Distr.: Restricted
30 October 2012

English only

Working Party on Rail Transport

Sixty-sixth session
Geneva, 8–9 November 2012
Item 17 of the provisional agenda
Activities of the European Commission in rail transport

Transport developments in the European Union (EU)

Note by the secretariat

Summary

   The note provides the Working Party on Rail transport (SC.2) (i) with a brief review of some of the main policy development, decisions and activities of the European Union in the course of 2012 relevant for UNECE; It is intended to supplement the oral information provided by the representative of the European Commission at the sixty sixth session of the Working Party on Rail Transport. This note serves purely to facilitate information sharing.

I. Introduction

1. The EU transport policies aim at fostering clean, safe and efficient mobility throughout Europe, underpinning the internal market of goods and the right of citizens to travel freely throughout the EU. In the last 20 years the Commission has been very active in restructuring the European rail transport market and strengthening the position of railways vis-à-vis other transport modes. Commission efforts have concentrated on three major areas which are all crucial for developing a strong and competitive rail transport industry: (1) opening of the rail transport market to competition, (2) improving the interoperability and safety of national networks and (3) developing rail transport infrastructure.

2. The main actions – new legislations, consultations, publications, initiatives – performed by EU during 2012 in the field of rail transport – also relevant for the non-EU countries either due to their impact on third country traffic or for best practice – are illustrated below.

II.   The European Train Control System ETCS

3.   On the 25 January 2012 the European Commission adopted a decision strengthening the certification and authorisation process of lines and trains equipped with the European Train Control System (ETCS). ETCS is the European standard for train signalling and speed control. Deployment of ETCS across key freight and high speed corridors will greatly improve the competitiveness of European railways.

4.   The ETCS concept is simple: information is transmitted from the ground to the train, where an on-board computer uses it to calculate the maximum authorised speed and then automatically slows down the train if necessary. ETCS is part of the European Rail Traffic Management System (ERTMS).

5.   Currently, there are more than 20 different signalling systems in operation in Europe and their incompatibility is a major technical barrier to international traffic. For example, adding an additional national safety system in an existing locomotive, already authorised in different countries, and obtaining again all safety authorisations may cost more than €2 million and take more than two years. ETCS will eliminate these costs.

6.   However, ETCS will only bear its fruits if products are fully compatible and conform to the European specifications. The decision adopted strengthens the requirements regarding testing, in particular that on-board products are tested in accredited laboratories.

7.   Today, in Europe, more than 4,000 km of lines are equipped with ETCS. Moreover, the equipment of more than 4,000 additional kilometres has already been contracted, thus indicating that the length of ETCS equipped lines will more than double over the next two or three years and the equipment rate is expected to further increase over the coming years.

III.   The European Rail Traffic Management System (ERTMS)

8.   On the 16 April 2012 the European Commission and the Danish Presidency opened a two-day conference in Copenhagen on the European Rail Traffic Management System (ERTMS). This conference was a major event to boost the interoperability of the European railways, a milestone towards the single railway area. The conference addressed those obstacles that must first be overcome in order to achieve a seamless cross-border service Europeans really need. The conference also gave an opportunity to present a recommendation by the European Railway Agency on how to improve technical rules for the deployment of the ERTMS system. This will enable infrastructure managers to gain efficiency and reduce costs when installing ERTMS.

9.   Denmark and Switzerland have decided to equip their entire network with ERTMS in the coming years. Switzerland has already signed a contract

to equip its entire network by 2017, for a total cost of €250 million (less than €80,000 per kilometre). In Denmark, signalling problems due to infrastructure management account for about half of all delays. This is why ERTMS deployment is included in a larger project which aims to renew totally the rail signalling and traffic management systems in Denmark. The project includes other elements such as renewal of interlocking and equipment of trains. The total investment is €3.2 billion over a period of 12 years.

IV. Working paper on transport security

10.   The Commission adopted a staff working paper that brings forward ideas for developing transport security policy at EU level. In particular, it focuses attention on the deficit of EU policy relating to land transport security.

