CER The Voice of European Railways

European Rail Infrastructure Managers EIM

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CER-EIM-UNIFE Joint Position Paper

A Sustainable Future for Transport

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The Future of Transport: Our Vision

The European rail sector calls for the future of sustainable, efficient and customer focused transport in Europe to be based on the following principles:

- The transport system must provide customers with **the best possible mobility choice.** This applies both to passenger and freight transport. Better **integration** of the different transport modes will improve the overall efficiency of the transport system.
- **Concrete and overall emissions reduction targets** should be set for the transport sector as whole. These would provide a clear and measurable goal for transport policy. Policy measures should be assessed in the light of their contribution towards this goal.
- **Internalisation of external costs** is key to reducing emissions from transport and to tackling climate change. The "**polluter pays principle**" needs to apply to all modes of transport and would **level the playing field** between modes.
- Increasing national and European **investment** in rail infrastructure is of primary importance. Investment should be designed to promote decarbonisation and should foster a shift to sustainable modes, in particular from road to rail for freight and from air to high speed rail for passenger transport - **with the final objective of creating a highly performing network that meets customers' needs.**
- **Liberalisation** of the rail sector as part of an overall successful transport policy is one of the key driving forces for improving the quality of services and choice for customers. Liberalisation will make the rail sector more efficient and will improve its ability to compete with other modes
- **Independent and strong regulatory bodies** in all member states should monitor the market and ensure that all operators are not discriminated against.
- Experience has shown that liberalisation alone, for example when not pursued together with an adequate financing of public service contracts and infrastructure, has not always delivered the expected positive results. The White Paper of 2001 outlines the key elements of a successful transport policy: adequate financing of public service contracts and of infrastructure, fair intermodal conditions and market opening. The proposals made in the White Paper require a coherent and balanced implementation throughout the European Union in order to be successful.
- **Innovative and environmentally friendly transport technology** solutions must be developed and implemented. For rail this includes new **interoperable technologies, such as ERTMS**, which should be deployed along the EU's railway network. Special measures should be taken to overcome the technology gap between Western Europe and CEE countries.
- Transparency of principles and procedures (i.e. track access, charging schemes) should be promoted, as well as **international cooperation and coordination** of infrastructure managers, railway undertakings, member states and regulatory bodies.

What do we want the future of transport to achieve?

Transport accounts for 25% of all greenhouse gas emissions (GHG). Emissions from transport are growing while other sectors have managed to reduce emissions in recent years. The main challenge for transport will thus be to drastically and rapidly reduce emissions while maintaining high levels of service and a key role in the European economy. Clear and measurable emissions reduction targets should set the primary goal for the sector and for transport policy in the coming years. All other policy measures and tools should be geared towards meeting these targets.

The Community of European Railways and Infrastructure Companies (CER), the European Rail Infrastructure Managers (EIM) and the European Rail Industry (UNIFE) would like the transport system of the future to be sustainable, safe and secure as well as easily accessible and customer-friendly. Our goal is to attain a level playing field between modes. This will induce modal shift towards more environmentally-friendly modes and consequently reduce emissions.

In future, transport needs to be multimodal, highly electrified, interoperable and responsive to the needs of passengers and freight shippers. As the Commission Communication on the Future of Transport states, European transport policy "has assisted social and economic cohesion and promoted the competitiveness of the European industry thereby contributing significantly to the Lisbon Agenda for Growth and Jobs".[1] This should be upheld and further developed in the years to come.

To meet the EU's emissions reduction goals, the upcoming White Paper must have the following objectives:

1. To focus on customers
2. To integrate modes to achieve sustainability
3. To invest with government support
4. To improve quality and efficiency through liberalisation
5. To set the right prices for all modes of transport
6. To foster the role of technology and interoperability

These objectives must be pursued in the context of a coherent, integrated and balanced approach.

1. Focus on customers

The transport system must provide customers with **the best possible mobility choices** combining the need for sustainable solutions with efficiency and service.

