Rail Industry's View on European Railway Regulation and Policy

Jérémie Pélerin
Senior Corporate and Public Affairs Manager, UNIFE

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What is UNIFE?

UNIFE represents the European Rail (Supply) Industry

- **Based in Brussels since 1992**
- **22 permanent employees**
- **A trusted partner of the European institutions in all matters related to rail and transport**
- **Full members: 65 of the largest and medium-sized companies in the rail supply sector**
- **Associated members: 15 National Associations, representing almost 1,000 suppliers of railway equipment + EFRTC and UNISIG**
- **UNIFE members have an 80% market share in Europe and supply more than 50% of the worldwide production of rail equipment and services.**

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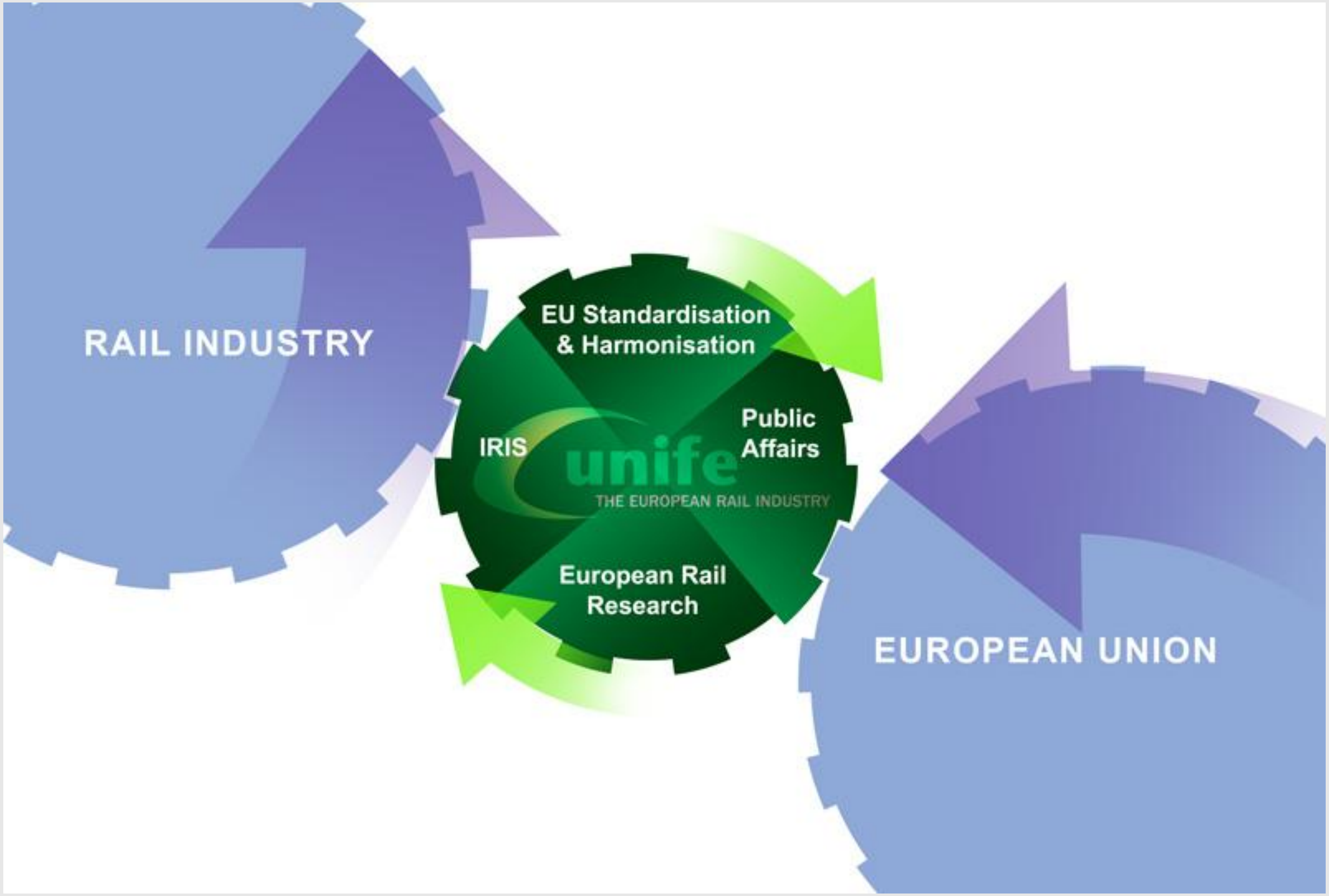
UNIFE Members

