some countries.
- Even where competition is already delivering results, new entrants are still facing some "difficulties", hindering them to be fully efficient.

*Many of these issues are now raised in the report of the European Commission on the implementation of the First Railway Package.*

### Objectives and expected results of the conference

In this context it was deemed that it would be of great interest for all people affected by transport policy, and land transport in particular, to share knowledge of efficient ways of implementing competition and freeing the operators of known or hidden barriers.

"Europe's single market is currently harboured by various obstacles related to its transport system. The European Union is currently working in order to enhance the current situation thanks to two major instruments: the introduction of competition (achieved in road transport, repetition almost achieved in air transport, but only starting in rail transport) and the building up of integrated and technologically advanced Trans-European Networks. Transport networks have been identified as a key area in the context of sustainable economy, and the push forward for intermodality is arguably more important now than it has ever been before.

In this context the infrastructure managers, their customers (current or potential) and their national authorities have to work as quickly and as hard as they can to implement a fair and efficient access for operators or would-be operators.

This conference intends to share with the attendees, through real and thorough examples of best practices and case studies, beyond the usual benefits of such events, what solutions have already been successfully applied and could be implemented in their business to get more for the same amount of money.

The main sector beneficiaries are the European economy and the European citizens. Indeed a more open European network, coherently opened, where carriers fairly compete, will positively facilitate reaching the Lisbon strategy and Kyoto objectives.

More precisely, the Member States representatives, the European Commission staff members, the infrastructure managers were also able to create direct contact with the persons having implemented efficient solutions. This insight will be comforted by the customers' viewpoints.

All these issues were dealt with during the conference. The purpose was to bring to light solutions found in one or more countries and which were likely to deliver positive results in others. Thus, the conference will provide a contribution to the further development of the rail sector, both freight and passengers.

The conference will provide the attendees with an insight of the following issues:

- key thinking, debates and policies surrounding the subject;
- the current situation, as seen by the new operators and freight forwarders in particular;
- the identification of solutions implemented and delivering efficient solutions to various issues the operators face when entering in a national network".

The conference intended to look into the following areas by means of complete presentations of real cases and best practices.

### Content of the conference

The presentations and a summary can be found on [www.eimrail.org](http://www.eimrail.org)

### Safety Issues

Newsletter 14.07.2006

When they intend to operate in a new country the railway undertakings face first safety issues in order to get their safety certificate in that country.

Likewise the suppliers which want to deliver products for the European market are facing the "headache" of national regulations. A significant example was given on the signal light combinations: 15 regulations in the EU.

This is why, not surprisingly, the safety issues were raised as the first point in the conference.

Many speakers highlighted that due to 150 years national dominance in evolution of railway systems, today processes of certification (rolling stock, locomotives, drivers, safety management systems ...) do often not match the needs of modern European-wide transportation mode.

Main issues: safety certificates deliverance, mutual recognition of locomotives and drivers' certification.

## Capacity Allocation

When a railway undertaking intends to operate in a new country they first need to get their safety certificate and then they will have to get train paths.

The situation is much better than for safety issues, due in particular to the mandatory publication of network statements. However, there are still issues that need to be dealt with.

In this context, the fact that some infrastructure managers are not entirely independent of the railway undertaking means that in these countries some doubts are present as to the fairness of the allocation process. This is not encouraging for the business and its growth.

Main issues: congestion, RNE strategy to improve freight paths situation and capacity requesters.

## Access to Factories, Warehousing, Ports and Essential Facilities

The motto was: «the devil is in the detail», since it is so obvious that access to these facilities is everywhere in Europe anything, but open fairly.

UK situation and average continental situation were presented and discussed.

## Regulation

The recurring theme from the speakers was, (with the notable exception of British speakers and attendees): «is there any regulator there?», or «I wish your regulator to be there, acting», since it is so obvious that strong regulation is all the more necessary, when there is no fair and full separation between the infrastructure manager and the railway undertakings.

The British situation has been fully described many times (see in particular the EIM/ERFA/EFRCPC brochure on the UK experience. [www.eimrail.org](http://www.eimrail.org) or the ORR website at [www.rail-reg.gov.uk](http://www.rail-reg.gov.uk)).

Customers highlighted that the revitalisation of the rail freight market requires normal economic conditions to be created in the sector. That means first of all intramodal competition and then competition between participants in the market.

All companies must get guaranteed "open access" to the rail infrastructure without any discrimination; this requires a separation of infrastructure management from companies operating rail services and a strong regulator.

Customers see the UK experience as a case of best practice. On what is the British system based both in its implementation and application?

- Separation between infrastructure and operation.
- Neutrality in allocating of network capacity.
- The Rail Regulator is independent and vigilant.
- Impartiality in allocating licences, security certificates and homologation of rolling stock is granted.

