

Thank you for giving me the floor and indeed for inviting me here this evening.

Ladies and gentlemen, I am very pleased to be here among you and would like first to thank ERFA for giving me the opportunity to share with you some of the Commission's priorities for rail at your annual dinner.

- 2016 was a momentous year, a milestone. Last year we saw the adoption of the complete 4th Railway Package, first the technical pillar in June and then the market pillar in December. A nice Christmas present for us all.
- Finalisation of the package was an uphill struggle and I know that some of you would have liked to see a more ambitious final text. But most of us are aware of the vested interests at play and what we achieved was not negligible.
- At the same time, we are not complacent, as it is clear for everybody that we have a long way to go before rail becomes truly competitive as a mode and to play the central role it ought to in the transport model of the future.
- I don't need to recall our ambitious objectives in terms of modal shift and how key rail is for decarbonizing transport, with the clear aim of migrating towards a low carbon economy.

Our ambition for rail has not changed, but we know that progress has been slower than we would have liked and we are not there yet.

- I would like to share with you some of our priorities for the sector.
- All of our measures and initiatives are complementary and we are acutely aware that only the consolidated effects of an ambitious implementation by all concerned will allow our policies to bear fruit.
- Firstly, the adoption of the market pillar of the 4th Railway package will complete the market opening of the rail sector by liberalising domestic passenger services and also improve the framework conditions for new entrants operating both on the freight and passenger rail markets. It will create business opportunities, improve service quality, incentivise cost-efficiency and will help increase the attractiveness of rail, both freight and passenger, as a

mode of choice. In countries that have already opened up their domestic passenger markets to competition and indeed from the experience of the liberalised freight market, we have already seen the (potential) benefits. Some of the companies, who over the past few years have pioneered commercial domestic passenger services in competition, are among us tonight as Members of ERFA and have impressive stories to tell. And we hope to see many more of these pioneers in the coming years, when domestic passenger markets all across Europe will be opened up for competition as from 2020.

- While we are well aware of the difficulties some of you have been facing when competing with incumbent operators (- difficulties which bear similarities in both freight as well as passenger markets -), I believe that the fourth package has created framework conditions that should support an attractive climate for new entrants to run rail services.
- We will now prepare the implementation of the 4th Railway Package; as far as the technical pillar is concerned, we are in particular preparing the Agency for its new role. This will hopefully bring savings in terms of time and money for those of you operating across many Member States.
- On the market pillar, we will start to discuss with the sector in the coming weeks their expectations for the new rules on economic equilibrium tests, which will determine whether/under which conditions open access operators can run services on lines covered by PSO contracts. I very much welcome the availability and commitment of ERFA to launch discussions on this topic in the RU dialogue subgroup on implementing acts and to engage with the wider range of passenger operators interested in this topic.
- One of **our top priorities this year will be the enforcement of the existing rail legislation**. This in particular concerns the Recast Directive, as well as having recourse to other instruments under competition policy to address unfair practices.

For this we will be working closely with our colleagues in DG Competition and will be assisted by national regulatory bodies, which, as you know, have been considerably strengthened by the Recast. We are also bringing together

national competition authorities and national rail regulators to pool their efforts to tackle the anticompetitive practices in rail.

- In parallel we will complement the existing rules with the aim of spreading best practices and enhancing coordination between the key stakeholders within the sector: **a new legal act on access to service facilities and a delegated act on timetabling will be further discussed in the coming months.** I welcome the constructive input provided so far by the sector on the draft acts and thank ERFA, and in particular Tony, for the excellent job in chairing the RU dialogue subgroup on access to service facilities, which held four very fruitful meetings in 2016.
- Another top priority for us this year, which is not new to you, is to work **on boosting rail freight, while addressing rail noise. More on noise later, but first a word on the Corridors.**

All the Rail Freight Corridors are now in operation and clear positive results have been achieved. But there is still so much to be done. The revitalisation of rail freight and modal shift can only happen if **the quality of the services offered sharply increases.**

You know that 2016 was a year of thorough consultations on rail freight. The elaboration process of the Rotterdam Declarations provided us with much feedback and we also held a public consultation over the summer and a broad stakeholder workshop in December. After analysis, taking into account both the momentum created in the wide rail freight community by the Rotterdam declarations and the commitments of the sector, we have decided to hold off revision of the RFC Regulation next year to give the current efforts more time.