- 65 Full Members
- 15 National Associations

UNIFE's activities



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Presentation outline

1. Market opening

2. Technical regulation

3. White paper on Transport

1. Market opening

A. **General position on market opening**

B. **The European model**

C. **Limits of the European model**

A. The rail industry's position on market opening
- The benefits of competition

Liberalisation

Efficiency | Better service | Lower costs

Increased competitiveness

Growing volumes | Growing market share

A more sustainable transport system

A. The rail industry's position on market opening - The benefits of competition: market growth

Netherlands

Rail freight growth 1995/2007: **+132%**

Rail freight modal share: **5,5%**

Sweden

Rail freight growth 1995/2007: **+20%**

Rail freight modal share: **36,5%**

UK

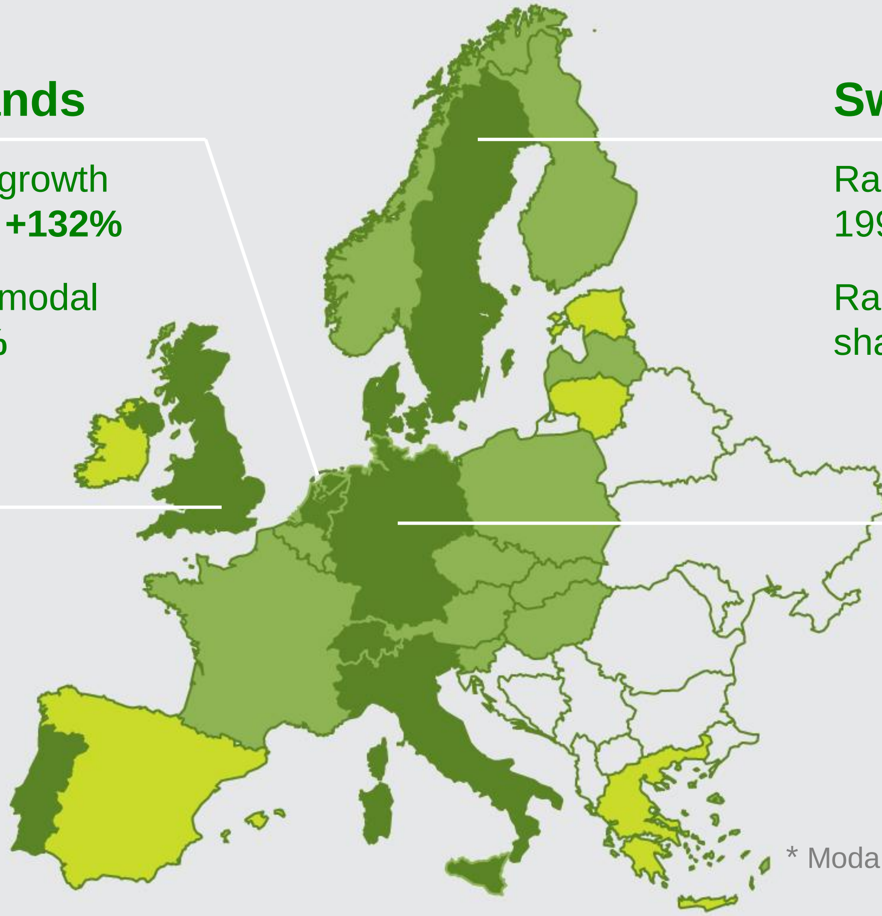
Rail freight growth 1995/2007: **+98%**

Rail freight modal share: **12,7%**

Germany

Rail freight growth 1995/2007: **+63%**

Rail freight modal share: **21,3%**



* Modal share calculated in comparison with road, inland waterways and oil pipeline, in 2007

