



Infrastructure : European and national regulation, which are the regulatory obstacles for more investment?

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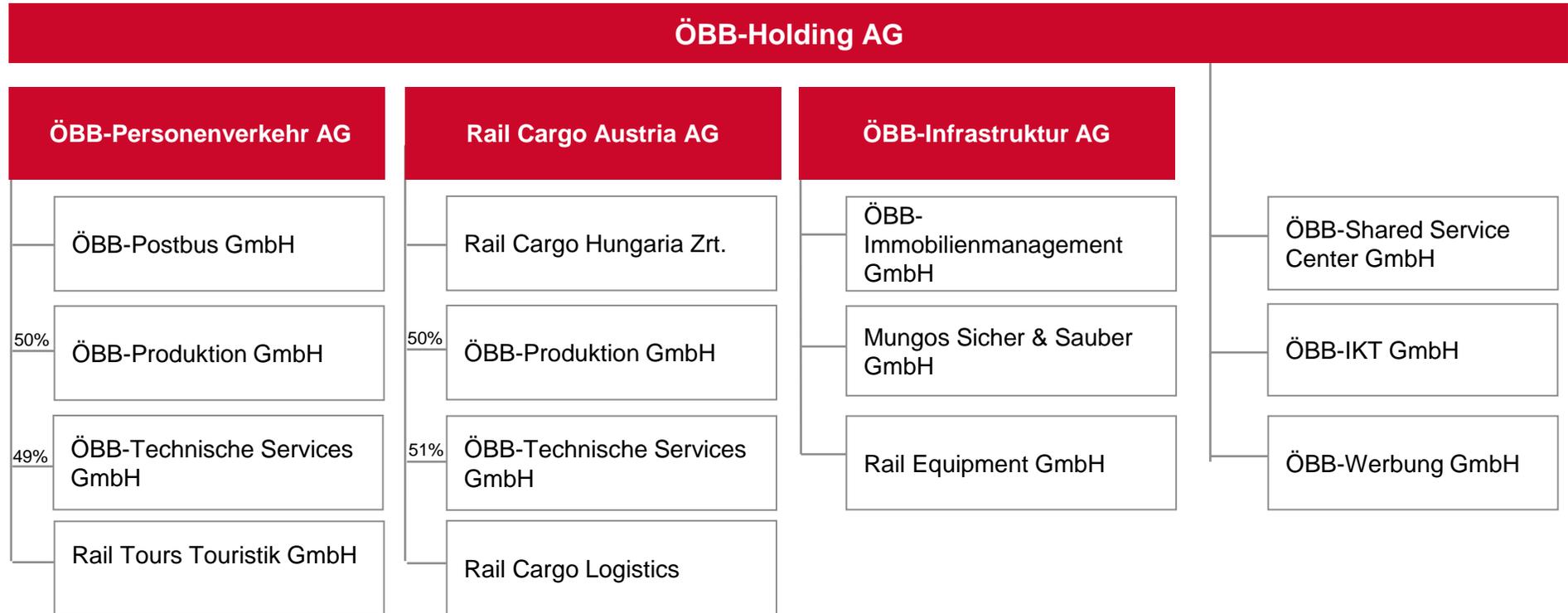
ÖBB – who are we?

Infrastructure investment obstacles – what are we talking about?

Examples for investment obstacles – nationally and Brussels-made

Recommendations

ÖBB at a glimpse



Stand 27. März 2013

*Dieses Organigramm beinhaltet eine Auswahl wichtiger Gesellschaften des ÖBB-Konzerns.

