



**ANNUAL ACTIVITY REPORT
OF THE EUROPEAN COORDINATOR**

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PRIORITY PROJECT No 3

"South-West European High Speed Rail Link"

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The points of view expressed in this report are those of the European Coordinator and do not represent the official position of the European Commission

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Table of Contents

1. Introduction	p. 3
2. Current situation of Priority Rail Link No 3:	p. 3
2.1 Mediterranean branch:	p. 4
2.2 Atlantic branch:	p. 8
2.3 Madrid-Lisbon/Porto:	p. 10
3. Conclusions and recommendations:	p. 10
Appendix: Map of Priority Project No 3 (Progress of the project)	

1. INTRODUCTION

The south-west European high-speed rail link (Priority Project No 3) is essential for ensuring the continuity of the trans-European railway network. It should enable rail connections between the Iberian Peninsula (Portugal and Spain) and the rest of Europe without the need for reloading a result of the difference in gauge between these networks, the need for reloading being very detrimental to rail transport, especially freight¹.

This rail link comprises two branches between France and Spain: an "**Atlantic**" branch (Tours-Dax-Vitoria-Madrid) and a "**Mediterranean**" branch (Nîmes-Perpignan-Figueras-Barcelona-Madrid), and a connection between Spain and Portugal (**Madrid-Lisbon/Porto**).

All the projects which make up this rail link are new high-speed lines (planned for speeds of at least 250 km/h), but several sections could be used by both high-speed passenger trains and freight trains.

This project should enable the Iberian Peninsula to emerge from the isolation it suffers in terms of rail links due to the difference in gauge with the rest of the continent (see the previous annual report), but it is also essential for implementing a mobility policy that makes much greater use of rail transport, within a context of strong growth in trans-Pyrenean trade.

The challenge facing the Coordinator is twofold: in the face of national priorities, he must safeguard the priorities and overall coherence of the trans-European network, and must ensure the consistency of the mobility policies implemented by the three Member States involved in this rail link.

2. CURRENT SITUATION OF PRIORITY RAIL LINK NO 3

The present report will be supplemented by an analysis of the Member States' submissions, when these become available, within the framework of the 2007-13 multiannual programming. Whatever amounts are requested by the Member States concerned for co-financing the projects which make up this rail link, the assessment of these requests should be used to check whether the recommendations made by the Coordinator regarding certain important aspects (such as interoperability or the definition of cross-border sections) in his 2006 report have been followed. In the light of the results of the assessment of financing applications for 2007-13, Mr Davignon will be in a position to provide the Commission with additional analytical material.

¹ While some passenger trains are equipped with axles which can be adjusted to the different gauges (and can therefore run on both networks) this is not the case for freight. There are three possible solutions: changing axles, transshipping goods from a wagon with a UIC gauge axle to a wagon with an Iberian gauge (wide) wagon or transshipping goods into lorries before the border. It is estimated that 5-10% of heavy goods vehicles crossing the Franco-Spanish border at Irun involve this type of traffic, which could be largely avoided if the two networks were interoperable.

2.1. Mediterranean branch

The progress of work on this branch – which is currently the most advanced of the three and probably also the most promising in terms of traffic – is uneven. The construction of the new line (660 km) between Madrid and Barcelona should be completed by the end of 2007. A 575 km stretch is already in service between Madrid and Tarragona, cutting the journey time between Madrid and Barcelona by nearly half. The problems relating to the implementation of the ERTMS traffic management system, which limited both the capacity and the peak speed allowed on the line, have mostly been resolved: the maximum permitted speed for certain trains is 300 km/h as of May 2007.

The layout of the new infrastructure in Barcelona, and especially the route proposed near particularly sensitive areas, has however given rise to serious problems for the Spanish authorities, with attendant delays – some quite significant – in bringing this section into operation. A new environmental impact assessment had to be carried out and was approved only on 30 May 2007. The delays are estimated at nearly 36 months on the initial schedule. The impact on the continuity of this branch, however, remains limited in view of the fact that a Barcelona rail bypass also planned.

