



European Rail Freight Association



# 4th Railway Package: A great opportunity for the European railway system

## *ERFA Comment & Position*

13 April 2013

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# What we stand for



## ERFA's vision

- **Satisfied rail freight customers with lean, efficient cross-border traffic in a fully open, single European market**

## ERFA's basic political requests

- **Fully independent Infrastructure Managers in all European countries.**
  - > **Best solution: structural separation between IM and RU**
  - > **Alternative: strong chinese walls within integrated railway companies in order to prevent abusive influence and cross-financing**
- **Cross border technical harmonisation (interoperability)**
- **Strong, independent and quick reacting Regulators in all European countries**

## 4<sup>th</sup> Railway package

**Setting the course for more harmonization, higher competitiveness and better management of the rail sector**

### **Infrastructure Governance**

**COM (2013) 29**

- > A single European railway area**
- > Opening of the domestic passenger market transport**
- > Governance of the railway infrastructure**

### **Interoperability and Safety**

**COM (2013) 27**

**Regulations on the European Rail Agency**

**COM (2013) 30**

**Interoperability of the rail system within the European Union**

**COM (2013) 31**

**Railway safety**



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# 4<sup>th</sup> Railway package



## Infrastructure Governance

**COM (2013) 29**

- > A single European railway area**
- > Opening of the domestic passenger market transport**
- > Governance of the railway infrastructure**

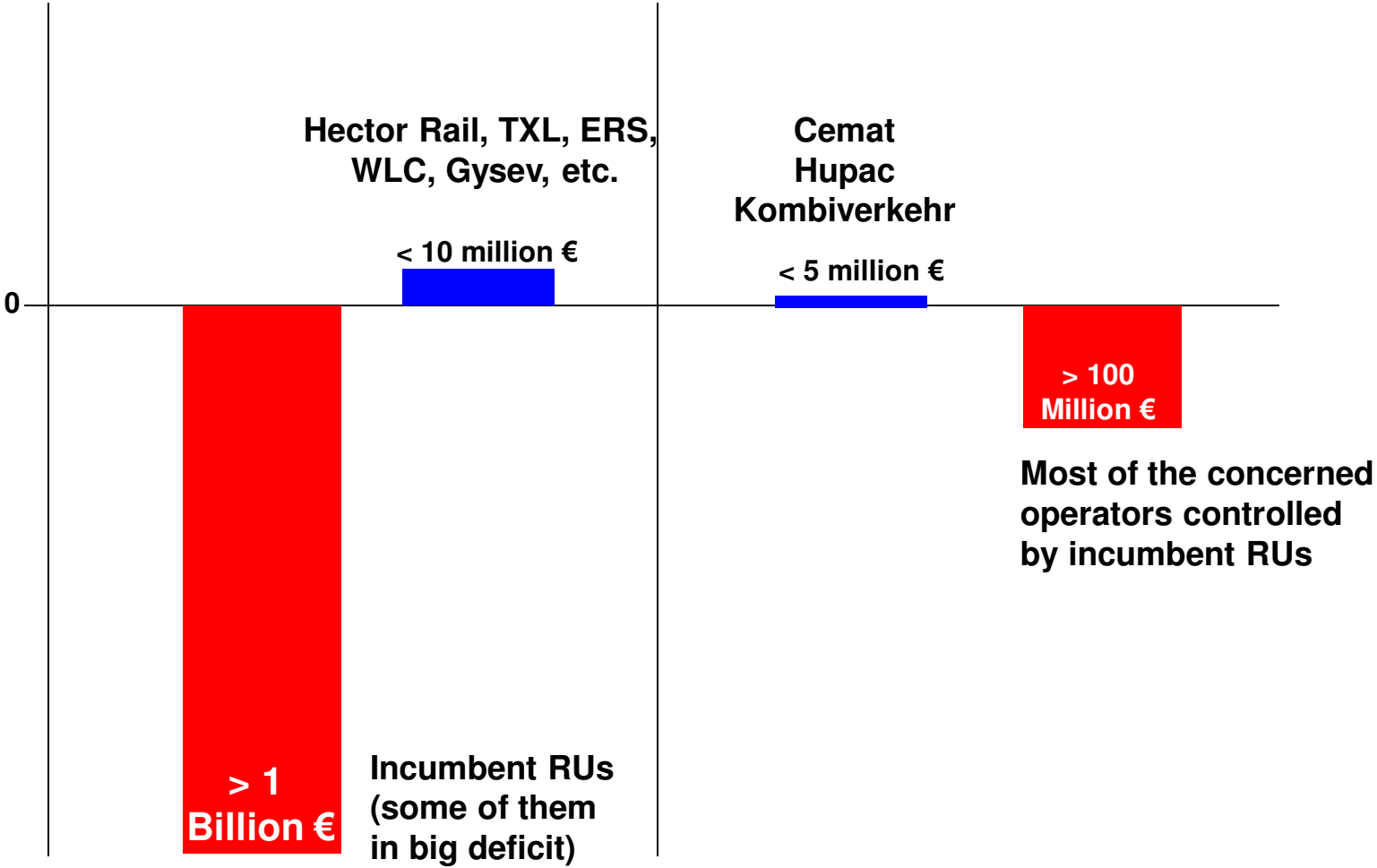
**Today's railway system** delivers losses, inefficiencies and unfair competition between State owned and privately owned companies