ÖBB Infrastructure Facts & Figures

Owned or operated facilities include:

- 4,894 km rail network
- 14,618 switches, of which 10.768 are heated
- 25,009 signals
- 247 tunnels
- 10 hydroelectric power stations
- 4 Operational management centres
- 1,1313 railway stations
- 197 million m² total floor area

Key Investments inter alia:

- 4 track expansion of Western Railway Line
- Extension of new Southern Railway Line
- Rebuilding and modernisation of railway stations across all of Austria
- Noise protection measures
- Construction of park & ride and bike & ride facilities
- Enhancement of transport safety on railway crossings
- Enhancement of tunnel safety on existing lines



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General remarks

- **Financing is the real issue** – regulation predominantly plays a role as investment obstacle when it comes to **funding decisions, incentives** and **conditions**
- **TEN-T and CEF are important signals** into the right direction; especially CEF provides more EU funding than ever before
- **Mandatory completion of core network** (with EU-wide valid and harmonised standards) until 2030 will create an internationally coordinated railway infrastructure
- No regulatory obstacles in **maintenance** – but problems when it comes to **modernisation**
- New regulation regarding **safety** (e.g. tunnel safety concepts) and regarding **environmental protection** render infrastructure investments more difficult – but they are **timely and necessary**
- Problems do exist – both national and EU level can improve

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Issues of infrastructure investment - maintenance

- No, or only **few regulatory obstacles in maintenance** – rather the contrary:
- a certain degree of **harmonisation helps** as some market players have a tendency to save money especially in the area of investment

- **Some areas where regulatory decisions need a better connection to operations:**
- **„Entity in Charge of Maintenance“ (ECM):**
 - Administrative problems with certification
 - Lack of clarity as to actual consequences: if a wagon e.g. from Bulgaria does not have ECM in its register – do we need to take the wagon out?
- Bureaucracy should not prevail over pragmatism

Issues of infrastructure investment - modernisation

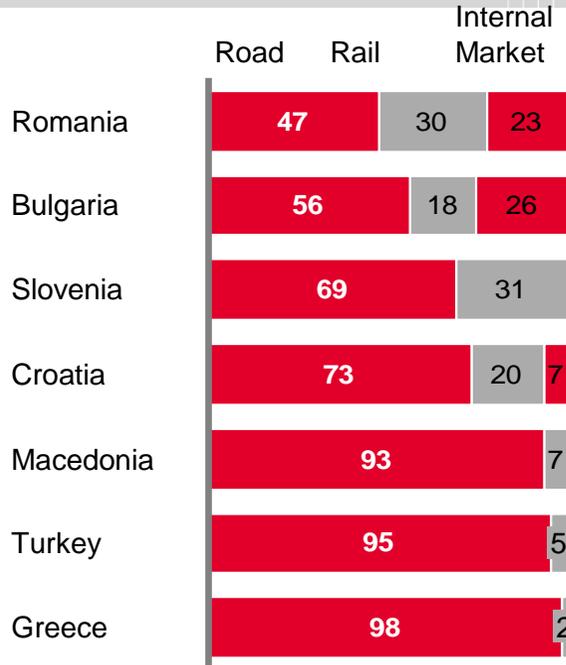
Modernisation:

- Regulatory provisions are partially too far-reaching in terms of **technical/operative harmonisation** – well-functioning processes and operative systems are endangered:
- Implementation of high-level TSI provisions cannot always be economically justified for the **subordinate network** and the vehicles on the network
- Renewals and retrofitting/restoration create costs without automatically creating a benefit. This is **different for greenfield investments** or renewals and retrofitting on **the superior network** (highspeed or conventional).
- The overall benefit of such provisions for EU-wide harmonisation is to be questioned– **framework conditions** to generate the longterm benefit **are missing** (crossborder traffic, vehicle authorisation for the entire network, less costly vehicles, spare parts etc.); **RUs have to bear the extra costs.**

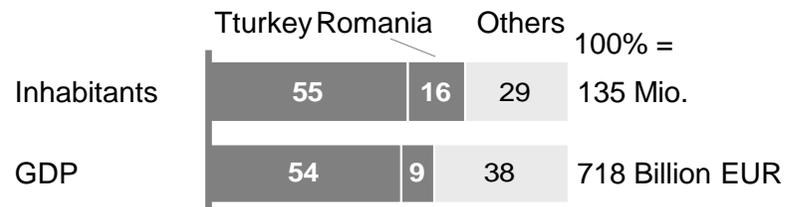
— EU Trans-European Network (Rail)
 ● Railfreight traffic 2014, in Billion tkm