With regard to the sections north of Barcelona, the European Coordinator, Mr Davignon, asked for information from the Spanish authorities on possible delays in completing the line as a result of difficulties associated with crossing Gerona and the junction between the new international line and the Spanish network at Figueras. The Spanish Minister for Infrastructure and Transport announced on 8 June 2007 that delays of the order of three years were forecast for the completion of two sections between Gerona and Figueras. As it will be impossible to finish the work before 2012, there is no possibility of directly connecting the new Perpignan-Figueras line to the Spanish high-speed network. Given the impact of these delays on the continuity of the "Mediterranean" branch of PP3, the Coordinator has asked the Ministry of Infrastructure and Transport for clarification as to the causes of these delays and for temporary solutions to prevent the new Perpignan-Figueras line, which has been the subject of a concession to a private entity (TP Ferro), from remaining unused for a long period of time. Initial responses were provided by the Ministry of Infrastructure and Transport and an assessment of the proposals and the effects of these delays – still on a basic level in view of the short period available for taking stock so far – has been carried out.

Analysis of the situation

The concomitance of the commissioning of the conceded section (planned, according to the terms of the concession contract for February 2009) and access to the Spanish high-speed, UIC gauge network, to the south of Figueras, seems no longer guaranteed. The delays are estimated to be three years.

Two sections are especially problematical: the section immediately down-line of the Perpignan-Figueras section which is the subject of a concession and the (partly underground) crossing of the town of Gerona. Accordingly, it seems hard to envisage direct connections between Perpignan and Barcelona from February 2009. **Without a temporary solution, the tunnel, which is due to be commissioned in**

less than two years, could remain unused for some 36 months. Alternatives are being studied and should be quickly decided upon by the competent authorities:

- the creation of a temporary connection between the new line and the existing conventional Spanish (wide gauge) network at Figueras with the laying of a third rail and the installation of a gauge changing device;
- fitting the conventional line from the south of Figueras to the south of Gerona with a third rail and connection with the new line being constructed.

However, all of these temporary arrangements, which account for more than 50 km, are producing a series of **very significant constraints**, especially in the matter of interoperability:

- impossibility of running TGVs [high-speed trains] (the planned trains, which are currently being built, are not suitable for operating on the conventional Spanish network whose electrification is different²). The use of variable-gauge trains is possible, but the connections between Madrid, Barcelona and France will mean changing train at Perpignan;
- major difficulties for freight (there are no interoperable electric locomotives³). One solution may be to use diesel locomotives, but this will require upgrading of the ventilation systems in the tunnel);
- need for rolling stock to be equipped with ERTMS (for the new cross-border line) and ASFA on the conventional line in Spain. If temporary use of stock is to be made, this means major additional costs for vehicles which will be replaced in quite a short space of time;
- loss of revenue (lower receipts) for the concessionaire, as the volume of traffic might be below the forecasts.

The question of **compensation of the concessionaire** by the Member State(s) – in view of the possible loss of revenue – also arises.

"I am concerned by the repercussions that these delays could have on the other sections of this priority rail link and I would stress the need to ensure the smooth operation of PPPs in the railway sector," says Mr Davignon.

It has to be admitted that large infrastructure projects (especially railway projects) are quite often affected by different degrees of delays to their completion.

In this specific instance, the Spanish authorities explain that these delays are due to technical difficulties encountered in integrating the new line into a particularly complex and sensitive environment (urban through-routes). Mr Davignon has, however, reminded the Spanish authorities that the consequences of these delays nonetheless go beyond the Spanish context alone and could affect the development

² 3 000 V in Spain, as against 1500 V and 25 000 V in France.

³ 3 years are often necessary between order and delivery.

of other sections of this trans-European rail link, **above all the Perpignan-Figueras cross-border section**, which has been conceded to a private entity. Consequently, corrective measures must be decided upstream, in coordination with all the interested parties. These measures are essential in order to deal with this significant slip behind the completion schedule. Several useful lessons can be drawn from this situation:

- the need, as mentioned by the Coordinator in the 2006 report, "*to identify bottlenecks (administrative – financial – or in terms of choosing priorities) which would have a negative impact on the rail link as a whole and to draw the necessary conclusions from them*" remains a priority that must be addressed. Optimum coordination with all the interested parties is thus crucial to the whole Mediterranean branch of PP3;

- the particular situation of Spain, whose gauge system is different to that of the rest of Europe, requires coordinated provisional solutions to be introduced to ensure a direct connection between Barcelona and Perpignan;

- the role which the Franco-Spanish Intergovernmental Commission could play in facilitating the coordination of the respective planning procedures of the two Member States should be rethought and should also cover access routes. An initiative should be taken in this direction.

According to Mr Davignon, there is **an urgent need for a proper overall picture of the project planning for the entire rail link**. In this context, the Coordinator wishes to organise a quadripartite meeting by the end of 2007 – at the latest – with the Transport Ministers involved in PP3, in order to examine the issues of **coordinating production schedules for the cross-border sections and access to them**.

