



European
Commission

The perspectives of rail transport from the point of view of the European Commission

Jan Scherp, DG MOVE

***INTER-Regio-Rail Final conference
Bologna, 15.05.2013***



Overview

- **EU transport policy objectives, Commission vision for rail transport**
- **Assessing EU domestic rail passenger transport**
- **Objectives and approach of 4th railway package proposals**
- **Making an integrated market framework deliver**
- **The role of competent authorities for rail passenger transport**

What is the European Commission's vision for rail transport?



4 strategic dimensions for EU rail policy:

1. Optimisation of transport system

- Aiming at a competitive and resource-efficient transport system (2010 Transport White Paper)
- 60% reduction target of CO₂ emissions by 2050 – rail is one of the most environment-friendly modes
- Focus on rail development in infrastructure policy and financing
- Promote intermodality: establish intermodal online information, booking and payment systems

What is the European Commission's vision for rail transport?



4 strategic dimensions for EU rail policy:

2. Competitiveness

- **European 2020 Strategy - agenda for growth and jobs**
- **Single Market Act II identified transport including rail as a potential growth driver**
- **Rail transport matters for the whole economy (turnover: ca. 1% of EU GDP)**
- **Rail transport is highly public resource intensive - about €46 bn/year (€21 bn for PSO)**
- **Reap potential for savings of public funds through tendering of public service contracts (20%-30%)**
- **Establishment of Single Market to ensure EU transport sector to invest and to develop**

What is the European Commission's vision for rail transport?



4 strategic dimensions for EU rail policy:

3. Industrial dimension

- Rail as industrial sector: beyond services, equipment manufacturers, IT systems And important companies situated in EU
- EU rail industry's competitive edge is however eroding fast – emergence of very competitive global competitors mainly from Asia
- Need for large, strong EU rail market based on common EU standards and rules

What is the European Commission's vision for rail transport?



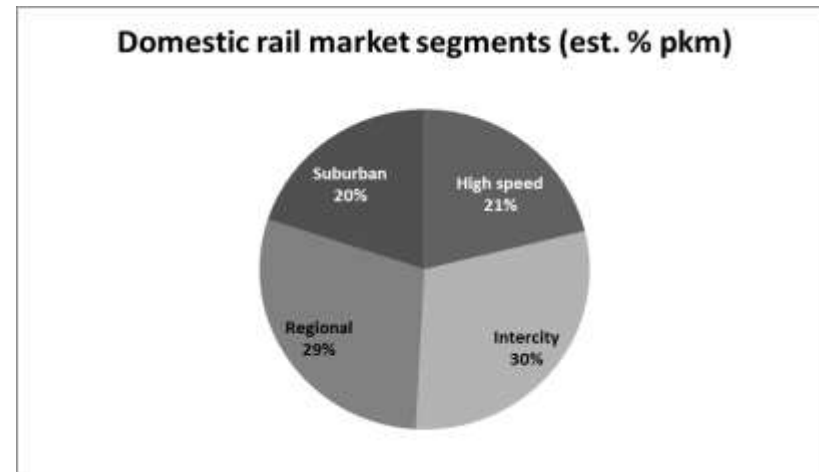
4 strategic dimensions for EU rail policy:

4. Social dimension

- Pattern of land use and demographic development require rail to continue playing a key role in local/regional transport – important to preserve the possibility to organise public service transport by rail
- Rail transport and related manufacturing, ancillary service employ about 1 million persons in EU
- Vision of a growing rail market with positive impact on job creation (such as in UK, Sweden)
- Need for recruiting well-trained staff as 30% employees will retire in the next decade

Assessing rail passenger transport in the EU

- **Domestic rail passenger transport corresponds to 95% of all p-km in EU**
- **Suburban and regional rail are important (about 50% of total domestic p-km)**
- **Rail transport provided under public service contract represent about 2/3 of total domestic rail**



Source for all data in this part of the presentation:
Commission impact assessment report



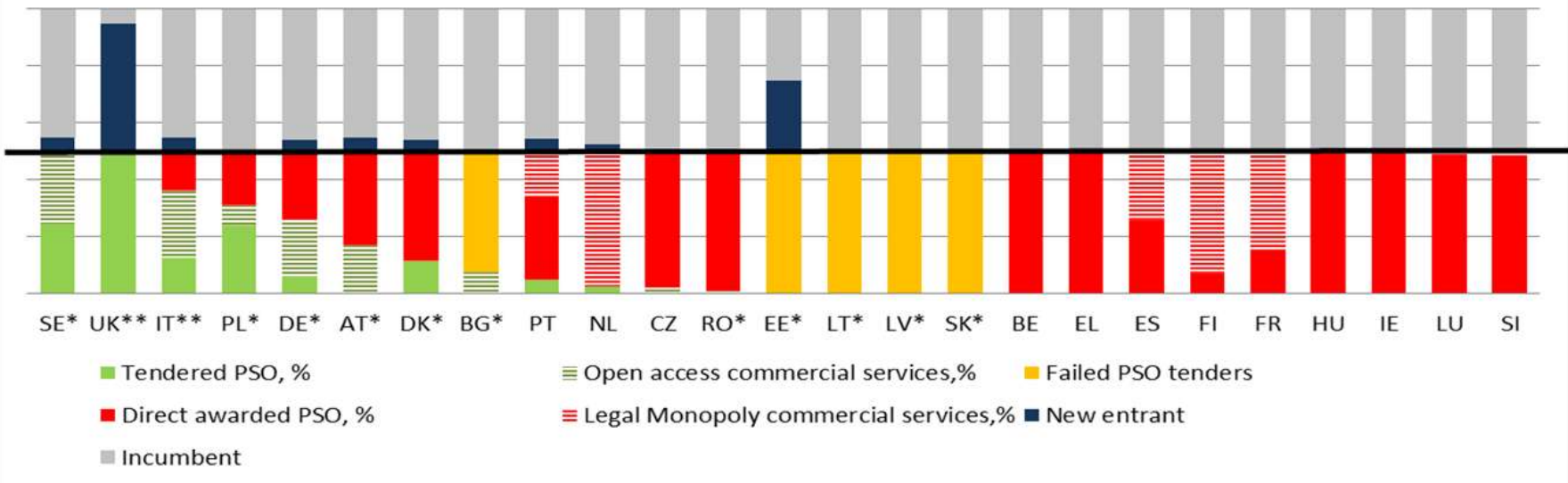
Assessing rail passenger transport in the EU

