



EUROPEAN COMMISSION

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Vice-President and Commissioner for Transport

Reforming European railway legislation

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

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Mister Chairman, dear Members, ladies and gentlemen,

As you know, the European Commission has great ambitions for the railway sector and set out very important objectives in the Roadmap to a Single European Transport Area adopted last year. By 2050, the majority of medium-distance passenger transport, about 300km and beyond, should go by rail. By 2030, 30% of road freight over 300 km should shift to other modes such as rail or waterborne transport, and more than 50% by 2050.

It is obvious that the demand for mobility will continue to grow in the future. Our forecasts are for overall passenger and freight traffic in Europe to rise by 50% and 80% respectively by 2050. Rail can, and should, be in a position to provide an answer to this challenge.

The Commission does not accept the rapid decline of the modal share of rail transport which can still be observed in some Member States. We have to ensure that Europe's railways achieve their full growth potential and become more attractive for passengers and business and real alternatives to other transport modes. Rail services need to be more reliable, more innovative and more efficient.

Achieving such objectives requires reforms. Let's be very clear: status quo is not an option. While road transport and aviation are capable to adapt to the market and evolve quickly, rail transport cannot afford anymore a conservative and defensive approach.

The rail sector cannot develop within national borders with Member States protecting what they perceived as their national champions. The fragmentation of the European railway system leads to serious problems of efficiency, flexibility and reliability as well as to high operating costs limiting rail's ability to compete against other modes and discouraging private investments by new entrants in the rail market.

The Commission considers that, if the sector does not free itself from protectionist attitudes, a Single European Railway Area will not develop and deliver the full potential of rail to offer attractive freight and passenger services across Europe.

Ladies and gentlemen,

Twenty years after the deadline of 1992 for the completion of the internal market set by the Delors Commission, we are far from having a single European rail area. In many EU Member States railway undertakings still face many obstacles of different nature: technical, operational but also legal.

This is why the very first legislative proposal issued by this Commission in the transport field was the recast of the first railway package - actually a complete review of the whole EU acquis related to rail market access conditions. Let me stress the importance of this piece of legislation. By the end of the year, this new Directive will enter into force and will change considerably the way the rail market functions.

Before the summer break, the European Parliament and the Council found an agreement on a compromise text which remains fairly close to the initial Commission's proposal and maintains its three objectives: (1) to stimulate both public and private investments in the sector, (2) to facilitate the conditions of access to the rail market and (3) to reinforce the national rail regulators.

With the entry into force of the recast, the financial architecture of the rail sector will be greatly improved. Under this architecture, sustainable financing of the infrastructure should be ensured with national long term strategies for infrastructure development, multi-annual contracts stipulating the level of public financing to be granted during at least five years and the quality of service to be provided in exchange. Business plans will be adopted by infrastructure managers after consultation of all potential users of

infrastructure capacity. And the obligation of Member States to balance the account the infrastructure managers' accounts will become more enforceable.

New infrastructure charging rules will stimulate further investments in the sector. There is the possibility of creating noise charges under uniform EU rules and with the mandatory introduction of modulation charges on ERTMS corridors based on the equipment of trains with interoperable signalling systems. This should encourage investment in quieter wagons and modern ERTMS equipped rail vehicles.

Market access conditions will become much more transparent, all necessary information being centralised in networks statements available in different languages. With very stringent rules in relation to access to essential facilities and services and improved visibility on the evolution of the infrastructure, it should become easier for new entrants to develop their business.

Member States will strengthen their national regulators. They will enjoy additional guarantees of independence, be granted greater powers, in particular to prevent and correct discriminatory practices and distortions of competition. The Commission will have new powers of supervision of the rail market and ensure the coordination of the regulators to create a genuine level playing field within the EU.

This new regulatory framework will be applicable to both passengers and freight. It will greatly improve the functioning of the markets already open to competition - freight services and international passenger services. But as I mentioned at several occasions during institutional negotiations, it also paves the way to new reforms.

Mister Chairman, dear Members, ladies and gentlemen,

During the inter-institutional debates on the recast, important issues were raised concerning competition in the domestic passenger market and further reform of the governance of the railway sector regarding the relation between infrastructure managers and railway undertakings. I have repeatedly said that these issues can only be properly addressed on the basis of a robust impact assessment and in-depth stakeholders' consultations. This is what the Commission services are now concentrating their efforts on.

In the beginning of the year, the Commission launched a major process of consultation on the three pillars of the package we intend to propose by the end of the year.

At this stage the Commission is listening to all ideas from all parties and has not yet adopted its own position. Once the various options examined we will publish our impact analysis.

This being said, the Commission mandate is very clear: we will have to address domestic passenger market opening, including the issue of tendering out public service contracts. Market opening should bring innovation, new ideas and more private investment. Tendering should ensure that the value for tax payer money is optimal but also that railways are properly compensated for the services they provide.

Regarding the governance of the rail sector, building on the provisions of the recast, the Commission will propose measures aimed at further developing non-discriminatory access to the infrastructure. These will develop the existing separation requirements between infrastructure management and transport operations. Let's be clear: a return to the integrated structures we had twenty years ago cannot be regarded as a realistic way forward, though we fully recognise the need to ensure close operational co-operation between infrastructure managers and train operators.

As far as the technical pillar of the package is concerned, all stakeholders realise that the current regulatory arrangements are not optimal. Certification procedures at national

level imply unjustified costs and delays. Their disparity across Europe and the lack of transparency and predictability represent unacceptable barriers to the development of a truly European railway. The European railway agency has a central role to play to address this issue.

The changes in the EU regulatory framework the Commission is currently considering will aim to increase the competitiveness of rail services for business and passengers.

The rail industry and the rail workers should not perceive such changes as a constraint but rather as a new opportunity. Experience already shows that making rail more attractive leads to traffic growth, more employment opportunities and improved employment conditions.

To conclude: rail is part of the solution to our mobility challenges. But in too many areas, we have allowed it to languish in the 19th century. It is now time to enter in the 21st century. European citizens deserve it!

Thank you for your attention.