For **passengers**, this means that the EU should encourage the use of public transport, in particular rail transport. Seamless public transport options are vital. These include parking places for cars and bikes at train stations and well integrated timetables and ticketing options. In addition, integrated e-ticketing will improve access to public transport and contribute to a paperless society.

[1] COM(2009) 279/4

With the opening of the international rail passenger services market in 2010 as part of an overall transport policy, the quality and choice of services and products should become more attractive and cost effective.

For **freight** transport, where markets have been fully liberalised since 2007, there are still some measures that can make rail freight more attractive, such as:

- Developing a broader network of market based rail freight corridors and putting into practice **a smart freight corridor regulation**. In this regard, the successful experience of the Rotterdam-Genoa rail freight corridor is an example of best practice in interoperability and coordinated deployment
- Further developing the interoperability of the European railway system to foster cross-border transport
- Promoting the use of **High Speed Lines for high value freight transport** where possible. This can result in a more efficient use of High Speed Lines and in a quicker and more reliable transport of goods by train.
- Fostering the use of the Marco Polo II programme to shift freight off the roads in order to improve the environmental performance of the freight transport system.
- Using TEN-T funds for targeted investment in the elimination of bottlenecks and in hubs/conurbations (e.g. bypasses) playing a key role for international rail freight transport.

In addition, currently all citizens contribute to the financing of transport infrastructure since public funds are usually their main source of financing. However, the prices paid for transport should correctly reflect the costs to society - applying the user and polluter pays principles. Revenues should be invested in the infrastructure of sustainable modes.

Finally, the aim for both, passenger and freight transport, should be to meet customers' needs through efficiency, quality, reliability and punctuality.

2. Integration of modes helping to achieve sustainability

The better integration of transport modes should lead to the decarbonisation of the European transport system. Priority should be given to promoting the growth of more environmentally friendly modes, which will help to achieve the current EU GHG emission reduction targets[2] as well as those agreed at and following the Copenhagen summit.

CER, EIM and UNIFE support a better integration of the different modes of transport as a way to improve the overall environmental and economic efficiency of the system to meet customers' requirements, without forgetting that rail can itself provide door-to-door services, whenever rail sidings are available.

We support a pragmatic approach to Green Corridors that puts the co-modality concept into practice and makes transport efficient. Green Corridors should have the following characteristics:

[2] As outlined by the 2008 EEA report "A time for a transport change"

- Sustainable logistics solutions with a documented reduced environmental and climate impact, high security, high quality and efficiency.
- Integrated logistics concepts with optimal utilisation of the different modes of transport. The integration and improvement of connections between rail and ports should be encouraged.
- Harmonised system of rules that provides open access to all actors.
- EU funding should be concentrated on rail infrastructure serving long distance movements of freight, terminals as well as on railway sidings (to ensure as much as possible, door-to-door services by rail, and to limit transhipments to a minimum)
- Promoting the development and demonstration of innovative logistics solutions (information systems, collaboration models and technology).

With passenger transport, integration could be achieved through the realisation of intermodal stations where different subsystems of public passenger transport and personal vehicles meet and offer seamless transfers.

The Port of Gothenburg (Sweden) is a good example of intermodal connection for freight transport. It has the most frequently operated goods tracks in Sweden. The electrified port railway provides environmentally sound transportation. 25 train shuttles connect the RailPort Terminals with the most important logistics centres around Scandinavia. On top of its environmental benefits, such a system leads to increased competitiveness and efficiency. Despite the recession, 31280 Twenty-foot Equivalent Units (TEUs) passed through the rail terminal up until May 2009, which is 10% more than last year and an all-time best performance.

3. Investment and government support

Alongside the environmental crisis, the world is struggling with the effects of the economic downturn. As with the threat of climate change, the economic crisis requires urgent action in the transport sector through **investment in sustainable projects**. This will not only stimulate economic growth and create green jobs but respond to the urgent need to put transport in Europe on a sustainable track.

