



ANNUAL ACTIVITY REPORT OF COORDINATOR

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ERTMS PROJECT

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On 20 July 2005 the Commission appointed six European coordinators for specific priority projects in the trans-European transport network and entrusted Mr Karel Vinck with coordinating the ERTMS priority project.

On the basis of the Memorandum of Understanding (MoU) signed in March 2005 between the Commission and the European railway associations, since September I have been directing the work of the ERTMS Steering Committee (nine meetings). This group brings together the representatives of the signatory organisations to the MoU (CER, EIM, UIC, UNIFE) and has the aim of implementing the commitments undertaken by each of the parties. The central objective of the MoU is to migrate a significant proportion of the trans-European network to ERTMS within a 10-12 year timeframe.

It seemed indispensable from the outset to incorporate the deployment of ERTMS in an overall economic approach geared towards the competitiveness of the railway industry and to use ERTMS as a catalyst for the development of interoperable and competitive freight transport corridors. This approach is summarised in the box below, which shows the objective on which we based our work as formulated in consultation with the industry,.

Overall objective agreed with the industry:

To offer a rail service at the European level which is:

- acknowledged to be more competitive than the other transport modes,
- outstanding in terms of safety, punctuality and reliability,

and supported by:

- an ambitious programme of investment in infrastructure and rolling stock, based on the coordinated deployment of ERTMS;
- a systematic effort to find the best cost-effectiveness ratio;
- an investment plan shared in a well-balanced way between infrastructure managers, railway undertakings, the Member States and the European Union.

In this framework, besides monitoring the implementation of the MoU the Committee's work focused on:

- in-depth consultation with the stakeholders in the industry and their representative organisations on the objectives and procedural details of the project;
- promotion of the project, especially in the European Parliament in the context of the Cramer Report;
- firming up the technical specifications in consultation with DG TREN and the European Railway Agency;
- launching and monitoring corridor studies;
- more detailed monitoring of the work on the Rotterdam – Genoa corridor;
- the preparation of a financing plan for the on-board equipment;
- ad hoc assistance on installing ERTMS in specific high-speed line projects.

1. STUDY OF THE DEPLOYMENT OF ERTMS IN SIX FREIGHT CORRIDORS

It did not take long for the potential benefits of ERTMS in the major freight corridors to become obvious. For example, to travel from Rotterdam to Genoa today a locomotive would have to be fitted with at least five signalling systems, which would require studies, investment and tests specific to each locomotive type.

For this reason, taking the approach set out in the MoU the Coordinator selected as examples, and in consultation with the railway associations, six corridors with significant freight traffic in September 2005 (representing 6% of the rail network but 20% of the freight traffic on it). The Coordinator then arranged for:

- a methodology and a timetable to be established for the studies of ERTMS deployment in those corridors in September 2005;
- the studies to be done in the relevant parts of the six corridors between September 2005 and March 2006.

All of the corridors presented migration plans with a time horizon of 2015, though some of them foresaw completion of certain sections by 2020 (see table annexed). With the financial details still to be finalised, a general first impression of the (moderate) cost of migration is already possible. An estimate of investment needs for the six corridors in the period 2007-2013 is given in the following table:

On-board equipment for 2000 locomotives	450 to 600
ERTMS infrastructure (excl. new lines – excl. interlockings)	
of which: Corridor A: Rotterdam – Genoa	180
Corridor B: Stockholm – Munich - Naples	305
Corridor C: Antwerp – Basel - Lyon	60
Corridor D: Valencia – Lyon – Ljubljana	100
Corridor E: Dresden - Prague	245
Corridor F: Duisburg – Berlin – Warsaw – Terespol	n.a.
Total (€ million)	1500 to 1700

To these figures should be added projects not located on the above corridors (new lines, changeover of whole networks and other projects of common interest).

Nevertheless, a TEN budget of €500 million will permit 50% funding of the work both in and outside the corridors, assuming an equal contribution from cohesion funds for projects eligible for these funds. With a budget of €500 million and a 50% co-financing rate it should therefore be possible to meet most of what is required in order to achieve a critical mass by 2012.

It should, however, be stressed that the deployment strategies are based on an approach combining short and medium-term infrastructure improvement measures with the deployment of ERTMS. To be successful, the operation will therefore call for the mobilisation of TEN funds and cohesion instruments in equal measure for one-off infrastructure projects.

