



„The Agenda of ERFA in 2012“ - The major challenges for private rail freight operators -

**Presentation of
Pierre Tonon (Secretary General of ERFA)**

**To RETRACK Synthesis Workshop 2011
04th October 2011
Mechelen (B)**



1 Short Profile

2 Issues

- Liberalisation
- TEN-T
- Various

3 Outlook

Foundation:

July 2002 in Brussels (B)

Legal Status:

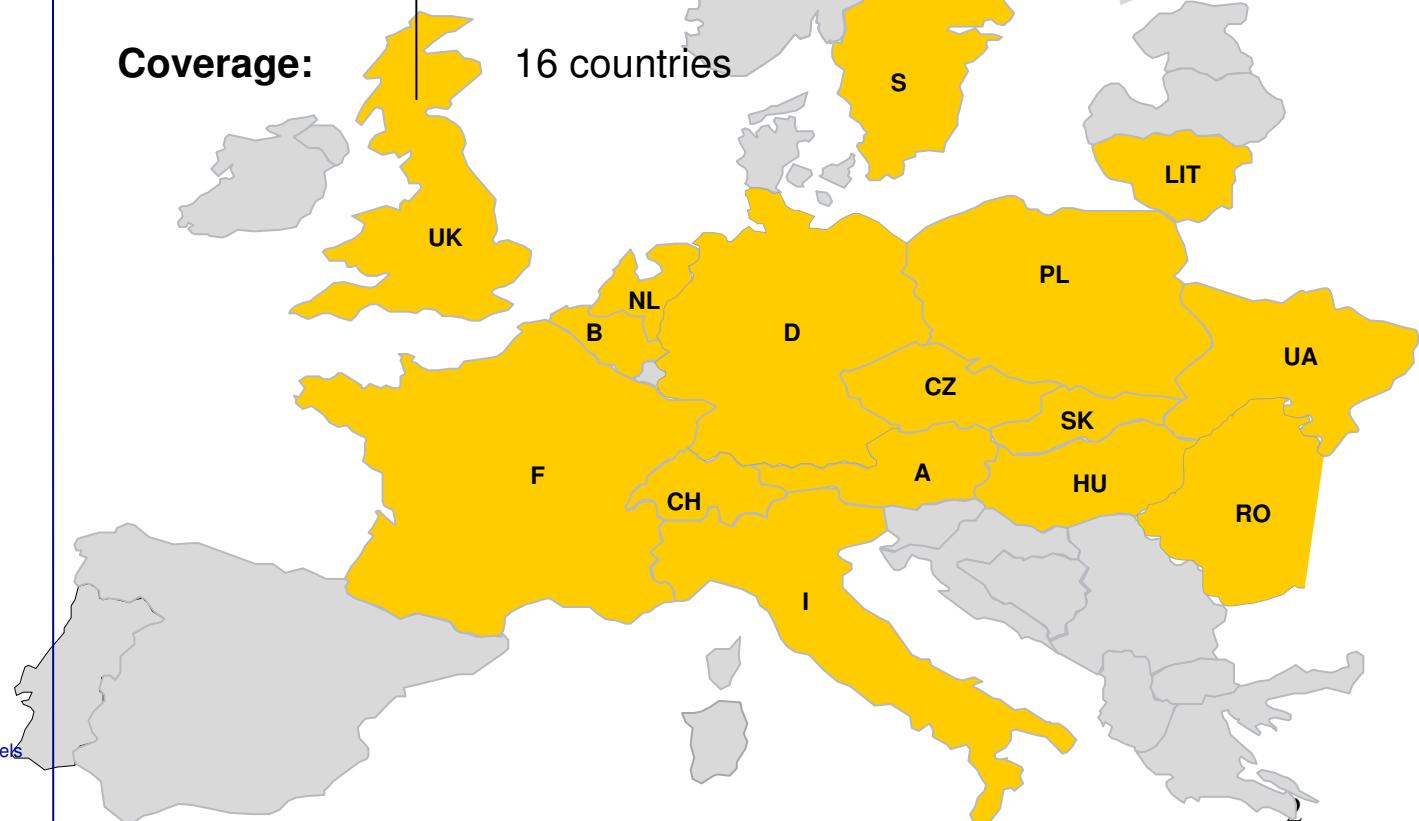
Belgian non-profit making association (asbl)

