

Commissioner Violeta Bulc

ERFA Annual Dinner Debate

24 March 2015

Hotel Le Plaza, Bld Adolphe Sax, 118-126

Speaking points

Welcome

Dear ERFA President, dear Secretary General, dear Members, Ladies and Gentlemen,

It is a pleasure for me to be here with you tonight to discuss key issues on European transport policy and to share with you the Commission's ambitions for the European rail transport sector. I look forward to engaging with you during the course of the evening, and to your feedback.

I am convinced that a **competitive, efficient and attractive rail** system has a huge potential to foster economic growth in Europe. I am therefore glad to see so many key players from the rail sector among the speakers and participants of your event to discuss important issues for achieving such a system and to overcome the challenges ahead.

The Challenges

What are these challenges?

- First of all there is a **quality challenge** - reliability and punctuality must be improved, notably through increased interoperability

- Then there is a **cost challenge** – the cost competitiveness of rail needs to increase, for example through higher productivity and more efficient train operations, which is also linked to improved and harmonised infrastructure standards
- A further challenge is the **service challenge** – rail must be able to provide to the customer new added-value service features, which will allow rail to enter into new market segments, or re-enter into segments it has lost
- Last but not least, there is also a **political challenge** – where there is a will, there is a way. We need to secure political support for rail, in particular for rail freight, and work towards a level playing field between modes. We have to work together to sell the good news, to explain the advantages of rail transport.

What needs to be done?

If we want to reach our ambitious White Paper target of reducing CO2 emissions by 60% by 2050, **larger volumes of freight will have to be carried by rail.**

To achieve this, we will need a **more level playing** field between transport modes while at the same time making the rail system more efficient and attractive.

Cross Border Rail Freight is Key

With roughly 50% of European rail freight being cross-border, the freight business already has a very strong European dimension. This high – and increasing – share of cross-border traffic underlines the importance of the creation of a **Single European Rail Area**, ensuring harmonised "playing rules" for the market actors at a European level.

Shippers are expecting borderless transport and logistics solutions – for them, borders no longer exist. Other transport modes, in particular road transport, have also succeeded comparably well to meet these demands – rail has some distance to go.

How to achieve the Single European Rail Area?

The railway sector has also gone through major structural changes during the past two decades, in particular on the side of the railway undertakings and intermodal operators. This positive development has contributed substantially to the revitalisation of the European rail market and an increased customer-focus and service quality.

However (there are still problems):

- **Too many technical and regulatory barriers remain.** With the entry into force of the TEN-T Guidelines last December, we have set a few, but very important, **key minimum infrastructure requirements** for the Core Freight Network. This should help in removing the barriers. The ability to run trains of up to 740m long on the Core Network will see rail freight becoming more and more competitive
- Infrastructure and traffic management is **fragmented** along national borders - this needs to be addressed
- There are still **lengthy authorisation procedures** of locomotives and wagons for international traffic – this has to change
- The **lack** of sufficient high quality **capacity** for international freight needs to be addressed

The absence of a Single European Rail Area leads to an important loss of market opportunities and today rail freight only represents about 10% modal share in European freight transport – there is lots of room for growth.

The 4th Railway Package

- The 4th Railway Package will remove barriers by simplifying, speeding up and reducing the costs for rolling stock authorisation and safety certification. A greater role for the European Rail Agency will contribute to ensure consistency in Europe and strive for more standardisation in European markets.
- The proposals on governance in the Package will support fair competition and remove incentives for discrimination against new market entrants. It will create a structure for permanent dialogue between infrastructure managers and it will provide a framework for cooperation between infrastructure managers and their customers – you. You can count on the Commission to insist on the importance of these measures in both Council and Parliament.

I know you have recently embraced passenger operators among your membership, and as you know the package proposes important breakthroughs in market opening for passenger transport.

We are also receptive to your wish to create a platform for an open dialogue between rail undertakings. The Commission will be discussing with ERFA and other representative bodies how best to take this idea forward in the coming weeks.

The Need to Invest in the Network

For too long, there has been severe under-investment in rail, an insufficient use of EU funds earmarked for rail, to modernise the rail network. This has to change in the current Financial Period 2014-2020.

With the Connecting Europe Facility and the Cohesion Fund, the Commission is providing co-funding for carrying out necessary works to achieve the TEN-T standards.

Whereas the importance of investments to eliminate technical interoperability barriers should not be underestimated, it is also important to make progress in areas where results can be achieved more quickly such as in the regulatory framework.

TEN-T and Rail Freight Corridors

Another very concrete key initiative targeted at rail freight is the establishment of nine international Rail Freight Corridors, which form the rail freight backbone of the multimodal Core Network Corridors. Along the Corridors, Member States and Infrastructure Managers cooperate across borders.

These Rail Freight Corridors are now entering into a new phase of their work. While the initial phase was very much characterised by the setting up of the structures, the second phase will be one of continuous **improvement in terms of technical standards, capacity, procedures and customer interfaces.**

The long-term success of the Rail Freight Corridors will depend on their ability to meet the expectations of their customers.

From customers of the Rail Freight Corridors – several of you here tonight are among them – we know that this is an area where there is much room for improvement. **Excessive and unpredictable stopping times in border stations are one important reason** why rail is not capable today to exploit the huge and growing potential for international rail freight between for example Central Europe and Turkey.

I would also like to emphasize the need for increased co-operation between the different Rail Freight Corridors. Rules as well as customer interfaces need as much as possible be harmonised across all corridors.

Finally, we also need to work together to embrace digitalisation and reap the benefits that this can bring in terms of enhancing competitiveness.

Conclusion

Ladies and Gentleman, I would like to assure you that rail is a high priority for the Commission.

- We need continued investment in the network,
- We need to deliver on the 4th Railway Package
- We must complete the Single European Rail Area
- We need to dynamise the sector through digitalisation
- And I can assure you that the Rail Freight Corridors form a central element of our rail agenda

I wish you a successful conference and fruitful discussions and I am looking forward to exchange with you further on these issues.

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