Issues of infrastructure investment nationally: South East Europe – the status quo

Rail freight modal split, 2012
 in per cent



Market share Turkey/Romania, 2013
 in per cent

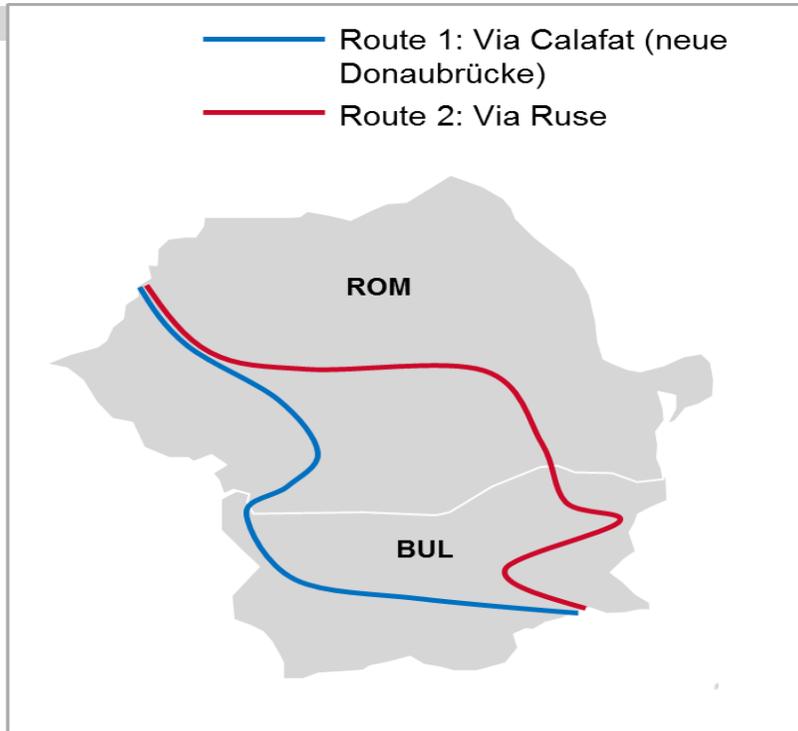


Investment issues in SEE

- Rail market share in SEE **fell from 50% (1990) to 10% (2013)**
- Infrastructure construction measures **unsufficiently coordinated throughout the EU**
- Funding decisions are **political decisions**
- **Only Turkey and Greece are actively planning** an increase of their **rail market share**
- Economic growth in Turkey is enormous, but **no foreseeable increase in rail freight traffic**;
- **On the contrary:** the rail freight share fell, whilst **investments are made in the road segment**: large industrial plants are sea-oriented, e.g. Iskenderun, Karabük, Erdemir; they lack rail infrastructure, hence roads are built and broadened
- Political/Regulatory issues: **border procedures are complicated and take a lot of time**; cooperation of railways leaves **unclear responsibilities**; **incompatible directives** do not help
- Greece: since 2014, Piräus is linked to the rail network again – and grows in terms of volume and revenue
- Wherever **investments into infrastructure** are made, they lead to **economic growth**