Members:

85% RU's, 10% keepers, 4% forwarders, 1% others

Coverage:

16 countries





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President: François Coart, Europorte (Eurotunnel), France

General Assembly

Company Members:

1. AAE (D)
2. Alpha Trains (B)
3. ARRIVA (D)
4. AWT (former Viamont) (CZ)
5. Bertschi (CH)
6. Captrain (F)
7. Crossrail (B)
8. Duisport Rail (D)
9. ERS (NL)
10. Europorte (F)
11. Freightliner Group (UK)
12. Hector Rail (S)
13. Hupac (CH)
14. Interporto Servizi Cargo (I)
15. LTE (A)
16. Metallurgtrans (UA)
17. MEV Eisenbahn-Verkehrsges. (D)
18. Rotterdam Rail Feeding (NL)
19. Samskip (NL)
20. Transachema (LIT)
21. Wascosa (CH)
22. Wiener Lokalbahnen Cargo (A)

Board of Directors

Association Members:

1. ASSTRA (I)
2. Cargo Rail Europe (CH)
3. Ferrmed (B)
4. IGTL - Izba Gozpodarcza Transportu Ladowego (PL)
5. NetzwerkPrivatbahnen (D)
6. RFG - Rail Freight Group (UK)
7. VDV - Verband Deutscher Verkehrsunternehmen (D)
8. WKO - Wirtschaftskammer Österreich, Fachverband der Schienenbahnen (A)
9. ZNPK - Związek Niezależnych Przewoźników (PL)

General Secretariat

Ir. Pierre TONON



1 Short Profile

The objective of the Association is to promote European rail freight transport and its stakeholders active in that area through the complete liberalisation of the market.

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- to support the development of an **economically attractive environment** for strengthening efficient European rail freight transport throughout the entire logistics and supply chain;
- to improve the **competitive position of rail freight** against other modes especially in a political and legal context;
- to bring about **optimal operating conditions** for rail freight on the European rail network;
- to work towards **reducing the legal and material obstacles** to cross-border and international transport services;
- to strive for **growth of rail freight** through **genuine liberalisation** for a fully transparent, independent and open market;
- to bring about European regulations in order to harmonise and guarantee the **competitiveness of access charges**.
- to work towards the **development of interoperability and the definition of common safety standards** commensurate with competing modes



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17/09/2010

EC presents measures to improve rail (freight) services: „Revision of 1st Railway Package“

http://ec.europa.eu/transport/rail/market/market_en.htm:

Focus on 3 core issues:

- 1- Competition
- 2- Regulation
- 3- Investment

Objective: Intermodal & intramodal competitive rail services

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IP/10/1139
Brussels, 17 September 2010

Commission sets out measures to improve rail services

The European Commission today adopted a proposal to provide better rail services for passenger and freight users by: increasing competition on the railway market; strengthening the power of national regulators; and improving the framework for investment in rail. The proposal for Directive establishing a Single Rail Area is an exercise in legislative simplification and consolidation with the merger of the three directives in force and their successive amendments into one coherent text. It also aims to tackle key problem areas undermining the effective functioning of the railway market.

Siim Kallas, European Commission Vice-President responsible for Transport said: "Europe is at the forefront of railway technology. We are in the top tier of modern rail networks. But, and it is a big but, Europe needs and deserves better rail services. We need to deliver better quality, better reliability, more choice and more innovation to passengers and freight users. That's what this package is designed to do. My aim in all of this is more competition in passenger and freight services. That will be good for passengers, good for freight users, good for very high quality rail equipment producers and good for the environment."