11.   The staff working paper acknowledges that security policy in the aviation and maritime sectors is developing satisfactorily, thanks to appropriate mechanisms ensuring that legislative requirements receive feedback to allow revision on a continuous basis. However, although public transport (tram, bus, metro), rail and high-speed rail transport are the most important modes of passenger transport (80,000 million passenger trips per year) and that road, rail and inland waterways transport huge quantities of freight both within and to/from the EU, there is today no coherent approach to land transport security in the EU. This needs to change.

12.   Compared with aviation and maritime transport, land has seen the greatest number of incidents and fatalities from terrorist incidents in the past decade. Meanwhile, the successful expansion of high-speed rail and rail freight is increasing the number of cross-border journeys. Furthermore, security issues such as cargo theft from road hauliers or metal theft from the rail sector are now large-scale problems across the EU.

13.   The working paper firstly advocates that there should be an EU forum for land transport security that can mirror the existing fora in the aviation and maritime security, in particular in order to be able to address the cross-border challenges. Thus, it proposes the creation of an Advisory Group for Land Transport Security made of national policy experts from both transport and security/justice administrations. This would be complemented by a parallel stakeholder group to allow industry to have its voice heard in the policy development process. The two groups would then discuss with the Commission policy options for ensuring a balanced development of EU policy for land transport security. The paper contains several suggestions for possible policy that the groups would be invited to comment upon – many based on structures that already exist in the aviation and maritime sectors.

14.   It should be noted that the Commission does not envisage prescriptive rules for security for the land transport sector. Land transport covers a wide

range of transport operations and widely differing transport operators. The needs and threats faced by each may vary considerably and so a "one-size-fits-all" solution is not appropriate.

15.   The working paper brings attention to the lack of EU-wide security requirements in the field of land transport security. The Commission believes that by developing a system built on the numerous existing and good practices amongst individual transport operators and regulators, the overall security of EU citizens can be improved at very little cost. Furthermore, having common requirements will enhance not only the security of cross-border traffic but also the competitiveness of transport operators, as the provision of security should not be an issue that distorts the smooth functioning of the single market.

V.   Boost of Eurasia rail transport connections

16.   On the 1 June 2012 European Commission Vice-President Siim Kallas, responsible for transport, participated in the 7th rail business forum "Strategic Partnership 1520" in Sochi, Russia.

17.   The conference triggered a comprehensive debate over the future shape of railway transport across whole Eurasia. The main topics included regulatory and interoperability issues, the development of freight traffic on the Trans-Siberian route, the transportation charges on goods in transit and the coordination of infrastructure projects aimed at removing bottlenecks and facilitating seamless transport. In this view, Vice-President Kallas emphasized the need to enhance the cooperation within international railway organisations. He also underlined the contribution of the EU rail industry to overcoming interoperability barriers.

18.   Participants included high-level government and railway representatives from Russia, the Commonwealth of Independent States, European and South-East Asian countries, stakeholders and major Russian and European transport companies.

VI.   Recast of the first railway package

19.   The first railway package consisted of three directives (2001/12/EC, 2001/13/EC and 2001/14/EC) which were substantially amended in 2004 (second package) and 2007 (third package). Its purpose was to revitalise railway transport (still largely in the hands of dominant State owned operators confined to their national markets) by gradually opening it to competition at Europe-wide level. In terms of EU legislation, the market for rail freight transport has been open since 2007 and for international passenger services since January 2010.

20.   The level of success of this policy is demonstrated by the stabilisation of rail's modal share during the last decade after a long period of decline (its

share among inland modes has remained around 17.1 % in tonne kilometres for rail freight and between 8.6 and 8.4 % in passenger kilometres for rail passenger transport since 2002). But, despite this achievement, which was difficult to arrive at, the establishment of a single rail market is a fragile construction and is hampered by several problems.

21. The recast the first railway package is: firstly an exercise in legislative simplification and consolidation (*"codification"*) with the merger of the three directives in force and their successive amendments (all in all nine directives, one decision and two acts of accession). The recast also aims to modernise the legislation and tackle key problems areas which have been identified on the market over the last 10 years.

22. The recast of the first railway package:

23. is firstly an exercise in legislative simplification and consolidation (*"codification"*) with the merger of the three directives in force and their successive amendments (all in all nine directives, one decision and two acts of accession), the elimination of cross-references and the harmonisation of terminology;

24. secondly, it aims at clarifying existing provisions (solving in particular problems of diverging interpretations by Member States) and at adapting them to the evolution of the market during the last decade, with a view to addressing key problem areas – building on the experience of the last 10 years. These are the problems mentioned in the second section above and facilitating implementation.