2010

Cargo railways

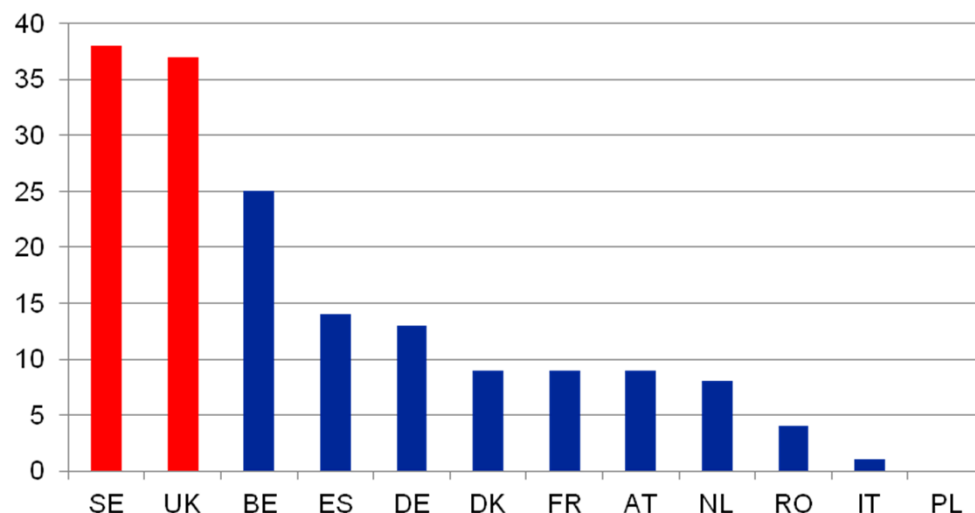
Intermodal operators



# Open rail markets deliver growth!



Ranking of best evolving member states  
(rail passenger)



■ Fully liberalised markets  
■ Partially or non-liberalised markets

## Weighted ranking considering evolution and progress of the following factors since the '90s:

- > Growth of modal split
- > Growth of customer satisfaction
- > Growth of availability
- > Growth of productivity of Rail services /Frequency
- > Growth of fares
- > Growth of pkm/train-km
- > Growth of employment
- > Growth of productivity of labour
- > Improvement of subsidy efficiency