As far as the **Perpignan-Figueras** section is concerned (**concession to TP Ferro**), the works are progressing as they should, despite a delay of six months due to geological complications. This delay should not, however, have any repercussion on the delivery date of the construction work, planned for February 2009. The two borings will be completed by the **end of September 2007**. The construction of access lines (also a concession) is proceeding as expected, both in Spain and France. At the end of June 2007, nearly 1 100 people were working on all these sites. On the French side, 85% of the earthworks and civil engineering structures are done and on the Spanish side the figure is close to 100%.

One important detail which should be mentioned: the gradients on the line reach **18 per thousand** in places; for freight this will require either reducing the weight of the trains, or using two locomotives to haul goods loads. With less steep gradients⁴ and without the need for locomotives operating in tandem, freight transport on this rail link could have gained in competitiveness, considering the lower running costs.

As for the French sections, **the Montpellier-Perpignan line** (cost €3 000 million - updated figure) is scheduled for construction between 2015 and 2020 with commissioning between 2020 (at the earliest) and 2025 (at the latest). A first stage

⁴ Which would, however, have entailed additional cost for the project.

involves the modernisation of the existing infrastructure (especially signalling). It must enable the growth in traffic forecast in the studies carried out by Réseau Ferré de France (RFF) to be handled. The delays in constructing access routes in Spain are likely to have repercussions on the level of traffic on this rail link, thus deferring the date on which the line is expected to reach saturation. Postponement of the construction of this section was not ruled out during discussions with the various project players. The situation therefore needs to be clarified.

While slippage of this project would not directly compromise the continuity of the rail link, since the existing infrastructure could be used whilst awaiting the construction of the new line, the potential growth in rail traffic on this rail link would nevertheless be affected. The Coordinator thus considers that a postponement of the date of completion of this infrastructure – with respect to the timetable drawn up in the guidelines – would be detrimental to traffic growth – long-distance traffic especially – using PP3. The desire expressed by the French authorities to expand road-rail services⁵, as a response to the worsening congestion of the A9 motorway, with a view to modal shift, is therefore a strong argument for completing the whole infrastructure by 2020 at the latest.

The Nîmes-Montpellier bypass (cost €1 200 million), which is the main rail link bottleneck on the French side, will be constructed between 2009 and 2013. This is a high added-value project for Europe, and is essential for ensuring a good long-distance traffic flow (priority freight and passengers, since this line of approximately 70 km will be mixed). It will also enable the increase in local traffic to be handled, in a region with high population growth, thanks to the train paths which will be freed up on the existing line. As the Coordinator stated in his previous report, this project will merit special attention in the context of 2007-13 multiannual planning. The project will be undertaken on the basis of a partnership contract under which the private partner will have the task of financing and building the infrastructure. The call for bidders is planned for the second half of 2007, the aim being to conclude the agreement in a contract in 2009, with the work due for completion in 2013.

2.2. Atlantic branch

This project is being implemented – in Spain – at great speed. The **Madrid-Valladolid** section of nearly 180 km will be brought into operation in December 2007. This section comprises a long tunnel of nearly 28 km. Furthermore, the tenders for most sections between Valladolid and Bilbao are in the process of being awarded. On the "**Basque Y**" which forms a part of this branch, several sections between Victoria and Bilbao are already under way. As for the others, it is planned that the Government of the Basque Country (which is the prime contractor for the project) will launch the calls for tender by the end of the current year.

One of the concerns of the Government of the Basque Country⁶, which concurs with

⁵ An experimental road-rail service between Luxembourg and Perpignan was inaugurated on 29 March 2007 by Mr Perben. It involves a route of over 1000 km whose actual commissioning will begin in autumn 2007.

⁶ Interview between Mr Davignon and Mrs Nuria López de Guereñu, the Minister for Transport.

that of Mr Davignon, is to make sure that these new infrastructures, notably the Valladolid-Burgos-Vitoria section, will also be accessible to freight transport, and if necessary that the existing lines are converted to the UIC gauge, so that freight transport can be handled (without reloading), at least up to Valladolid. The present reloading (of freight) at the border, due to the lack of continuity of the network, **must be eliminated** and not simply moved **a few tens of kilometres**. The expansion of traffic on this rail link and completion of the other projects, chiefly in France, will largely depend on the operating conditions⁷ that are offered on the Spanish network, in order to promote the modal shift of goods from road to rail.