We want to leave time to the sector to progress on ongoing projects and initiatives, including the ETA project, the TTR and the KPIs. And we will pursue the ambitious development of the RFCs through soft measures. But that is not a postponement by another name. The sector needs help now and there is a need to maintain the dynamism and momentum that we saw last year, through the efforts put into the sector Declarations. There is no time to be complacent and let time slip by.

The Commission considers the implementation of the Sector Statement as key and hopes that 2017 will be fruitful in terms of delivering for rail freight.

From our side, we will help whenever needed and will support the steering of these initiatives. We are giving ourselves a deadline of the December Rail Freight Day this year for a reporting back on significant progress.

- **Boosting rail freight also requires finding a solution for rail noise.**

From mid-2016 the Commission expects that all Member States will align their national plans with the forthcoming EU-wide solution based on a revision of TSI noise, and refrain from introducing any unilateral national measures which would damage the rail internal market and breach the principle of interoperability. Going it alone is not an option, since introducing national bans would bring about reverse modal shift – with international freight being moved from rail to road – and this is in no-one's interest.

- A word about ERTMS. **In 2016, major milestones were achieved**, such as the signing of the ERTMS MoU, the adoption of the new CCS TSI and the EDP, published last January. **This should now create a sufficient** framework for a coordinated deployment.

We know that the cost issue is particularly sensitive for railway undertakings, as investment in ERTMS on-board equipment represents a challenging cost with limited return on investment for the operator. This is why **reducing the costs of ERTMS is key** if we want to reap the full benefits of the system for rail. And this is another of our priorities.

The current variety of ERTMS products is one of the reasons for high prices. The European ERTMS Coordinator launched an exercise that is led by the operators in order to create a template that can be followed by the users for tendering ERTMS products to streamline the variety of technical solutions. This activity is, to my knowledge, not progressing, which is a missed opportunity for the Railway Undertakings. Creating a standardised on-board unit that can run on any ERTMS line is essential to reduce costs. Looking ahead, we will also try

to ensure that sufficient funds are available for ERTMS, through CEF and through EFSI, both until 2020 and beyond.

- In parallel we continue to address **short-distance cross-border interoperability**.

As you know, a proposal which gives the possibility to exempt train drivers in cross-border operations from the current language requirements entered into force on 1 July 2016. In order to support the Rail Undertakings and Infrastructure Managers in the process, the Commission requested the Agency to draft practical arrangements for applying these new provisions. We now call on infrastructure managers to make use of the existing possibilities to facilitate cross-border operations.

Moreover, we are in the process of finalising an Evaluation of the Train Driver Directive. One of the issues raised in that context is the support from some parts of the sector for a single operational language. This idea will be pursued further.

We also encourage the Rail Freight Corridors to work **on other cross-border issues** and we are strengthening the collaboration between the RFCs and the Agency on these topics.

- Let me furthermore underline the importance of **Shift2Rail** for making rail fit for the future. This is a very important initiative and we are pleased to see things are progressing.
- Last but not least, rail has to be seen in the context of our overall transport policy. **The Commission would like to ensure that transport modes compete on equal conditions**, are well inter-connected and are used in the most optimal way.

We are aware that there are still many differences in the framework conditions for the different modes and we will strive to address these. This is why **we are for example currently working on the Road initiatives** and will revise our legislation on road charging with the aim of providing clearer price signals and

incentivising the use of cleaner vehicles. We also strive to build an EU-wide system, which is interoperable and including all vehicles.

- **Results on all these initiatives can be delivered only if we all work closely together** - Commission, public authorities and sector stakeholders - to build sound framework conditions for rail.

We strongly encourage such cooperation and **I am very pleased that a first joint meeting between PRIME and the RU Dialogue will be held later this month.** Let's continue on this path!

- You have heard about our future plans for rail in 2017, I'd now like to take a moment to look back, and praise **the incredible energy that Irmtraut has deployed as President of ERFA.** We are all grateful to her for her remarkable efforts to set up an ambitious follow-up of the Rotterdam Declaration on rail freight. She was not satisfied that the sector Declaration was out there, but insisted on translating it into action.

Thank you very much Irmtraut! I wish you the best and I am sure we will continue to constructively work together in the future.

At the same time, **let me welcome the nomination of Lindsay as ERFA President,** with whom the Commission has already longstanding and constructive working relations. I wish Lindsay all the success for this challenging but at the same time exciting position!

- Thank you very much, and I wish you all an excellent evening!