## Key figures 2000-2008

**UK: rail in modal split + 42%**

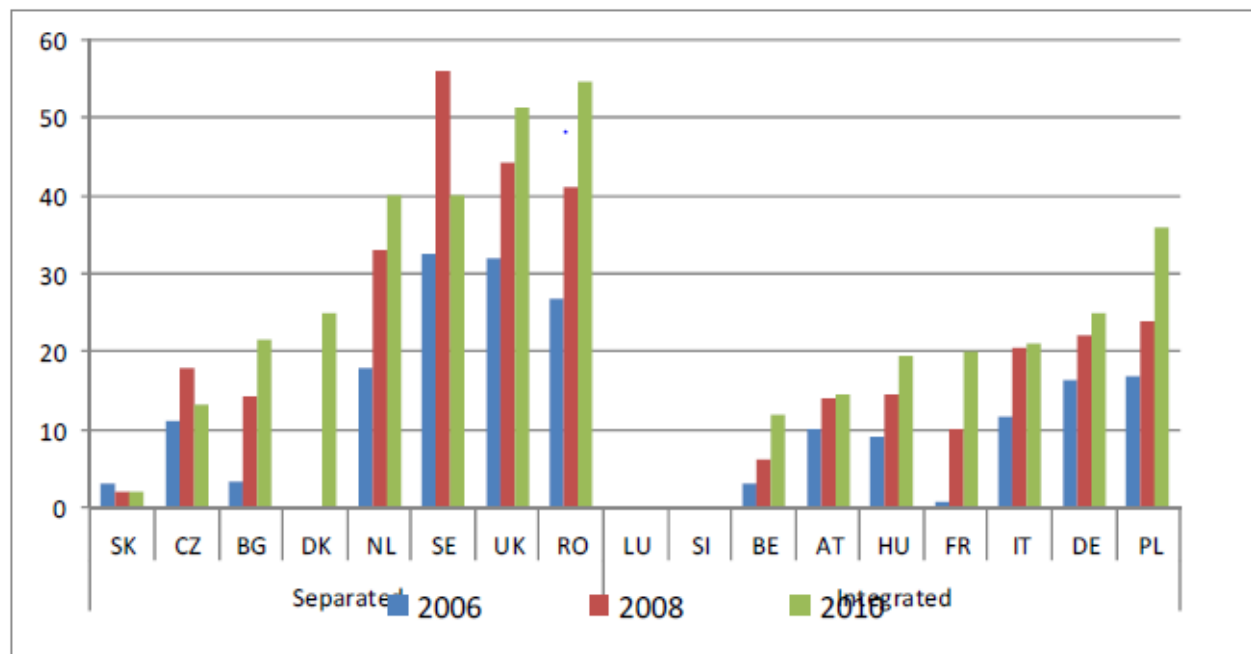
**SE: rail in modal split + 25%**

**>> 20.000 new jobs**

# Rail freight benefits from open markets!



Figure 2 Market share of non-incumbent freight operators