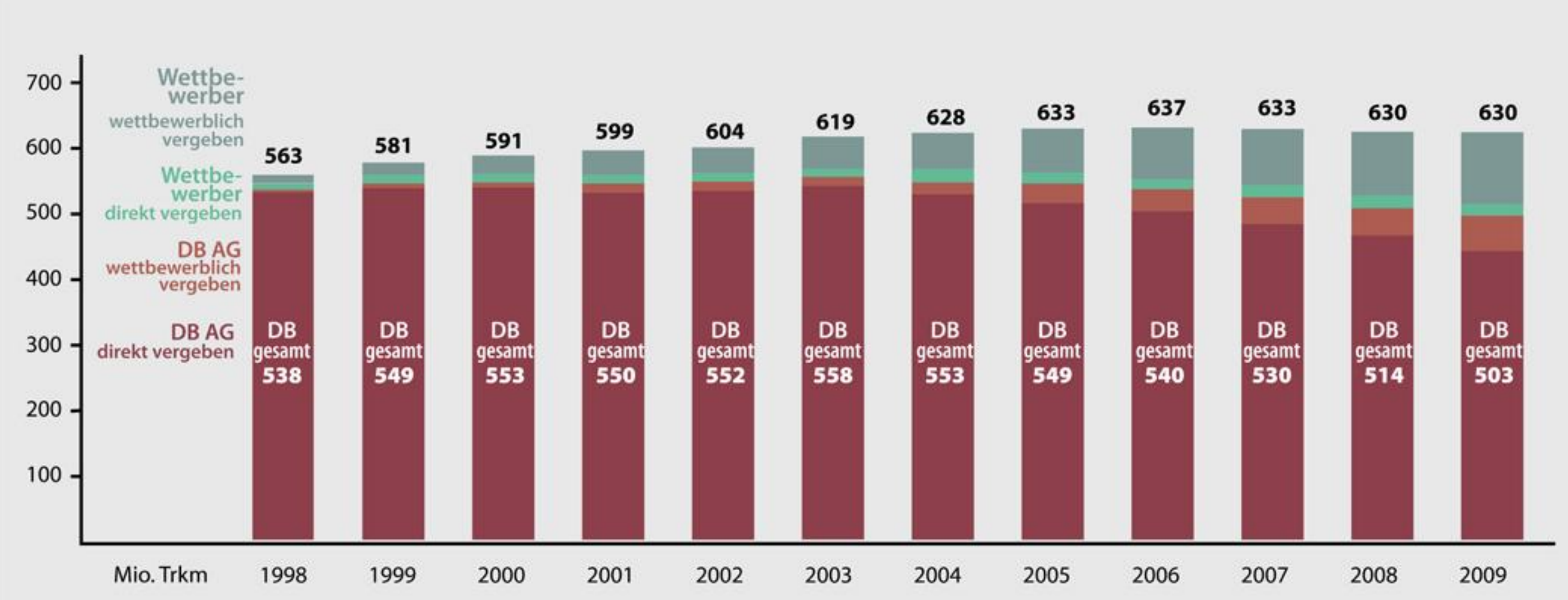
On Schedule

Delayed

Pending Departure

Countries that record highest growth/modal share are those where rail freight liberalisation has most advanced…

A. The rail industry’s position on market opening - The benefits of competition: lower costs



Savings with tenders:	**total 26%**
S-Bahn	22.6%
Regional rail	~ 31%

Source: BAG-SPNV, Wettbewerber Report Eisenbahn 2008/2009

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B. The European model
- Rail markets segments and their opening

Rail Liberalisation

Freight

2003: opening to competition of the trans-European freight network
2006: opening to competition of all international freight services
2007: opening to competition of all freight services (international and domestic)

Passenger services subject to PSOs

1970-2007: common rules regarding compensation of public service obligations and awarding of public service contracts

Passenger commercial services

2010: open to competition of international passenger services

?: opening to competition of domestic passenger services

State

Management independence of railway undertakings:

- railway undertakings must have independent status (budgets and accounts separated from those of the State);
- commercial undertakings must be administered in accordance with the principles which apply to commercial companies.

Non-discriminatory access to national networks must be guaranteed to railway undertakings:

- a non-discriminatory user fee must be charged to railway undertakings which use the infrastructure;
- capacity must be allocated by an independent body (that can be the IM);
- an independent regulatory body must control the applications of the rules and can be appealed by any railway undertaking

capacity allocation

Infrastructure manager

or

Independent body

Separation of accounts between freight and passenger operations

Separation of accounts between infrastructure management and transport operations

Regulatory body

- **The implementation of legislation on liberalisation is imperfect and uneven**
  - 21 Member States are currently the object of **infringement procedures** for their failure to adequately implement the 1st railway package

- **Some points from the regulatory framework of liberalisation should be further clarified:**
  - role and competences of **regulatory bodies** (independence, staff, powers)
  - transparency of **market access and pricing** needs to be enhanced and **access to rail related services and facilities** needs to be improved
  - provisions on the **separation of infrastructure and operations** may need to be further clarified

C. Limits of the European model
- Not yet a comprehensive model

- **Regarding passenger services subject to PSOs, no obligation to proceed with tenders**

- **The last big step to go as far as the scope of liberalisation is concerned is the opening of domestic passenger commercial services**

- **Cost of entry to the European rail market is high**
  - Rolling stock: purchase/leasing at high cost
  - Very high infrastructure charges in some countries
  - Network benefits to incumbents

2. Technical regulation

A. **General position on technical harmonisation**

B. **Limits of the current technical regulation**

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A. General position on technical harmonisation
- The benefits of technical harmonisation