The **Basque "Y"** must be connected to the French network in the vicinity of Irún. The mismatching of the Spanish and French schedules, as well as administrative procedures, also poses a significant problem here. With regard to the planning of access routes to the future cross-border section, there is a substantial gap of nearly seven years between the completion dates in the two sets of plans. The Basque "Y" is due to be completed by 2013 and, at the end of 2007, ADIF, the Spanish rail network manager plans to start the studies for the section that ends at the Franco-Spanish border. French planning is clearly less advanced since the construction of the cross-border section is only planned from 2013 at the earliest. The slippage vis-à-vis the decision relating to the TEN-Transport Community Guidelines of 2004 is hence obvious: Decision No 884/2004 gave 2010 as the date of completion of the Vitoria-Dax project. The precise definition of the cross-border section is, moreover, still not known to date.

The Coordinator believes that special attention should be paid to this section which will enable the French and Spanish networks to be connected. Three aspects are especially critical:

- providing an accurate definition of the cross-border section (the planning of which must be a joint undertaking) so that it is fully operational with the rest of the rail link⁸;
- initiating studies as a priority for its construction. Significant support under the Community budget should be granted – if a joint application is made by the Member States;

⁷ But also the exact location of the intermodal centres for rail-road transfers.

⁸ The section must thus be identified so as not to disadvantage the studies and work already in progress (or planned in the short term) on the Spanish side, without however causing any constraints (especially on the route) which would interfere with the studies and the public debate that must be organised in France over the next few years. The EEIG (and the future IGC wanted by the two Member States) should play a central role in this context.

- making sure that there is network continuity in the absence of any new cross-border infrastructure.

In this context, the Coordinator believes that thought should be given to the necessary resources for implementing genuine coordinated and binding trans-European planning for rail links of such importance.

The French and Spanish authorities plan to hold a Franco-Spanish IGC for the Atlantic branch of PP3 in the near future. This is something which the Coordinator welcomes. This IGC should have a clear mandate: to guarantee the proper coordination of activities, on sections with national access and on the cross-border section, in order to prevent the problems that have arisen on the Mediterranean branch.

To the north of this international section, the future **Dax-Bordeaux** link was the subject of a "public debate" procedure between the end of August and the end of December 2006. The issues at stake were clearly identified and the populations concerned were consulted on a very wide basis. The main points addressed concerned the justification of the line with regard to the expected traffic levels and how it would be constructed in an area with sensitive environments. Three route options (plus the "zero" option) were put forward. The French Government's choice is that of the easternmost route, enabling shared use of a part of the infrastructure with the future Bordeaux-Toulouse high-speed line. The cost range has to be specified, but it is likely to be between **€3.5 and €4.2 billion**, with commissioning being set for 2020 (according to the information in Annex III of the TEN-Transport Guidelines).

However, in view of the gap between the completion of this line and Spanish planning, it is essential for the existing infrastructure to be developed⁹ so as to be able to cope over the next fifteen years with the growth in traffic which will be generated when the modal shift policy which has been agreed by the Member States concerned is implemented.

As far as the **Bordeaux-Tours** section is concerned, the French Government has decided that the line should be the subject of a concession. The call for bidders was launched at the end of 2006 and a concessionaire is expected to be chosen by the end of 2008. The Preliminary Outline Design (APS) of the Tours-Angoulême section was approved in April 2007 and the Public Utility Enquiry should be launched by the end of the year. This project is progressing according to schedule. The Paris-Tours-Bordeaux-Toulouse/Dax high-speed line, due to be completed by 2020, will constitute a major rail link for the French network and the trans-European network. However, the Coordinator feels that, given the high added value of the (Paris-)Tours-Bordeaux-Toulouse rail link for internal traffic in France, the Tours-Bordeaux section is of lower priority for European budgetary support compared with the sections to the south of Bordeaux, where profitability – at least initially – will be markedly lower.

⁹ The development may involve the infrastructure, but traffic management (especially train paths) can be improved.

2.3. Madrid-Lisbon/Porto

This new line is especially important for the expansion of railway connections between Spain and Portugal; this has been impeded up to now by the obsolete infrastructure. In Autumn 2006, in a meeting with Mrs Ana Paula Vitorino, the Portuguese Secretary of State for Transport, the Coordinator confirmed that the construction especially of the cross-border section between the two countries was a priority for him. He is thus waiting for the Portuguese and Spanish authorities to submit a joint proposal as part of the call for proposals under the 2007-13 multiannual budget. In this context, it will also be helpful to check that the completion schedules match up, in order to avoid a repetition of problems like those encountered in other sections of this priority rail link. **The Coordinator thus wants special attention to be paid to designating what constitutes the cross-border section.** A significant level of support should be proposed for the party ensuring the operational connection between the two networks (especially if substantial infrastructures have to be created). Moreover, the Coordinator feels that the Member States ought to fully utilise the possibilities offered via the Structural and Cohesion Funds for speeding up the construction of access routes to the cross-border section and the section between Lisbon and Porto.