Source: Rail Market Monitoring Scheme 2007, 2009 and 2012 and SDG report

## Market share of non-incumbents:

**+ 14% in Member States with separated structures**

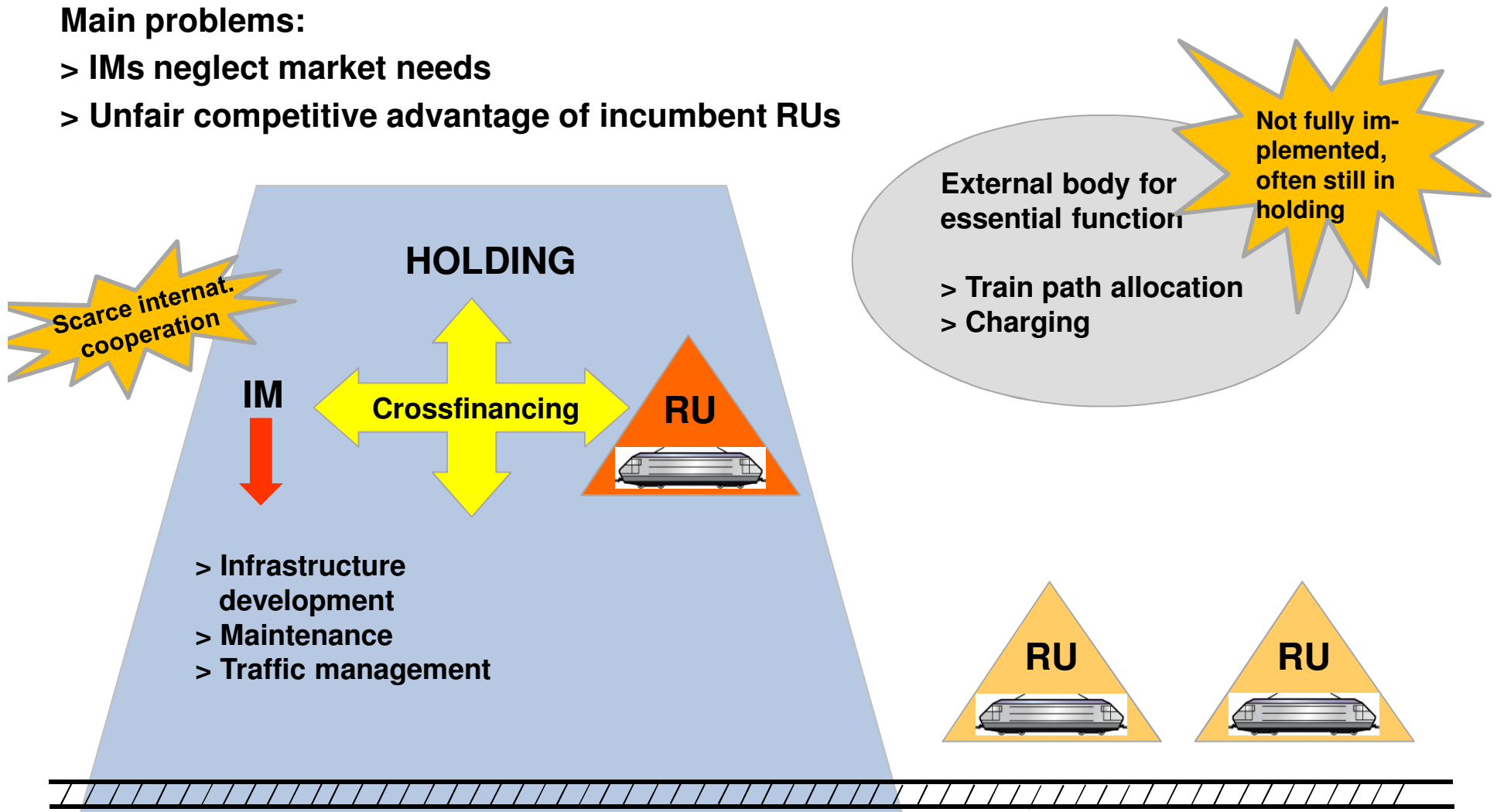
**+ 9% in Member States with integrated structures**