All other Member States are living under the same regulatory framework. When they nevertheless record a difference in situation, failure in implementation or application of the legislation must be the reason for this. In particular some member states did not install rail regulators at all or not as independent units. They are convinced that the creation of strong and independent rail regulators is a key element for correct functioning of intramodal competition.

Newsletter 14.07.2006

### Conclusion

As Vice-President of the European Commission and Commissioner for Transport Jacques Barrot said at the end of the conference: *"The testimonies and experience exchanged today by the market players confirm the Commission's analysis of the situation: the regulatory framework is in place, and it now needs to operate effectively in the EU Member States"*

The process of applying the new framework for the non-discriminatory allocation of rail infrastructure capacity, infrastructure charging and the setting-up of regulatory bodies is well under way in most member states, but the framework is not yet fully operational everywhere.

It is essential to implement what has been decided. This entails taking all the necessary implementing measures and administrative decisions. The railway companies require simple, precise and transparent information about all the procedures allowing them market access.

On the one hand, as has been confirmed by the conference, the "new entrants" are still encountering many obstacles and difficulties regarding non-discriminatory infrastructure access and transport service provision.

On the other hand the "incumbents", who have the greatest amount of knowledge of the system, should learn to play by the competition rules and allow them to operate, and not seek to profit from their position, which is still a very dominant one. The Commission and the national competition authorities will need to pay attention to the following:

- Firstly, the content of the network statement and the publicity of it need to be improved: this document ought to be clear and complete, covering all the services necessary for infrastructure access; it also needs to be easily accessible to all interested parties.
- Secondly, cooperation on a European scale regarding the granting of international train paths and the establishment of harmonised infrastructure access conditions should be strengthened, e.g. through standard contracts.
- The Member States need to ensure the administrative capacities needed for the smooth functioning of the regulatory bodies and guarantee that they have real independence.

- It is necessary to create transparent and non-discriminatory conditions for access to rail transport ancillary services, such as maintenance workshops, terminals, and training centres.

By way of conclusion, Mr Barrot expressed his *"firm conviction that the development of a European railway system that is interoperable, competitive and safe should, more than ever, remain a priority in the context of our transport policy. The process of opening up the freight market is well under way. Its success will depend on the Member States and the stakeholders who must continue their efforts to create in practice regulatory and economic conditions favourable to competitive railway operations. The Commission will endeavour to ensure that each party does its duty, and it undertakes to do likewise"*.

### Infrastructure Managers' CEOs seminar

European rail cooperation as a key factor for rail growth in Europe was the key theme for the Infrastructure Manager's CEOs seminar.

The efficiency of the internal market for European citizens and companies assumes the existence of well functioning and adapted transport means for both infrastructure and operators. This in turn implies a truly open European transport network with as few physical barriers as possible. Thirty CEOs of the European rail infrastructure managers discussed this challenge at their second annual seminar.

### Key EU transport issues

The conference started with an introduction from DG Tren on the agenda in Brussels. In his opening presentation, Zoltan Kazatsay, Deputy Director-General for Transport in the European Commission, elaborated on the key EU transport issues at stake namely the upcoming revision of the 2001 Transport White Paper.

The concept of a dedicated freight network, the implementation and financing of the European command, control and signalling system ERTMS along international freight corridors, the implementation of performance schemes and the optimal use of existing capacity were also elaborated on.

He called on the CEOs to proactively take part in the ongoing and future debates on the topics on the Brussels

Newsletter 14.07.2006

agenda, with the ultimate goal of making such an open European transport network a reality. Zoltan Kazatsay also said that, whilst financial means are scarce, the European Commission is committed to making better use of the synergies between the available instruments (TEN-budget, Cohesion fund, ERDF, EIB)

Particularly focused was placed on the imminent mid-term review of the White Paper on Transport, and the crucial commitment of the Member States to the furthering of European transport policy..

All participants supported the creation of an ambitious, but realistic dedicated freight network and the implementation of ERTMS as viable tools to contribute to the increase of market share of rail transport.

#### ERTMS implementation

A review of progress on getting a European corridor solution was made by Karel Vinck, EU Coordinator for ERTMS implementation. He stated that "we have to abandon our national views when it comes to technical solutions (ERTMS) and if we want to reach a critical mass of equipped lines and locomotives by 2013".

The European Commission confirmed the need for a strong EU financial support to "quick start" the system. Krzysztof Celinski, President, PKP and Hubert du Mesnil, Directeur Général, RFF also outlined the challenges and the opportunities for the railways using real examples of ERTMS implementation efforts.

Hubert du Mesnil, also discussed how technical harmonisation is of strategic value for rail and also that European policy-support is a short-term opportunity. The corridor approach will provide operational results within a reasonable period of time and is an opportunity to identify and solve other technical and operational shortfalls of international traffic. Huber du Mesnil also highlighted that the Infrastructure Managers have to apply true dynamism to the implementation process.

