

Press Release

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New rail freight association set up in Brussels

The association's goal is to promote 'open access', i.e. free access for EU rail freight operators to all rail infrastructure. This can only be achieved by removing all outstanding technical and regulatory obstacles, thereby allowing new international freight operators to enter the market and so enabling **intramodal competition**. This is key to enhancing rail's intermodal competitiveness.

The European Rail Freight Association (ERFA) was set up on **23 July 2002** in Brussels. ERFA is an association of, for the most part, relatively new freight operators from Belgium, Germany, the United Kingdom, Italy, Poland, Switzerland and the Netherlands. It is an association under Belgian law and has its headquarters in Brussels. Its aim is to represent, within the European institutions, the interests of rail operators wishing to take advantage of the open access granted by European law.

The European dimension of the new association has **two origins**. As is well known, the **market share** of rail freight has declined continually in recent decades (from 35 to 14% of land transport between 1970 and 2001), while that of road freight has steadily risen. EU expansion and the increasingly international division of labour as engines of economic development will drive a continual growth in traffic volume, despite dreams of a decoupling of economic growth from transport growth. Given this anticipated development, the only realistic option is for rail freight to play a disproportionately high part in the growth, rather than have its market share decline. A continuation of the current trend in the growth and division of traffic between rail and road is not viable since it will either lead to complete paralysis of the road transport system, thereby hindering economic development, or will require a massive expansion of road infrastructure at the expense of natural habitats.

Accordingly, in its **White Paper "European Transport Policy for 2010 – time to decide"** dated 10 September 2001, the European Commission sees rail as the key element in dealing with the anticipated increase in transport volume. It expects the greater use of rail to provide ecologically and logistically sound solutions for future freight transport. This political objective is backed by all EU Member States.

It is now up to rail companies to prove that they are capable of playing a greater role. If the rail system fails to do this by the end of the decade, it is likely to spell the end of rail freight in Europe. However, if the opportunities are seized, international long-haul freight transport could, amongst other things, be a source of growth potential for the railways. It is the firm resolve of ERFA's members to tap this potential. This is one aspect of the association's European dimension.

The second aspect is that of the **European internal market**. Though the core motivation for European unification is to maintain peace, the vehicle for this has turned out to be economic integration within the European Union in the form of the single internal market. The mainspring of the internal market is competition, which is the only principle that can be used for selecting service providers and suppliers within the internal market, without discrimination and without regard to origin. Moreover, this same competition has prompted an undreamt of improvement in the performance of Europe's economies over the past few decades.

However, the internal market is not yet fully established in all areas and there are definitely still shortcomings as far as the rail system is concerned. Traditionally, the rail sector has been organised nationally and controlled by national companies. Furthermore, rail has been the only mode of

transport not subject to any noteworthy form of intramodal competition. While it would be simplistic to blame this fact alone for the decline of rail freight in Europe over recent decades, it has certainly played a part.

Since its communication on the subject in 1996, the European Commission has seen intramodal competition as a means of revitalising the entire rail system. Its first steps towards practical implementation of the policy came with the so-called **First Railway Package** and Directive 2001/12/EC, which opened up the most important connections for international rail freight to all licensed rail companies in the European Union. The **Second Railway Package** of 2002 goes a step further and should result in the complete opening-up of all infrastructure for freight transport, including cabotage.

It is difficult to dismiss this EU policy as an example of standard European competition ideology. Obviously, **competition** is not a panacea, but to date it has achieved brilliant results in the European economy and internal market. Many attempts have been made to restructure the rail industry. The only revolutionary method, which has not yet been fully implemented in all Member States, is **intramodal competition**, i.e. competition between different rail providers. Where this method has been adopted, performance and productivity have increased.

The companies that have come together to form ERFA see such competition as an opportunity for them and an opportunity to boost the competitiveness of the rail system as a whole. In this way, they are acting on the European Commission's proposals and giving a clear signal of their willingness to actively promote the growth of international rail freight. They wish to contribute proactively to realising this objective and to inject new life into European rail transport through increased competition. ERFA's members will achieve this for domestic traffic in a number of Member States, as they will for Europe's international freight transport after the rail freight network has been opened up for the first time in March 2003. ERFA has high hopes for the Commission's proposal to open up the whole network and to also liberalise cabotage. It will therefore lobby the European Parliament and the Council of Ministers to adopt the second railway package.

The opening-up of the rail network in legal terms is a necessary but still inadequate step towards enabling

the creation of intramodal competition. There are a myriad of **technical and organisational problems** hampering the uninterrupted transportation of goods from sender to receiver by rail as happens with international road freight.

Consequently, ERFA's long-term aim must be to ensure that international rail freight can move around as simply as international road freight without any hold-ups at borders.

The European internal market requires the elimination of **technical**, as well as legal, **barriers to trade**. This may not be a specific objective in itself, but for ERFA's members it is extremely important. For well over a century, traditional international rail freight traffic has been built on the principle of cooperation between rail companies. Against this backdrop, **traditional rail companies** have established forms of cooperation that facilitate border crossings and at least help to alleviate the technical and organisational problems associated with them. However, this state of affairs still falls short of the standard required by the internal market.

The **open access services** of new entrant railways are not generally covered by this cooperative procedure. In any case, it is not the aim of ERFA members to handle services in this traditional way, which falls short of the standard required by the internal market. Their aim is rather to offer an integrated, 'one-stop-shop' approach to services. This will mean overcoming the technical and organisational barriers that have been erected, whether deliberately or otherwise, in the past, and which quite often seem to have been created to hamper the uninterrupted transportation of international freight by rail.

ERFA and its members will therefore work hard to ensure that their requirements are taken on board in the work of the European Commission's proposed railway agency and will cooperate actively with it.

The **European Rail Freight Association ERFA** is open to all rail companies and national associations that are committed to **competition** in the European railway market and wish to operate **open access** services.

The **Board of Directors** comprises President Rob Spierings (ShortLines, Rotterdam), Ireneusz Gójski, (Polish Land Transport Chamber of Commerce, Warsaw), Jeroen Le Jeune (Dillen & Le Jeune



Cargo, Boom, Belgium), Dr Christian Kuhn (Connex Cargo Logistics, Berlin) and Guido del Mese (ASSTRA, Rome).

ERFA's **Secretary General** is Klaus-J. Meyer, who will remain in his post as head of the EU Committee

of the International Association of Public Transport (UITP) until September.

Temporary contact address and telephone numbers:

Klaus-J.Meyer

c/o UITP, 6, Rue Sainte Marie

B – 1080 Brussels

Tel.: 00 32 2 663 662 6

Mobile: 00 32 477 27 67 07