**≥ 40% in NL, SE, UK and RO – all with separated structures**

# Infrastructure Governance today: Insufficient independence between infrastructure and traffic operation

## Main problems:

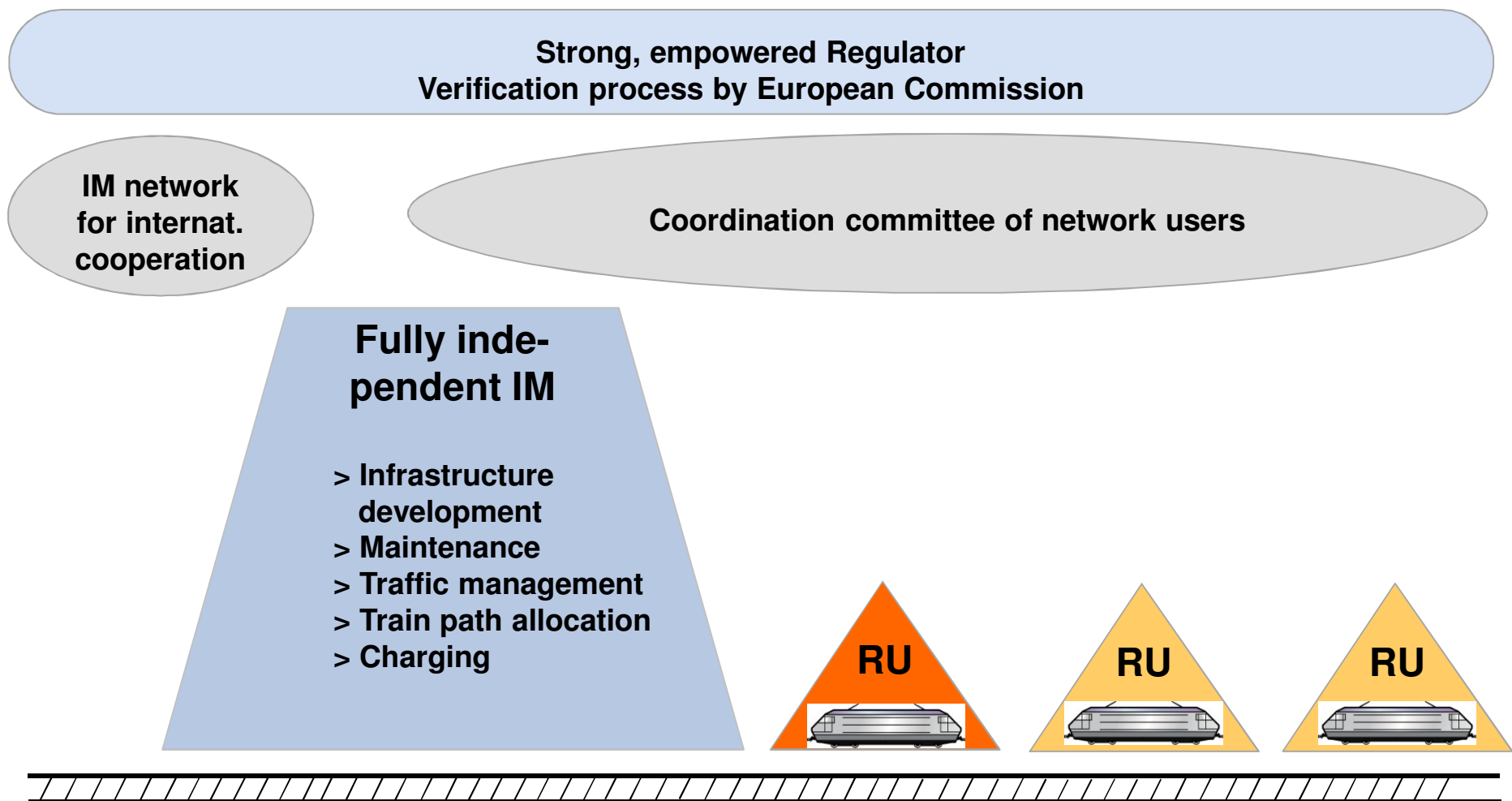
- > IMs neglect market needs
- > Unfair competitive advantage of incumbent RUs