#### Performance and compensation schemes

The British and Italian infrastructure managers demonstrated with concrete examples how a performance scheme can increase the level of performance in the railway sector. The key issues surrounding performance schemes being, for many how to comply with Directive 2001/14.

Tom Winsor, former UK regulator outlined how this is currently achieved in the UK and elaborated on the UK track-train interface, its network code and performance improvements with relevant measures. The Italian experience so far was discussed with Mauro Moretti, Chief Executive Officer, RFI. RFI has been working on a Performance scheme since 2000 at national and at international level as well. The RFI PR model is based on the outcomes of the EPR I and II UIC Projects, where RFI was Leader. RFI presented in late 2001 its proposal to the Ministry of Transport. The scheme has been tested since then, without actual financial flows and a shadow-running (in cooperation with RUS) has been carried out in the second half of 2004. The Italian Performance Regime is fully operative since 1st January 2005. It is

- **Based on delays**

Punctuality is the most relevant market value for the railways and "delay" is a significant indicator for punctuality

- **Involving all the trains on the whole network**

In compliance with the EU Directive 14/2001 and in order to avoid "biased" behaviours at operational level

- **Targeting the performance of each single train**

Working through "averages" does not help in addressing solutions and does not satisfy specific needs of the RUs

- **Symmetrical and involving Financial flows**

IM and RUs are equally responsible and contractually bound. Financial flows ensure adequate stimulation

#### Optimising the use of infrastructure

Bert Klerk, Chairman of EIM and General Director of ProRail (the Netherlands), and Hansjörg Hess, Director of Infrastructure of SBB (Switzerland), shared their experiences in optimising the use of their infrastructure.

Hansjörg Hess explained all about the launch of the new Rail 2000 timetable.

**More trains:** Total number of trains increased by 12 percent on December 12th. However, SBB has been improving intercity services gradually since 1997. Compared with the 1997 timetable, the average load on the SBB network increased by about 30%.

**Faster trains:** Compared with the 1997 timetable, Rail 2000 cut journey times by five minutes or more for two-thirds of the connections. Substantial gain of time between the main centres.

**More direct trains:** New non-stop-connections reduced the need to change trains by roughly 4 %.

Newsletter 14.07.2006

**More convenient trains:** New and renovated coaches (air conditioned, convenient, silent). New: 24 tilting trains (168 coaches) and 341 double-deck coaches, 60 driving trailers for systematic push and pull. Complete renovation of the Type IV fleet (which are passenger coaches).

The key to Rail 2000 was the creation of a timetable based on the original node system of the 1980s. With Rail 2000 the long distance trains always arrive at the big centres just before the full or half hour. They leave again just after the full or after the half hour (that means trains now run every half hour or every hour depending on the line). Similar to a big airport hub, this concept guarantees the passengers good connections to other trains.

In order to attain the shorter journey times of about 55 minutes between the hubs, the rail infrastructure had to be improved. The stations had to be adapted to handle more trains in a shorter time, and the lines had to be improved to allow for more capacity and higher speed. Tilting trains were also a factor that helped reduce travel times.

The continuing journey towards optimisation and an update of "Using and Building", the plan for the Dutch railway sector contributed to highlight the debate. Bert Klerk discussed in detail how the facilitation and growth by better use of existing infra could take place as well as how to improve reliability and availability of the system. The reasons for primary delays through rolling stock and infrastructure issues were outlined. How to optimise sector investments based on public economic benefits and also how to cooperate to realise the aims (living apart together) were also discussed/

### **Dedicated freight network**

DG Tren's vision and an international perspective on cost efficiency, capacity and performance was given by Heiner Bente, Managing Director, BSL Management Consultants. Three main points were raised:

- European Rail Freight at a Critical Turning Point
- What have Infrastructure Managers and Dedicated Freight Networks to do with it?
- The Challenge for Infrastructure Managers and Train Operators– a 50 bn Euro Dilemma?

Solutions and approaches proposed to improve freight market share included the need for infrastructure managers to apply a system approach as a coordinated business with key "protagonist" rail freight operators. The planning needs to adopt a truly European dimension

from the outset and the European network development plan needs to build on a commercially intelligent migration strategy and dedicated rail freight networks. There is a need to emerge out of existing multipurpose railway infrastructure and the European Commission may decide to put seed-money into the network. Finally, Heiner Bente stated that a development plan may ultimately impact the railway industry far more profitably than just ERTMS-migration.

The presentation was followed by a lively discussion where many of the 30 CEOs took part and forwarded their views.