Three key problem areas addressed in the Directive:



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Contents of 1st Railway Package:

1- Competition:

- Access to rail services (maintenance, terminals, etc.)
- More detailed rules in case of conflicts of interest and discriminatory practices
- More detailed net usage conditions

2- Regulation:

- More competencies of the national regulatory bodies
- Independence from other authorities
- More rights (sanctions, auditors, complaints, etc.)

3- Investments:

- Long-term national investment plans and multiannual contracts (state / IM)
- More precise infrastructure charges (noise, marginal costs)

> Comments ERFA :

- Most relevant measure with highest risk to fail or to gain !
- Integrated incumbents deploy all means to protect their system !
- Current state of affairs: power lobby between ERFA and CER at EP and Council !
- But rising public awareness of market reality with private initiative, investments, operators
- ERFA fights
 - European level regulation (+ “control” NSAs)
 - Full separation IM/RUs to avoid financial flows leaving the IM
 - Non discriminatory conditions for RRS (Rail Related Services)
- Waiting October 11 & November 15 for the Recast report adoption



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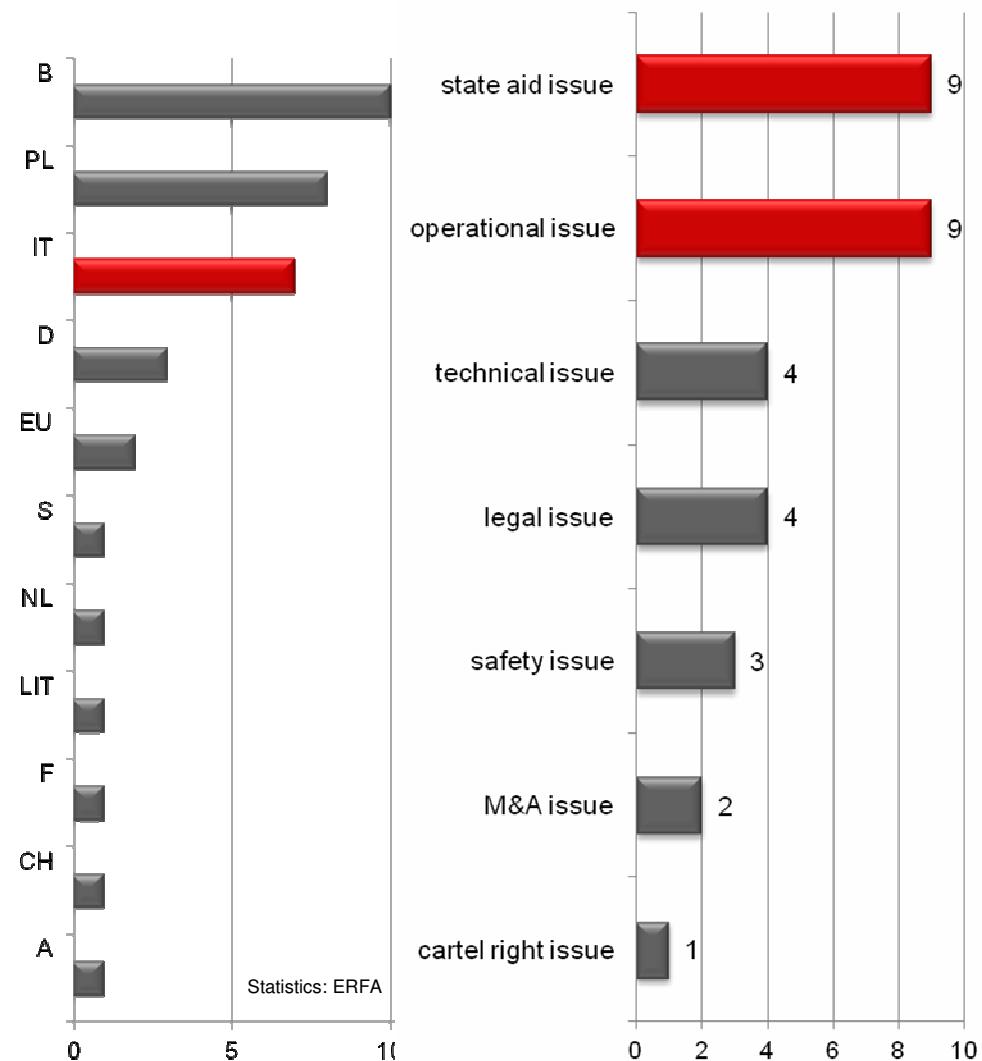
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Problems in the market (ERFA -> notified to EU)