3. CONCLUSIONS AND RECOMMENDATIONS

In view of the diversity of the projects which make up this rail link, it is difficult to make an overall judgement. The states of progress are very variable. Nevertheless, without giving reasons for all the differences in project planning, it is important to recall that:

- national procedures do differ from one Member State to another, and the constraints do have repercussions on the project implementation schedule, which means that the speed of execution of projects – regardless of any possible technical complications – is very rarely the same;
- the financial resources available are not the same. With the exception of the Perpignan-Figueras section (a concession), most progress in implementing PP3 involves sections that - in addition to the TEN budget - are also eligible for support from other Community funds (ERDF and Cohesion Fund);
- the option of "phasing"¹⁰ the creation of the infrastructure, depending on its level of use, may be appropriate, especially in a period of public financing difficulties. The phasing of projects should enable the use of the infrastructure to be maximised but should not be to the detriment of any other projects which make up the rail link in question. If any slippage in the construction of the new infrastructure causes a bottleneck and prevent the new sections already placed in service from being profitable, then this choice should be avoided.

At all events, it is essential to be able to provide potential investors with clear information and an overall picture of the rail link to ensure that these priority rail

¹⁰ Phasing = creating the infrastructure in several stages spread over time.

links are successful, in particular PP3 – especially if they are private investors¹¹.

In the same context, the priorities set by the Member States within the framework of the 2007-13 financial planning period will be essential for assessing the importance they attach to the creation of this rail link.

Rail transport, more than any other mode of transport, depends on the coherence of its network. There is no sense in creating an infrastructure unless its impact on other network components has been properly evaluated. It is therefore essential to put forward arguments not for a particular line or isolated section of track, but for a complete railway system. Consideration could therefore be given to developing more integrated plans, along the entire stretch of a priority rail link, rather than to continue juxtaposing, with more or less success, sets of national plans. This would have enabled the difficulties encountered on PP3 to have been overcome more easily.

Similarly, the 2006 annual report emphasised that the purpose of the trans-European networks went well beyond the simple creation of the infrastructure: it pointed out that "it must equally contribute to the smooth functioning of the transport market in particular and the internal market more generally.

In this context, the optimum operation of the system requires that a coherent transport policy be adopted for the whole of the rail link in question". This should manifest itself in a harmonisation of priorities and in particular in a common willingness to implement a policy of modal transfer, from road to rail, especially for freight.

¹¹ In the present instance, the concessionaire of the Perpignan-Figueras section will suffer an inevitable fall in expected receipts during the period 2009-12.

Work Schedule

Action	Objective	"Critical" aspects	Status	Contacts
1. Drawing up a status report for the whole rail link.	To submit a second report to the Commission on the situation by July 2007	Maturity of the projects – progress – synchronisation of schedules	Finished	FR, SP authorities, infrastructure managers, railway companies, local authorities
2. Assessment of Member States' financing proposals	To provide the Commission with an appraisal of these proposals and of compliance with the Coordinator's recommendations.	Priorities specified by the Coordinator in the 2006 report	September 2007	-.
3. Identifying the potential problems which could affect the creation of the rail link.	For each section posing a problem, to suggest solutions of a technical, environmental and administrative nature.	Synchronisation of the schedule with regard to the construction of the different sections. Interoperability of the networks Compatibility of policies (priorities).	Problems partially identified/regular updates.	FR, SP, PT project developer(s), local authorities, infrastructure managers, railway companies DG REGIO.
4. Identifying the synergies between PP3 (Mediterranean branch) and PP6, with the aim of creating a high capacity east-west rail link south of the Alps.	To suggest a joint PP3-PP6 plan of action (this action could not be implemented due to the absence of the Coordinator).	Organisation of a meeting of the authorities concerned. Declaration of intent (?) regarding the development of this Mediterranean-Alps rail link.	To be submitted to Parliament and the Council by the end of 2007.	PP6 Coordinator, FR, SP authorities, project developer(s), infrastructure managers, railway companies.