VII. European Parliament final agreement on new rules to open competition in the rail market

25. New EU rules to allow more competition on the rail market look set to come into force by the end of 2012, following a final vote of approval in the European Parliament July 2012. The new rules (Rail Recast Directive) tackle 3 major problems on the market: (1) strengthening the power of national regulators; (2) improving the framework for investment in rail (3) ensuring fair access to rail infrastructure and rail related services. They are a direct response to many complaints from operators in recent years.

26. As a result of the negotiating process, the final compromise text also includes certain new and important provisions, which go further in terms of improving the functioning on the rail market. These include:

27. In relation to regulatory oversight:

- Additional provisions to ensure the independence of rail regulators: Their staff can only be recruited by public authorities with no control over regulated undertakings and fired only on disciplinary matters and not for decisions they take. New cooling on and cooling off periods to

control staff movements between for the regulator and regulated undertakings.

- Establishment of a formal network for rail regulators to ensure co-ordination and exchange of best practices as well as rendez vous clause to review such arrangement by the end 2014, so that further measures can be taken in this area if necessary.

- Reinforced means for rail regulators: their human and material resources will have to be proportionate to the importance of the sector. They will have the possibility to ask the Commission to control national measures.

28. In relation to infrastructure financing and charging:

- Reinforced obligations for Member States to ensure the balance of infrastructure managers' account over a maximum period of 5 years and to provide them public funding under multiannual contracts.

- New mandatory system of modulation of infrastructure charges to provide incentives to equip trains with the interoperable European signalling system (ECTS) and common EU rules to modulate charges on the basis of the noise performance of trains.

29. In relation to market access conditions:

- Extension of the independence requirements to the operators of essential service facilities to storage sidings and refuelling facilities.

- New provisions on financial transparency: accounts must permit the process of allowing the verification of separation of financial flows between infrastructure managers and railway undertakings.

- A rendez vous clause on unbundling: The European Commission is requested to issue new proposals by end 2012, in order to develop further a framework to facilitate non-discriminatory access building on existing separation requirements.

30. The compromise text needs formal approval by Member States, but the political way is now clear for a second reading final agreement. That would allow the new legislation to come into force by the end of 2012 and its full implementation by early 2015 after transposition in national law.

VII. Eurobarometer: 71 % of Europeans in favour of more competition in national and regional rail

31. 71 % of EU citizens support the opening of their national and regional rail systems to competition. The total support is above 60 % in all but two Member States (Netherlands and Luxembourg). 78 % of EU citizens think that more competition will be good for passengers.

32.   According to a special Eurobarometer survey, less than half of Europeans are satisfied with their railway systems (46 %) – although satisfaction has improved since 1997 (41 %). The level of satisfaction varies from 67 % in Finland to 18 % in Bulgaria. Satisfaction is overall quite low in the Member States of central and south-eastern Europe (Czech Republic, Hungary, Slovenia, Slovakia, Poland, Romania, Bulgaria and Greece).

33.   For most Europeans, the opening to competition will have a positive influence on ticket prices (72 %), quality of services to passengers on the trains (71 %), comfort and cleanliness of trains (70 %), frequency of trains (68 %), punctuality of trains (66 %), the way railway companies are managed (63 %) and the number of stations or routes which will be served (62 %).

34.   The absolute majorities of Europeans expect that more competition in the rail market will be good for individual stakeholders, such us passengers (78 %), private rail operators (68 %) and employees of rail transport operators (55 %).

35.   Finally, 70 % of EU citizens wish that competition leads to "no-frills" rail services like those of low-cost airlines and 43 % wish the development of premium services (meals, films, newspapers, etc.). Also, almost two-thirds (65 %) of Europeans wish for more ways of buying tickets (e.g. online, via smartphones, or on board).

36.   In the coming months the European Commission intends to adopt a new package of measures, the so-called 4th railway package, to open domestic passenger rail markets to competition, to reduce the time-to-market of the rolling stock (through a strengthening of the role of European Railways Agency) and to improve the governance of railway infrastructure (to reinforce efficiency of railway operations and improve competition).

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