

European Railway Award (CER-UNIFE)  
Brussels, 26 February 2013

### Putting Europe's railways on track for the future

Ladies and gentlemen

Thank you for inviting me again to this important annual award ceremony. Many congratulations to this year's laureates – Benedikt Weibel and Dr Johannes Nicolin – for their outstanding political and technical achievements.

Since the start of modern train travel in Europe, people have dreamed of creating a unified European railway.

We have never been closer to making that dream a reality. It was also the rail industry which asked very clearly for this to be done.

Much as we love them, too many of Europe's railways are in decline. Rail's share of European passenger transport is stable at just 6%. Freight's share has fallen from 11.5% in 2000 to 10.2% today. Since 1990, the EU's rail network has diminished by 6%.

Railways need more and more taxpayers' money to keep running - €46 billion was spent in 2009. Not all countries can give this kind of funding and several Member States have huge debts as a result.

There is one fundamental question we need to ask ourselves: do we need railways at all? – because there is another view.

Perhaps we should develop roads and build more highways in eastern Europe, for example. That view is strongly supported by the car manufacturers. But it would not address our congestion problem, which costs Europe about 1% of its GDP every year. And public opinion is usually against new highways. The EU would also not be able to think of meeting its climate change targets.

If we do not have a proper European policy for rail, our railways will become a luxury toy for a few rich countries and be unaffordable for many. There would be no pan-European system, no single market and no single European railway area.

The Commission is delivering on the elements we have promised to support and re-generate rail.

You will have seen that the European Council agreement on the MFF preserves 23 billion euros in the Connecting Europe Facility for transport – and most of that will be for rail projects, helping create the pan-European infrastructure we need.

Work is continuing on a joint industry-Commission research platform – Shift2Rail, which will be a key element in driving innovation in the years to come. Many of the details have still to be finalised, but I am committed to working with you to deliver this.

And of course the Commission has adopted the fourth rail package to put in place the regulatory structure we need.

The work on this will be very demanding.

Take interoperability, where we aim for a 20% reduction in the time to market for new rail undertakings, and also in the cost and time to approve rolling stock.

This area will present major challenges due to its technical complexity. There are so many different vehicle types and almost 11,000 national technical and safety rules in effect across Europe. Rolling stock should be built to a single set of standardised rules and receive a single certificate valid for the entire EU.

Today's decentralised system of national safety authorities creates unnecessary complexities for railway companies. Take the example of a set of Class 66 locomotives already approved for use in France and the UK, which were declined approval in another Member State because of the driver's seat position.

This is compounded by the ongoing work on technical barriers such as different track widths, electricity systems and voltages and signalling systems.

Given how important interoperability is for safety, if the rail industry identifies genuine issues or problems with the details, the Commission would want to discuss and resolve them with you as soon as possible.

The interoperability proposal now has to pass through the EU decision-making process. We expect to be able to deliver it fairly so that everyone benefits.

Next, on market access, we are creating a strong mechanism for designing effective public service obligations so that authorities look closely at their needs, and plan for the long term. They will also play a key part in ensuring effective tendering processes to make sure that markets open up to more competition.

The key word here is quality: competitive tendering will create a strong incentive for rail to perform better, save public money and introduce innovation to help improve passenger services.

We do not expect market opening to cause a fall in employment, adding to the sharp declines seen in recent years. In fact, staff shortages are the main risk: roughly 30% of all rail workers will retire in the next 10 years.

Improvements in service quality and therefore rail's overall attractiveness will lead to passenger growth, and that should lead to demands for more staff. At the same time, experience of Member States which have opened their rail services to competition such as Germany and the United Kingdom shows this pressure is most likely to lead to higher salaries and better working conditions.

Our proposals on interoperability and governance should also help lift Europe's rail freight market out of stagnation.

Ladies and gentlemen

To make sure that the network is developed in everybody's interests, we need strong infrastructure managers at the heart of Europe's railways. They have to be able to control all essential functions related to managing rail networks.

We need this not only to introduce more competition, but also to improve service quality and efficiency, and to encourage innovation and cost-efficiency.

Nobody expects it to be easy to create this kind of environment across a single European rail market. Our starting point is that the simplest and most effective solution to ensure fair competition is institutional separation. It will also require non-discriminatory rights for access to infrastructure.

Those who support and request market opening cannot at the same time defend a governance model that allows anti-competitive practices and prevents newcomers from entering that market.

But we have not been deaf to the sensitivities and concerns of some of the larger well-established operators. This is not an attempt to wreck the French or German rail industries, for example. We need the larger players properly in the market so that everyone benefits from equal conditions for competition.

This is why the Commission proposed the possibility to keep integrated structures during a transition period.

An integrated structure can also deliver the necessary independence.

But there must be strict safeguards to ensure genuine legal, financial and operational separation – and no cross-subsidisation of transport operations with funds earmarked for infrastructure.

Over the last 10 years, and more, the rail sector and the regulatory environment in which it operates have changed considerably. I applaud all the efforts that the European rail industry has made to improve its efficiency and put passengers and freight users at the heart of its development strategy.

And I would encourage the rail industry to see such changes as a new opportunity – lowering unit costs, raising efficiency and creating a larger marketplace beyond national boundaries to cover the whole of Europe.

Experience shows us that making rail more attractive leads to traffic growth, more employment opportunities and better conditions.

That will benefit everyone: the rail industry, freight businesses – and all passengers.

Thank you for your attention.