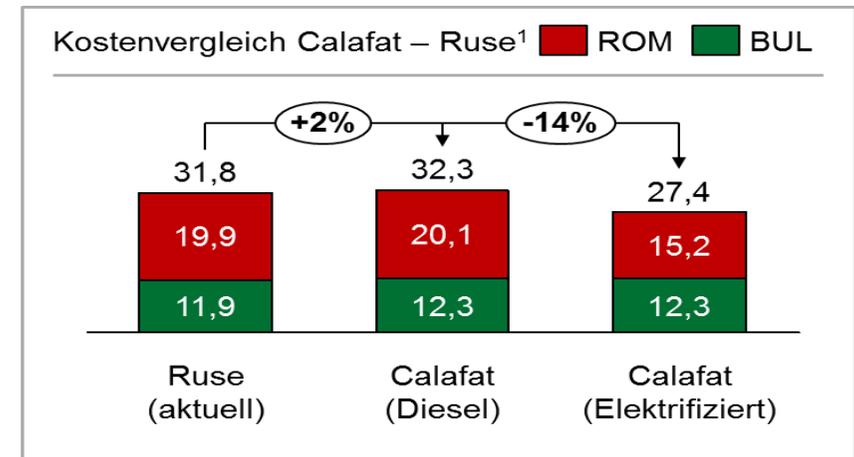


Planning obstacles: no encompassing infrastructure concept – example Calafati Bridge



- **As of March 2014 , the bridge from Calafati to Vidin (Border Romania/Bulgaria) was opened for rail freight traffic** – overall investments of about 300 Mio. EUR, of which roughly 120 Mio. EUR EU-funding; additionally large international credits (e.g. EIB)
- **Significant improvements for rail freight traffic can be expected – a cost reduction of about 14% of transport in this area;** driven by
 - Flatter profile than actual route via Giurgiu/Ruse
 - Complete electrification on the Romanian side

- **Electrification feeder line Craiova/Vidin (~110km) only completed in 2018: 2% higher costs**
- **Electrification could be finished within 1-2 years**
- **An additional improvement for heavy trains (>1.400 tons): upgrading the route Simeria-Targu Jiu on the Southern route via Romania (currently, trains have to be split); planned even later than electrification**



EU-investment obstacles

Need for **stability rather than continuously new legislation:**

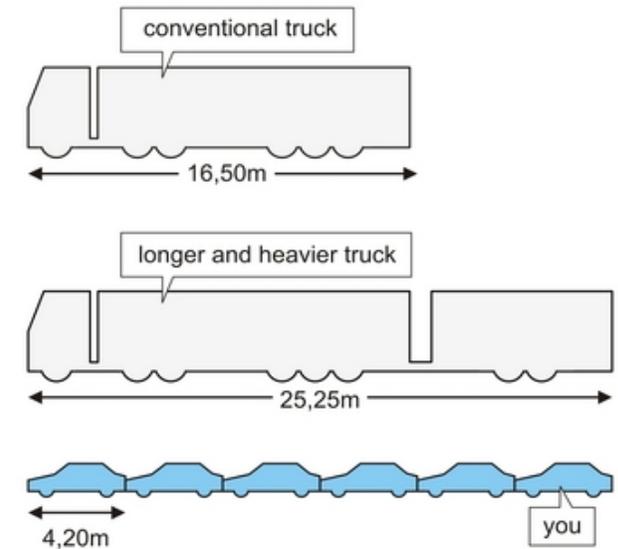
- Infrastructure manager platform
- Unbundling ideas
- Megatrucks

Incentives for funding are helpful:

- Ten-T
- CEF

Harmonisation and overcoming interoperability issues are important but necessitate a system approach:

- IOP and safety in the 4th railway package
- ERTMS



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- Regulation **must facilitate financing**
- Regulation must **set incentives for investing in rail infrastructure**
- Regulation must **set conditions for smart and encompassing infrastructure investment**
- **More pragmatism** especially concerning the subordinate network
- More adequate practical solutions and **learning from the experience of the past 10 years** – along the principle: **do everything to increase competitiveness of the rail system; let everything go that endangers it**
- Not all technical/operative regulatory provisions are helping the sector to sell a competitive product
- Increasing competitiveness means to **either increase cost effectiveness or the attractiveness of the product (=Rail Transport Services); or both**
- **Cost transparency** can help – but necessitates **internalisation of external costs**