The conclusions drawn from these studies indicate that, by combining an improvement of the existing infrastructure (ad hoc improvements of capacity, simplification of operational and administrative rules) with the coordinated installation of ERTMS, the performances of rail transport can be substantially improved in terms of:

- journey times (reductions by about 20%);
- capacity of existing lines;
- better use of assets (in particular through improved utilisation of locomotives).

2. IMPACT OF THE MIGRATION ON RAILWAY UNDERTAKINGS

The railway undertakings are renewing their fleets at a rate of about 2% per year. The locomotives generally have a more than 40-year lifetime, and all new engines will be required sooner or later to run on lines equipped with the ERTMS system. It costs two to four times more to retrofit an existing locomotive with ERTMS than it does to equip a new one. The railway undertakings will therefore systematically have to buy new locomotives equipped with ERTMS. Most of them have not yet adopted this approach, so before all else it is indispensable that the railway undertakings systematically make ERTMS an integral part of their procurement programmes and use new ERTMS-equipped locomotives in the corridors.

Nevertheless, natural renewal of the fleet will not be enough by itself to satisfy the needs of the corridors within the 2010-2012 timeframe. The railway undertakings will therefore be obliged in addition to retrofit existing locomotives. The studies carried out on the six corridors indicate a requirement of about 2000 locomotives to be equipped. Besides the freight corridor studies, the equipment of the high-speed trainsets for the new cross-border connections will also have to be taken into account.

With a view to preparing the Community support programmes for 2007-2013 the Coordinator has since September 2005 been conducting a broad consultation of the railway undertakings and the suppliers for the ERTMS system. This consultation was based on two successive documents and culminated in the recommendations made in April 2006.

The scheme proposed for the rolling stock aims to satisfy the following three objectives:

- create a financial incentive to speed up the migration (degressive and time-limited scheme);
- put in place some strong incentives to reduce costs (lump sums and tight expenditure ceilings);
- obtain the maximum short-term effect in the framework of a total budget limited to €250-300 million.

This scheme has been presented to the railway associations and discussed in detail with them as well as individually with several railway undertakings. It was subsequently presented to the Commission in May 2006.

3. ORGANISATION OF THE DEPLOYMENT BY CORRIDOR

Before beginning the deployment of ERTMS along the corridors, a proper project management has to be put in place.

Since the project management involves the Member States and the infrastructure managers, the same arrangement as that used for the Rotterdam – Genoa corridor has been adopted for most of the other corridors. It has two levels:

- an executive committee representing the ministries and the public authorities involved and with the active participation of infrastructure managers: this body supervises the project and coordinates the financial decision-making by the Member States;
- a management committee which is a permanent structure in charge of the day-to-day running of the project; this committee will be under a project leader and could develop into a European Economic Interest Grouping (EEIG).

For the moment, this is the type of arrangement which has been decided on for the Rotterdam – Genoa corridor (Letter of Intent signed by the transport ministers in Bregenz on 3 March 2006) and for the Antwerp-Basel-Lyon corridor (Letter of Intent signed by the transport ministers in Luxembourg on 9 June 2006). Other corridors are preparing to adopt the same type of structure.

4. PRIORITIES FOR THE SECOND YEAR OF ACTIVITY

The coming months will be marked by several important milestones for the project:

- the presentation of the first draft national migration plans;
- the start of deployment work for the most advanced corridors (putting structures in place and preparing a detailed plan);
- the preparation of applications for Community financing in the framework of TENs;
- the selection, in the framework of the Multiannual Programme, of projects (for infrastructure or rolling stock) which will be given Community aid.

In this context, the work of coordination will seek in particular to secure results in the following areas:

First of all, it is vital to ensure that the teams set up in the corridors have good conditions for starting their work. Without being directly involved, the Coordinator will keep a regular watch on the work and may intervene if called upon to facilitate certain decisions. The aim is to set up detailed projects pursued by competent teams and supported at the highest level by the infrastructure managers concerned. Detailed and coordinated deployment plans, with a timetable, a financing plan and common documents for tendering and for EU support applications would have to be available before summer 2007 for at least four of the six corridors currently being studied.