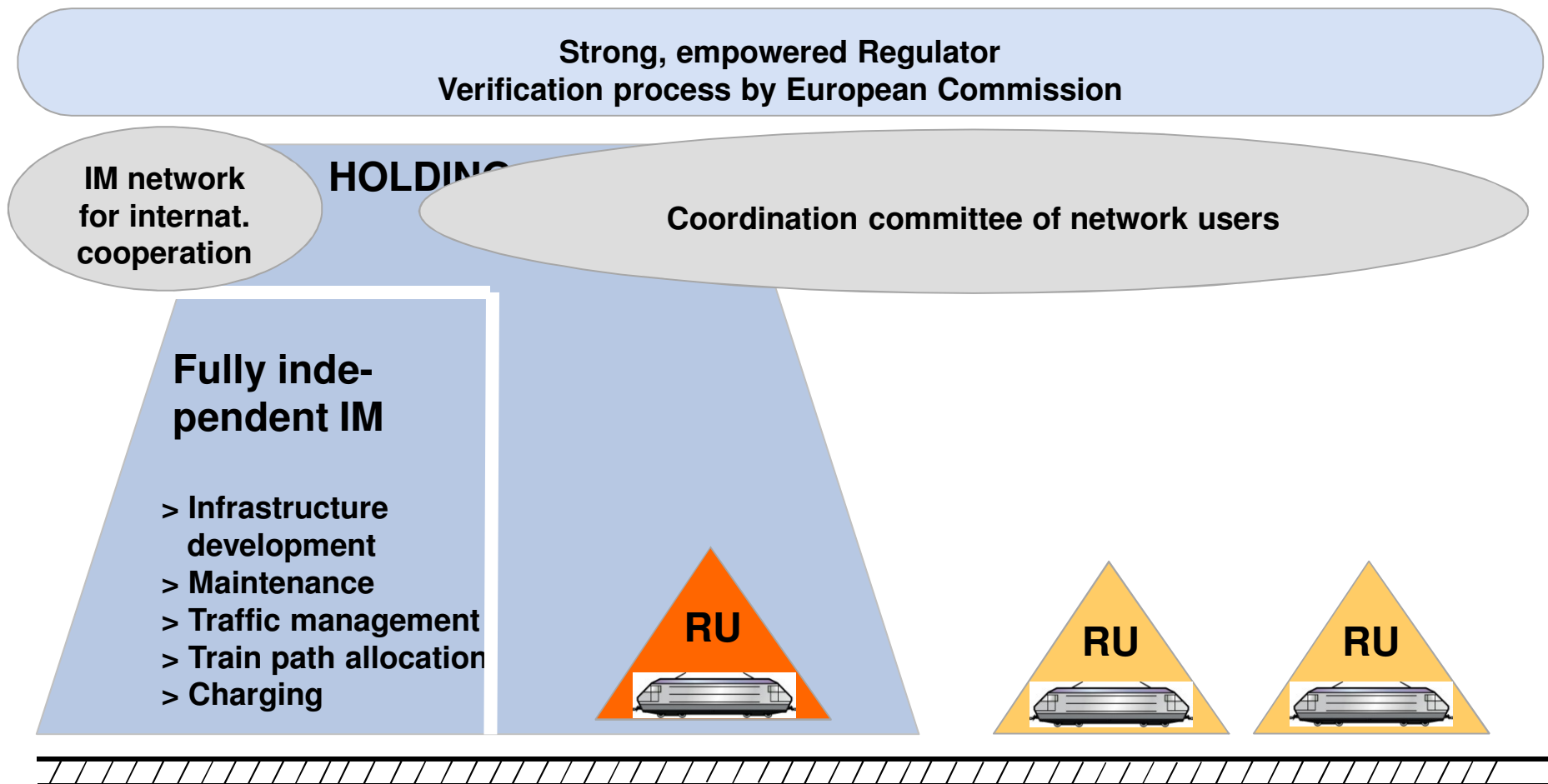
# New proposal: Strong, market oriented, crossborder-acting, non-discriminative Infrastructure Managers

**Solution A:** Institutional separation of IM as simplest and most transparent way



# New proposal: Strong, market oriented, crossborder-acting, non-discriminative Infrastructure Manager

**Solution B:** IM within a holding structure with strict measures („Chinese walls“) to ensure legal, financial and operational independence



# ERFA's requests for Infrastructure Governance



## → Effectively guarantee independence of IMs

Art 1 amendment to 2012/34 Art 7 a, b and c; Recast

- > The Chinese walls are not to be diluted in any way
- > Empowerment of the Regulatory bodies and the Commission
- > Foresee right of complaint to Regulatory bodies, Commission and RUs
- > Effective intervention and penalties: non-complying RU's must be actively prevented from accessing other member state's infrastructure
- > Small integrated structures (eg. < 300 km(?)) to be exempted

## → Improve infrastructure management performance

- > Effective, target oriented activity of the foreseen "Market coordination committee" and "International IM cooperation network" based on KPIs and benchmarks

## → Speed up the process

Art 1 amendment to 2012/34 Art 63; Art 3, 2

- > Opening of passenger domestic market on Dec. 2017 instead of Dec. 2019
- > Implementation of all measures by Dec. 2020 instead of Dec. 2024