Railways should launch innovative, customer focussed initiatives that enable the EU to make the case for additional government investment in rail transport. Where necessary, the EU should provide financial support.

Further development of the **European high speed rail network** (in particular in the framework of the TEN-T Policy) should remain a priority, as reliable and rapid rail connections induce modal shift from air and road to rail. High speed lines offer the best alternative to short haul flights as the Madrid-Barcelona line or the Eurostar and Thalys services demonstrate. This also reduces energy consumption and CO_2 emissions from transport.

Efficient movement of goods within Europe and across its borders is critical to achieving our vision for sustainable freight transport. Such efficiency is threatened by **capacity bottlenecks** in rail infrastructure. Investment should be concentrated on reducing these bottlenecks.

On the other hand, not only should rail investments be increased, but infrastructure managers should be provided with sufficient means to maintain their network and prevent any further deterioration of rail infrastructure, which is a problem in many member states.

Multi Annual Contracts and Agreements (MACs) should continue to be encouraged by the EU but should reflect the specific situation in each member state. Multi Annual Contracts and Agreements can increase the financial stability of infrastructure managers and set strong incentives for increasing cost efficiency. Planning certainty helps infrastructure managers to achieve efficiency in the long run. MACs should become binding to ensure the adequate maintenance of rail infrastructure in all member states, so as to achieve a high performing network that meets customers' needs.

Investment must also be better coordinated. For example, **TEN-T funding** should continue to foster market-based rail projects and EU regional aid should become more focussed on environmentally friendly transport modes as well as enhancing the EU's territorial cohesion. Another important point is the reinforcement of the participation of the private sector in the financing of large investments, via public-private partnership (PPPs).

Investment in rail and market opening are prerequisites for the creation of a level playing field and fostering the overall modal share of rail transport.

Government support is also required for compensating operators for meeting public service obligations. There are major gaps in many countries in this regard. The box below describes the situation in Poland.

In 2008, **PKP Regional Services** incurred expenditure of €540 million meeting public service obligations and collected €253 million in ticket revenue on those services, leaving a gap of €287 million. Only €123 million (or 43% of the gap) was provided in compensation by the Ministry of Infrastructure and regional governments. PKP Regional Services therefore lost €164 million on these services.

4. Liberalisation

CER, EIM and UNIFE support the liberalisation of the rail sector. The main objective of liberalisation is to improve the quality of service, broadening the choice of customers and enhance the efficiency and competitiveness of rail in comparison to other modes of transport.

Liberalisation should however not be carried out in isolation from other policies. To avoid unintended consequences - as have occurred in some countries - liberalisation should be part of a package including other framework measures listed in the European Commission Whiter Paper of 2001 relating, in particular, to the development

of **fair competition** between modes and adequate financing of **rail infrastructure**, with the introduction of Multi Annual Contracts. The objective remains that of providing the best possible service to the customer.

For liberalisation to be effective in the future, the industry should produce sound and realistic business plans and coherent asset management strategies in order to improve the quality of the service. Moreover, non-discriminatory provision of access to track and to essential rail related services are required.

We highlight the importance of full separation of responsibilities of Infrastructure Managers and Railway Undertakings and strong and independent regulation in all member states. Thus, **Regulatory Bodies should be independent** from Railway Undertakings, Infrastructure Managers and Ministries. They should be vested with comparable competencies and powers and have sufficient resources and competent staff in order to play a stronger role. Regulators should monitor the market and ensure non-discrimination towards all operators, not only in relation to infrastructure access, path allocation and charging, but also with regard to the essential rail related services. Regulatory Bodies should also co-operate closely with competition authorities to take advantage of their long experience of dealing with competition issues.

Transparency and traceability of principles and procedures (e.g. the track access, charging scheme) and international cooperation and coordination of infrastructure managers, railway undertakings, member states and regulatory bodies should be encouraged.

5. Importance of prices

CER, EIM and UNIFE believe that the challenge of climate change should receive the utmost attention. Achieving emission reductions within all modes and a more sustainable European transport system should be at the heart of European policy for years to come.

