



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

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What are the main problems for investment in infrastructure ?

- **Unavailability of financial means**
- **Short term financial planning**
- **Focus on new projects vs maintenance of existing infrastructure**
- **Political interference in investment decisions**
- **Lack of financial transparency in the rail system**

EU Rules to support investment: Development strategies

- **Recast obliges MS to develop rail infrastructure development strategies (Art. 8(1))**
- **To meet future mobility needs in terms of maintenance, renewal and development**
- **Sustainable financing of the railway system**
- **Shall cover at least five years**

Business plan of inframanager (IM)

- **IM shall adopt business plan including investment**
- **To ensure optimal use and development of the infrastructure**
- **Taking into account the development strategy**
- **Consultation of users regarding use, provision and development of the infrastructure**

Multiannual contract between State and IM

- **Recast makes it compulsory (Art. 30(2))**
- **For at least five years, to be synchronised with business plan**
- **Structure of funds allocated to maintenance and renewal, to dealing with existing maintenance and renewal backlogs, and, where appropriate, to new infrastructure**
- **Based on performance targets and including incentives to reduce costs of the infrastructure**

Financial rules of EU law encouraging investment: Balance of accounts

- **The Commission cannot oblige MS to spend specific amounts of money in the infrastructure**
- **However Recast foresees obligation for MS to balance accounts of IM at least over a period of five years (Art. 8(4))**
- **Revenues which balance expenditure may include state funding, infrastructure charges, income from commercial activities, non-refundable incomes from private sources**
- **Not: refundable bank loans**

EU rules on State subsidies favourable to infrastructure investment

- **State funds into the infrastructure not considered as State aid (no competition between infrastructures)**
- **Possibility of debt relief also benefits debts resulting from infrastructure investment before 2001**

Incentivation of revenue generation through rules on infrastructure access

- **Opening up of rail markets to competition increases number of rail operators and therefore revenues of IM**
- **Rules on non-discriminatory access ensure optimal use of infrastructure and maximum revenue**
- **Possibility of framework agreements provide stability of income to IM**

Rules on account separation ensure use of subsidies for infrastructure

- **Separation of accounts and prohibition of transfer ensure that funds for infrastructure are not used for other purposes**
- **Create transparency of financial flows and usage of funds which will increase availability of funds**
- **New power for regulators to check account separation**
- **Power to request provision of regulatory accounts (Annex III)**

EU Charging Rules are investment friendly

- **Objective: to allow maximisation of infrastructure usage and of revenues in the long term**
- **Direct cost charging allows participation of market segments which pay at least their own costs**
- **Mark-ups allow the maximum amount of charges while still enabling profitable operation of railway undertakings**
- **IM may levy reservation charges to charge for non-usage**
- **Congestion charges raise infrastructure income additionally**

Charging framework allows for stable revenue for investment

- **Since direct costs and mark-ups do not change significantly from one timetable period to the other, sudden changes in charging revenues are avoided**
- **However one-time changes of the general level to adapt to the Directive are possible**
- **Stability of charging network requires clear rules (implementing measures to be adopted)**

Fourth Railway Package will increase investment in infrastructure

- **Commission proposals foresee full control of IM over the production chain: from planning and development to maintenance and charging for infrastructure use**
- **Under condition of independence from Railway Undertakings**
- **Cooperation between IM will enhance investment in cross-border infrastructure**
- **Corridor implementation will have similar effects**

Conclusions

- **EU framework encourages investment in rail infrastructure**
- **New rules in Recast will improve financial position of IM which will enhance investment**
- **EU rules will oblige MS to put infrastructure investment on a more sustainable basis, and deal with the real investment needs of the infrastructure**