Secondly, as a means towards this objective a communication effort run jointly with the railway associations will be deployed at three levels:

- publicisation of the freight corridors (linked in particular with the consultation conducted by the Commission on the subject) and the importance of improving the competitiveness of freight transport by rail;
- publicisation of ERTMS as a major European technology project, taking into account both its industrial dimension in Europe and use of the ERTMS standard worldwide;
- publicisation, at the local level, of each corridor and each railway undertaking and infrastructure manager involved in order to motivate and empower the stakeholders immediately concerned.

Alongside this communication effort, there will need to be a dialogue with the industry on all the social aspects of ERTMS. The experience of the railway undertakings and infrastructure managers which have already committed to ERTMS will have to be exploited and best practice adopted.

Thirdly, the Coordinator will continue to support and advise the Commission with regard to the principles and framework for Community financial support for the project, particularly as regards the preparation of the Multiannual Programme for the Trans-European Network. In this context, the work on complementary and alternative financing will be continued in association with the EIB. Finally, the Coordinator will insist on compliance with the rules of interoperability in general and on the implementation of ERTMS in all railway projects which are receiving EU financial support.

SUMMARY OF THE COORDINATOR'S RECOMMENDATIONS:

- (1) Build into the MIP for 2007-2013 a budget of around €500 million split into two parts with:
 - €250 million for the co-financing of on-board equipment (prototypes and series);
 - €250 million for the installation of ERTMS on existing lines already equipped with a control and command system the migration of which will fit into a coordinated scheme along a corridor.
- (2) Provide for a sufficient contribution to ERTMS implementation projects in the framework of the cohesion fund.
- (3) Establish clear rules in line with the annexed recommendations for EU support granted to on-board equipment.
- (4) Ensure that the principle of a 50% co-financing rate for ERTMS (trackside and on board) is adopted in the framework of the new TEN financial regulation, in line with the Commission's proposal.
- (5) Promote coordinated deployment along the corridors using the experience gained in the Rotterdam – Genoa corridor, which it is

important to make a "success story". The organisation model set out in the Letter of Intent signed by the transport ministers of the Rotterdam – Genoa corridor may be taken as a reference for this and could result in the setting up of an EEIG for each corridor.

- (6) Use EU financing to permit/promote the presentation of joint projects involving several Member States along a corridor with the possibility of joint calls for tenders.
- (7) Strengthen the independent role of the European Railway Agency in developing technical specifications while ensuring it has sufficient human and material resources at its disposal in the coming years effectively to carry out its role as the guardian of specifications and interoperability.

ANNEX: Indicative timeframe for installation of ERTMS in the corridors studied

L1: ERTMS level 1

L2: ERTMS level 2

Corridor A: Rotterdam – Genoa	Rotterdam – Oberhausen: L2 – 2012 Oberhausen – Mannheim: L2 – 2015 Mannheim – Genova: L2/L1 – 2012
Corridor B: Stockholm – Naples	Stockholm – German Border: L1/L2 – 2015 Flensburg – Hannover: L2 after 2020 Hannover – München: L2 after 2020 München – Kufstein: under examination Wörgl – Innsbruck: L2 – 2012 Innsbruck – Verona – Napoli: L1/L2 – 2014
Corridor C: Antwerp – Basel – Lyon	Antwerpen – Bettembourg: L1 – 2012 Bettembourg – Basle: L1 – 2009/2010 Athus – Dijon: L1 – 2014 Dijon – Lyon: L1 – 2016/2017
Corridor D: Valencia – Lyon – Ljubljana	Valencia – Tarragona – Port-Bou: L1 – 2014 Tarragona – Perpignan: L2 – 2009 Perpignan – Lyon: L1 – 2012/2016 Lyon – Modane – Torino: L1 – 2014 Torino – Milano: L1 – 2012 Milano – Ljubljana: L1 – 2013/2014
Corridor E: Dresden – Prague – Budapest	Dresden – Děčín: L2 – 2020 Děčín – Praha – Břeclav: L2 – 2010-2011 Břeclav – Bratislava – Budapest: L1 – 2015
Corridor F: Duisburg – Berlin – Warsaw – Terespol	German section: L2 – 2020 Polish sections to be confirmed