Technical harmonisation

Enhances interoperability

Favours market opening

Lowers costs

Increased competitiveness

Growing volumes

Growing market share

A more sustainable transport system

B. Limits of the current technical regulation - Key issues

EU technical regulation does not always lead to harmonised technical rules and procedures

- **Key issue: a two-layer regulation system**
  - The creation of EU regulation was not accompanied by the elimination of national rules
  - EU technical harmonisation is only applicable to the TEN-T network
  - Dispersion of responsibility between 26 National Safety Authorities (NSAs) with various levels of competence
  - Too many variations between national legal frameworks and between the different practices for authorisation of sub-systems
  - High constraints put on the cross-acceptance processes by the variety of legal environments and the lack of trust → limited efficiency

→ Hampers the progress of interoperability

→ Huge cost of authorisation of rolling stock certification: EUR 1 to 5m per product and per country

No actual harmonisation of certification & authorisation processes

B. Limits of the current technical regulation - EU Rail Sector vision for interoperability and safety

- **The EU rail sector considers that there is a need for interoperability on to be developed more quickly and for the NSAs to act in an harmonised way**

- **March 2010: UNIFE, CER, EIM, UITP, UIP and ERFA issued a common position paper (also supported by UIC) on:**

  "EU Rail Sector vision for interoperability and safety - A proposed way forward for a quicker introduction of interoperability on European railways"

- **April 2010: UNIFE and CER issues a more detailed paper going further in this direction**

  "*For the enhancement of the role of the European Railway Agency"*

Measures to implement without significant legislative changes

- A **strong role for the ERA in the coordination of the activity of National Safety Authorities (NSAs)** → need for a right of audit of the way in which NSAs manage the safety of their national railway systems

- A **true European type authorisation for vehicles**, granted by the ERA in the form of an inscription in the European Register of Authorised Types of Vehicles (ERATV)

- A process of **quick and regular revision of the TSIs and other rail regulations**, taking into account immediately the publication of EN harmonised standards

- A progressive **elimination of unnecessary and superfluous national rules**

- A quick **extension of the geographic scope of the rolling stock TSI** to get the actual benefit of harmonisation of technical rules for market opening

B. Limits of the current technical regulation - What is needed?

- A **wider use of the Interoperability Constituent** (IC) concept and its extension to safety critical constituents
- A **better identification of the roles of the actors in the assurance of safety through maintenance**
- ERA to ensure **better coherence with environmental Directives and regulation** in terms of technical requirements and application rules
- A **better representation of the sector associations in the meetings of the Railways Interoperability and Safety Committee** in the following way: participation in non decisional workshops and an observing role in decisional/voting sessions

B. Limits of the current technical regulation - What is needed?

- **Possible further modifications of the legal environment, such as:**
  - a more **streamlined authorisation for placing vehicles into service**
  - stronger **European common procedures for delivering safety certificates and right of appeal**
  - a **European coordination of measures following accidents**, by which the ERA could be given more powers of control and would thus become a true European Railway Safety Agency - having in mind the example of the European aviation regulation

3. White Paper on Transport

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UNIFE's vision
- The four pillars of the Future of Transport

Level-playing field (intermodal competition)

Investments in infrastructure and rolling stock

Market opening (intra-modal competition)

Technical Harmonisation

Increased competitiveness of rail transport

FUTURE OF TRANSPORT = MORE RAIL, LESS CO2

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Joint UNIFE-CER-EIM paper

All policy measures should be assessed in the light of their contribution towards this goal

General objectives:
•Sustainable, safe, secure, easily accessible and customer-friendly transport system
•Modal shift towards sustainable modes

•Invest in sustainable infrastructure as as response to the crisis
•Develop the European high speed network
•Eliminate b
•Ensure ade
(MACs) and
compensati
•Increase re
to rail in r
particip

•Deploy ERTMS as quickly as possible
•Implement the Interoperability Dir. & TSIs
•Give a stronger coordination role to ERA

•Reinforce role and competences of regulatory bodies
•Make market access and pricing more transparent
•Improve access to rail related services and facilities
•Reinforce separation of responsibilities between IMs and RUs

•Implement the pollu
pays principle (incl.
infrastructure charg
fairer taxation)
•Invest revenues in sustainable infrastructure → Level playing field between transport modes

Investment in

Better integration of transport modes, better mobility choice

•Encourage the use of public transport, develop intermodal stations
•Develop rail freight corridors/green corridors

Rail liberalisation for increased efficiency & comp. with other modes

of external costs of transport

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Thank you for your attention!

Competitive rail solutions for sustainable mobility

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