# 4<sup>th</sup> Railway package



## **Interoperability and Safety**

**COM (2013) 27**

**Regulations on the European Rail Agency**

**COM (2013) 30**



**Interoperability of the rail system within the European Union**

**COM (2013) 31**

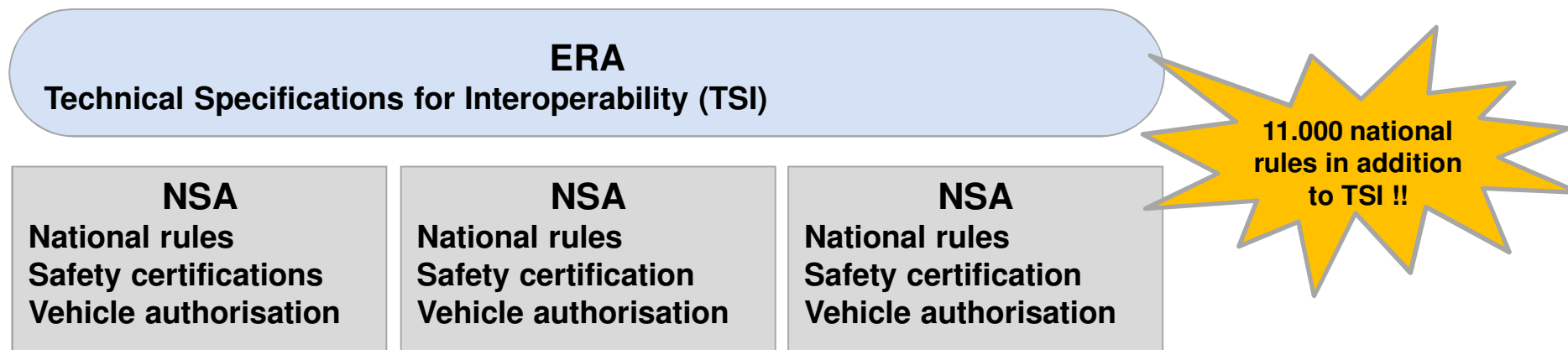
**Railway safety**

# Interoperability saves money and improves competitiveness.



Investments in rail freight traffic		
<b>Purchase of locomotives</b>	<b>300.000 €</b>	<b>3.5 Mio. €</b>
<b>Acquisition of multi-system locomotives</b>	<b>300.000 €</b>	<b>4-5 Mio. €</b>
<b>Delivery terms</b>	<b>6 months</b>	<b>12-24 months</b>
<b>Countries covered by request for homologation</b>	<b>27 countries</b>	<b>1 country</b>
<b>Costs for the 1st homologation</b>	<b>60,000 €</b>	<b>1-2 Mio. €</b>
<b>Time frame for the 1st homologation</b>	<b>&lt; 6 months</b>	<b>&gt; 18 months</b>
<b>Time frame for the 2nd homologation (cross acceptance)</b>	<b>0</b>	<b>&lt; 18 months</b>
<b>Costs for on-board signalling system</b>	<b>0</b>	<b>0.5-1.5 Mio. €</b>

# Interoperability and safety today: Unefficient system in terms of cost, time and market access



## Examples for procedural costs



Authorisation for 1-country-loco: 10% of purchase price



Authorisation for 3-country-loco: 30% of purchase price



Safety certificate for RUs: 2 man-years and up to 100.000 € per country

# **New proposal: Europe-wide approvals to save time and money**

## **ERA**

**Issues Europe-wide safety certifications  
Issues Europe-wide vehicle authorisations  
Facilitates the deployment of ERTMS  
Supervises national rules**

## **NSA**

**Cooperates with ERA  
Ensures respect of specific national requirements**

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## **Aims**

**20% reduction of time-to-market for new RUs**

**20% reduction in cost and time of rolling stock authorisation**

**Savings of 500 million € in 5 years**

# ERFA's requests for Interoperability and Safety



## → Give full competencies to ERA

COM (2013) 27

- > ERFA supports the enhanced role of ERA for Europe-wide vehicle authorisation and safety certifications
- > ERA must be properly staffed in order to fulfil the new requirements
- > The roles of ERA and NSAs as well as their interface must be clear and effective
- > Stringent time schedule for implementation

## → Manage safety as overall European responsibility

COM (2013) 31

- > Establish clear responsibilities along the whole rail freight transport chain
- > Prevent national safety rules in favour of European rules

## → Simplify rules and procedures

COM (2013) 27 , 29

- > ERFA welcomes the European vehicle register and the coordination of infrastructure registers
- > ERFA requests further simplification of the authorisation process: it should be followed by the manufactures and not by the RUs or holders





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## **4th Railway Package: A great opportunity for the European railway system**

**Thank you for your attention.**