Comments:

- Top-3 countries with most problems since 2005: B, PL, IT
- Since 2009 the no of complaints of ERFA members operating / based in Italy increase (reason: discrimination)
- In 2011 Italy will be top no 1 of the EU countries with endemic market problems (reason: incumbent = legislator, regulator, operator)





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The EC has developed several measures to improve the TEN-T approach

1- Freight network

- European network to improve the competitiveness of rail freight (via stronger intermodality, coordination, priority rules, one-stop-shop for slots, etc.)

2- TEN-T:

- Set-up of a trans-European rail network
- Current state of affairs: review of core and auxilliary network due to a lack of money on member state level
- Important: definition of network ! > Wait October 19 for the core network

3- Recast (Financing & Liberalisation):

- Long-term national strategies and multi-annual contracts
- Mark-ups / rebates on infrastructure charges (noise, ERTMS/ETCS)
- Improved access to the network as such and more services / facilities

> Comment of ERFA to RUs:

- Check with your member states and with ERFA which lines are prioritized in the core network and which will become future lines !
- Check for interoperability issues !! (ERTMS/ETCS, loco homologation, etc.)
- Team-up with your respective ports for strategic and improved hinterland connections !
- North-South corridors / operations well developed → what about East-West corridors ?
- What about single wagon services ?



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Various issues / challenges

1- Environmental issues:

- Reduction of noise (mandatory in rail, voluntary in road) via Eurovignette via rebate on infrastructure charges (debated in the EP and the Council) -> Germany wants subsidy per wagon on a given infrastructure ! -> All 24 EU member states with a railway system will want sth different !!
- New emission caps for locomotives ('RMMS directive') -> will be so stringent that diesel locos operating in smaller regions will be too costly to be retrofitted by manufacturers !
- Other environmental charges not to be excluded

2- Social issues:

- Trade unions, incumbents and socialist MEPs want a single social employment framework for all operators (based on the one of the incumbent !)

3- Technical issues:

- EU institutions slow with XA and interoperability issues for locos
- Member States not all in line / on time with ERTMS deployment -> operators not sure which version of ETCS and when to purchase ?
- EU wants TAF TSI to be implemented (= full tracking and tracing of wagons and locos)

4- Financial issues:

- Energy prices and rebates ?
- M&A of railway operators by incumbents (definition of a „relevant“ market ??)

5- Political issues:

- EU steps back from mode-oriented policy and shifts to logistic chains !
- This means that preferential treatment of EC for railways will stop
- EU will report to end 2012 the recast decisions (after new studies for SWL and unbundling)



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- The market share of the “new” RUs in the different EC countries varies from 10 to 50% end of 2010 (July 2011 EC RMMS study),
- There are already more than hundred “new” RUs in all Europe,
- To increase the market and avoid an hard intra-modal commercial struggle,
 - The EU institutions have to speed up the agenda on the Recast, core network of corridors, X acceptance of RS, certification,
 - The RUs with the EC/ERA, the regulators and the NSAs have to tackle the price / train.km by optimising its 4 cost parts :
 - The driver
 - The loco (and/or RS) depreciation or leasing
 - The energy
 - The access charges
 - In order to be competitive in the new co-modality EC scheme!

THANK YOU ! Any question?