Prices are key to reducing transport emissions. Not only will prices that internalise external costs, under the 'polluter pays principle', lead to more informed and sustainable transport choices, they will change the behaviour of transport users and thus lead to wider changes in society that will reduce demand for less sustainable transport modes and encourage innovation in technology and operational practices.

The **"polluter pays principle"** should therefore apply to all modes of transport so as to remove current inequalities. At present, prices for more polluting modes unfortunately do not reflect the real costs to society. The external costs of transport, such as air pollution, noise, congestion, accidents and CO_2 emissions, are largely ignored.

These costs urgently need to be internalised. This would **level the playing field** between different modes of transport as transparent and effective pricing allows for more economically viable choices.

In contrast to the rail network, which is priced to the last metre, the secondary road network can generally be used free of charge. To provide a level playing field at least for freight transport, infrastructure charging for lorries has to apply to the whole road network.

In order to implement the 'polluter-pays' principle in transport, CER, EIM and UNIFE suggest the urgent adoption of the revised Eurovignette Directive. A quick adoption of the Directive is necessary to allow member states to internalise the external costs of heavy goods vehicles and charge road transport for its real costs, as they are already allowed to do for private cars.

To achieve the goal of creating a level playing field between modes, setting adequate price signals and reducing CO_2 emissions, the unfair tax treatment (e.g. VAT on international passenger tickets) of rail, which perversely favours more polluting modes, should cease. In this context, it should not be forgotten that rail is the only transport sector that is already effectively included in the EU Emissions Trading System (ETS).

It will be difficult to reverse the upward trend in transport emissions given that the fastest growing transport modes have the highest specific emissions.

This is illustrated in figure 1 which gives emissions by mode for carrying 100 tonnes of freight from Basel to Rotterdam:

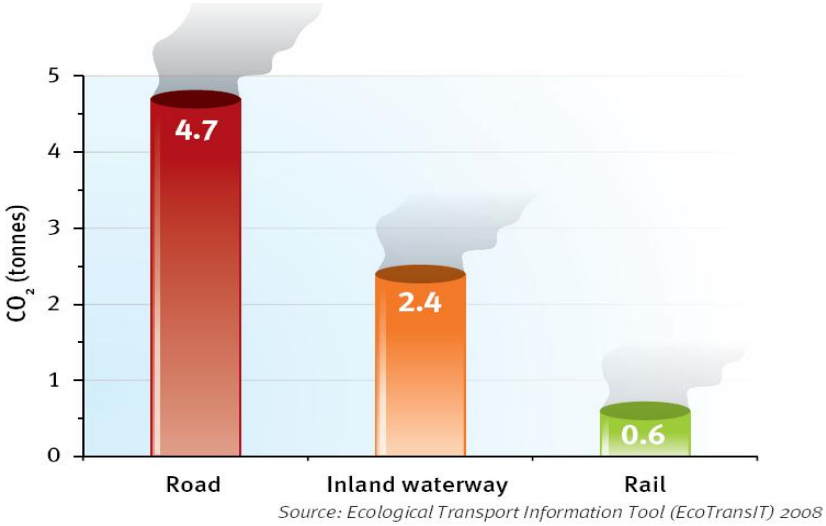

Figure1: Freight transport – Comparison of CO_2 emissions by mode

Figure 1 shows that rail produces a quarter of the specific emissions of inland waterways and one eighth those of road. Therefore, in order to reduce GHG emissions, measures must be taken to foster the use of railway transport as one of the less polluting modes.

Given that **electric power** may be produced by a number of sources, some of them with a very low carbon footprint, the use of electric power increases rail's environmental advantages. A good example of this is Infrabel's 'wind farm' to power the High Speed Line between Leuven and Liège. Apart from the environmental benefits this project generates, the wind farm will also promote more rational use of public funds. The cost of producing its own electricity is around 30% less than the current market price.

In addition, electrified rail transport provides a solution to the growing concern of oil dependency.