- **Modal share remains stable at 6%, although high-speed segment grew strongly thanks to significant investment in some Member States**
- **Diverging trends of traffic performance across EU (2000-2009):**
 - EU-15 increase by 16%, with UK, SE and BE experiencing growth of more than 30%
 - EU-10 drop by 25%, with RO, LT and BG showing decrease of more than 35%

Assessing domestic rail passenger transport in EU

- Patchwork of regulatory regimes for market access
- Largely closed markets, both for commercial services and PSO: only 37% of market is open; incumbents have about 90% market share

Rail market structure and railway operators market shares



Assessing domestic rail passenger transport in EU



Problems of EU rail passenger transport as identified by Commission impact assessment:

- **Inadequate service quality (punctuality, comfort, cleanliness, etc.): only 46% of EU citizens are satisfied (Eurobarometer survey 2012)**
- **Inefficient use of public funds: underutilised new infrastructures, underfunded and inefficient railway operators**

Objectives and general approach of 4th railway package



- **2 strategic objectives:**

- Improve quality and efficiency of rail transport services to match users' expectations
- Improve the efficiency of public spending and the attractiveness for private investment in rail transport

- **3 main strands of action:**

- Open domestic passenger markets
- Create an optimal institutional structure of infrastructure management
- Simplify and accelerate certification of rolling stock and railway undertakings

Objectives and general approach of 4th railway package



Opening domestic rail passenger markets

- **Open access to all domestic rail passenger markets....BUT where necessary public services can be safeguarded against “cherry picking”**
- **Mandatory tendering of public service contracts**
- **Competent authorities to ensure fair access to suitable rolling stock, if there is no functioning leasing market**
- **Member States encouraged to put in place integrated ticketing schemes**

Objectives and general approach of 4th railway package



An institutional structure that delivers

Efficiency measures:

- Unified infrastructure managers with all necessary functions combined (operation, maintenance and development)
- Coordination body for infrastructure managers and users
- EU network of infrastructure managers

Equal access measures:

- Institutional separation but possibility to maintain existing integrated structure under strong independence requirements
- Verification mechanism to ensure a level playing field

Objectives and general approach of 4th railway package



Simplifying and accelerating certification procedures

- **Move towards more standardised rail products**
- **Enhanced role of ERA in vehicle authorisation and safety certification of railway undertakings will gradually overcome 11.000 overlapping and non-transparent national rules**
- **Ultimate responsibility for ERA will lead to faster, cheaper and better coordinated certification procedure**

Making a Single European Railway Area deliver



Market integration can be successfully implemented only, if all actors participate in a concerted manner:

- **Member States:** set appropriate framework conditions for organising and financing rail passenger services
- **IM:** efficient management of infrastructure and ensuring fair access
- **RU:** market-oriented and efficient production of rail services on open markets
- **Railway industry:** provision of operational, reliable and affordable rolling stock and other rail equipment
- **Leasing companies:** provision of rolling stock meeting customers' needs at competitive market rates
- **NSA & ERA:** competent, quick certification of rail equipment

Making a Single European Railway Area deliver



Market opening will attribute a central role to competent authorities (CA) to organise and finance public rail passenger transport :

- Define and plan high quality rail services as part of an intermodal network of public transport services meeting customer needs
- Organise competitive award procedures to ensure cost-effective provision of rail services
- If applicable, develop suitable strategies for the provision of rolling stock and staff
- Regional CA coordinate inter-regional aspects of public transport provision to preserve positive network effects (e.g. integrated ticketing, common quality standards, standardised approached towards rolling stock, etc.)

Cooperation of competent authorities at EU level



- **Market opening and related regulatory changes constitute a challenge for many competent authorities**
- **An EU wide cooperation structure can create significant value added through:**
 - **Establish a forum for the exchange of best practice and mutual support in technical questions**
 - **Provide training to member CA to build up and improve administrative capacity**
 - **Jointly assess how current and future development of the market and framework conditions could influence CA's work**
 - **Provide a unique interlocutor for EU institutions to inform policy making based on competence and representativeness**



Conclusions

- **Public rail passenger transport has a great potential to develop in view of fostering the provision of cost-effective and sustainable mobility**
- **The 4th railway package aims at unleashing this potential through its three-pronged approach**
- **Competent authorities have a central role to play in materialising rail network benefits on open rail passenger markets**
- **An EU wide cooperation structure of competent authorities will provide significant value added to the public rail transport sector**



Thank you for your attention!

For more information:

http://ec.europa.eu/transport/index_en.htm