**The Infrastructure Managers CEO conference was concluded on a positive note summarising the many initiatives that have been launched. However, it was also clear that the railway community has a long way to go in order to reach the EU goals. All stakeholders need to work closely together and commit both technically and financially to achieve the implementation of the key issues on the Brussels agenda.**

### EIM exchanges views with key transport players

On the 20<sup>th</sup> of June 2006, the association of the European Rail Infrastructure Managers (EIM) and its members welcomed a wide range of representatives from the entire railway sector, including several high level representatives from the European Commission and Parliament to its annual reception.

### **EIM's vision and priorities**

In his welcoming word, Ossi Niemimuukko, Vice-Chairman of EIM and Chief Director of RHK (Finnish rail administration), outlined EIM's vision and priorities, all of which were demonstrated by past and future activities. These include:

- Contribute to the creation of an intra- and intermodal level playing field, whilst promoting the development of rail traffic.
- Facilitate the optimisation of the cost and performance of the overall system.
- Contribute to the improved development of rail transport. Providing EIM expertise, in particular to

Newsletter 14.07.2006

the European Rail Agency, is one of the means to achieve this goal.

- Maintain a continuous open dialogue with all rail stakeholders concerned.

EIM Vice-Chairman Ossi Niemimuukko concluded by saying that "EIM will continue to assist the European institutions and the industry in realising the objective of revitalising the European rail industry before 2010" and "EIM will continue to work in close co-operation with the sector as a whole."

### **Transport programme outlined by the forthcoming Finnish Presidency**

The guest speaker, Mr. Mikko Ojajarvi, Director of the Infrastructure Unit of the Ministry of Transport and Communications, represented the forthcoming Finnish Presidency. Mr. Ojajarvi elaborated on the transport programme for the next six months, in particular the role of rail in the complete logistics chain and the Third Railway Package, whilst acknowledging the role EIM has played in the past and is also committed to play in the future.

In his speech he summarized many issues for the Finnish presidency. The main priorities of the Finnish Presidency will be the competitiveness of the EU, innovation policy, ageing of the people, climate change, the enlargement, relations with the Russian Federation, the Northern Dimension and external dimensions in the field of energy. It is most likely that also discussions on the Constitutional Treaty will continue in some form during our Presidency.

In the field of transport Finland will not organise any informal ministerial meetings. The EU-Russia transport dialogue will continue during the Finnish Presidency and the EU-Russia PPC [Permanent Partnership Council] meeting on transport will be organised.

In the transport sector the priorities are logistics and short sea shipping. Finland is a sparsely populated country with long distances, and far away from the core regions of Europe. Traffic flows are thin and the winter is long. All these problems increase the costs of transport. For example, the logistics costs for Finnish companies are about two times higher than the average in the EU. These are the reasons why the Finnish Presidency is decided to concentrate on paying attention to logistics. The efficiency of logistics is important for trade and

commerce and therefore for the competitiveness of Europe. Naturally 90 per cent of logistics depends on actions by companies. However, the public sector contributes significantly to shaping the operating environment of logistics activities.

There are many ways in which the public sector and especially the EU can influence logistics: Firstly, there are still areas of the logistics markets that do not function as they should. Railway transports are surely included in this area. The EU should continue to deregulate the logistics service markets. Secondly, impact assessments of all relevant EU regulations should also be made from the logistics point of view. Thirdly, at present, there are no systematically collected indicators to describe the state of logistics in Europe. Suitable indicators need to be identified and specified, and then a decision must be made as to how and by whom they will be followed and kept up to date. Fourthly, the EU should invest more in logistics research, training and education, in order to achieve better know-how and more efficient and sustainable logistics. Finally, the public sector plays a significant role in the development of logistics. There should be new, more effective and faster procedures in international decision-making with regard to creating standards and implementing ICT technology, as well as public funding for development work for the public good.

The Finnish Presidency aims at adopting Council Resolution on logistics in the December 2006 Council. It hopes that the Communication will later set up an Action Plan that will be based on a holistic approach and focus on the efficiency and functioning of the transport system as a whole.

The Finnish Presidency is planning to start handling maximum one or two new proposals and will work towards an early coming into force of the new Athens Convention 2002, on passenger liability. During the Finnish Presidency this aim will be promoted. It also believes it is important to strengthen the passengers' rights also in maritime transport. This has already been done in the aviation sector and the issue is being dealt with in the railway sector.

In land transport there are many important files on the table. The Finnish Presidency is ready to deal with the third railway package and plans to have the Council to submit the common position to the European Parliament in September 2006. It is also seen as positive that the Council reached political agreement on the Public

Newsletter 14.07.2006

Service Obligations. The political agreement was achieved after long and intensive negotiations. All the Member States and the Commission had to make compromises.

During the Finnish Presidency negotiations with the EP on this file will be started. More information can be found for example at the Presidency web page at [www.eu2006.fi](http://www.eu2006.fi) and at the Presidency pages of the Ministry of Transport and Communications at [www.mintc.fi/eu2006](http://www.mintc.fi/eu2006).