This is a good practice that could be adopted everywhere.

The EU can play a role in advertising the environmental benefits of rail transport and in influencing non-EU countries to opt for that mode to reduce their impact on climate change. For example, reaching an ambitious deal in Copenhagen would have pushed some countries to invest in rail, given the significant share of transport-related greenhouse gas emissions throughout the world.

6. To foster the role of technology

The overall objective of the **development of new technologies** is to improve transport services **for the benefit of customers and to render transport more sustainable**. For example, while energy consumption of private cars has decreased by 13% since 1995, that of passenger trains has gone down by 21%.[3] The rail industry continuously works on improving this energy balance even further.

Research and innovation in transport should take into account the political priority of meeting the challenge of climate change. Good examples are the EU funded CleanER-D projects that aims to improve emissions from diesel traction and the Railenergy project that looks into the overall energy consumption of the railway system.

Other benefits are introduced by information technologies such as wireless internet on trains or for freight where IT applications can facilitate transport.

Technology and interoperability of European railway systems go hand in hand and are key to market opening. A prime example of this is ERTMS (European Rail Traffic Management System). This state of the art signalling system is a prerequisite for seamless cross-border traffic by replacing more than 20 different train control systems in Europe. Already a success worldwide, ERTMS now needs to be deployed across Europe as quickly as possible and in a coordinated manner, along the lines of the ERTMS Deployment Plan adopted by the European Commission. If this is achieved, cross-border rail traffic in Europe will be facilitated – which will considerably increase the competitiveness of the rail sector vis-à-vis road transport.

The implementation of the Interoperability Directive 57/2008/EC, along with the development of the Technical Specifications for Interoperability (TSIs), will improve the coordination/operation process between all the member states further. It thus will foster rail market growth. However, attention should also be paid to ensuring that provisions

[3] Institut für Energie- und Umweltforschung GmbH (IFEU), Heidelberg 2008. http://www.ifeu.de/

to simplify additional authorisation for TSI compliant vehicles are applied. A strong coordination role of the European Railway Agency should take precedence over the development of new regulations and recommendations (excepting scope extension and possible mergers of regulations).

Conclusions

Transport customers have to be the reference point when developing the transport system of the future. Both passengers and freight shippers **should guide the system to the best possible mobility choice**.

Liberalisation of the rail sector as part of an overall successful transport policy is one of the key driving forces for improving the quality of services and choice for customers. **Independent and strong regulatory bodies** should monitor the market and ensure that all operators are not discriminated against.

To meet customers' needs and to promote the **decarbonisation of the transport system**, more national and European **investment in rail** infrastructure is required.

A key element to improve the overall efficiency of the system is the **integration of modes**.

In addition, the **internalisation of the external costs** and the application of the "polluter pays principle" are essential to creating a level playing field between modes.

Innovative and environmentally friendly transport technology solutions must be developed and implemented.

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The Community of European Railway and Infrastructure Companies (CER) brings together more than 70 European railway undertakings and infrastructure companies. CER represents the interests of its members vis-à-vis the European institutions as well as other policy makers and transport actors. CER's main focus is promoting the strengthening of rail as essential to the creation of a sustainable transport system which is efficient, effective and environmentally sound. For more information, see www.cer.be

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EIM, the association of European Rail Infrastructure Managers, was established to promote the interests and views of the independent infrastructure managers in Europe, following liberalisation of the railway market, with a view to supporting the development of the rail industry. It is a lobbying organisation which also provides technical expertise to the appropriate European bodies. To find out more about EIM, visit www.eimrail.org

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UNIFE represents the interests of the European Rail Industry towards the European institutions, international railway associations and other business relations. The European Rail Industry provides competitive railway systems for increased rail traffic and follows the objective of making rail transport the sustainable solution for the challenges of the 21st century mobility. The European Rail Industry consists of trend setting industries in the field of rolling stock, infrastructure, information technology and signalling, provision of part and services. For more information, see www.unife.org