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EUROPOLITICS

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FOCUS

Draghi on new ECB loans

"The European Central Bank must make sure that any new liquidity it pumps into the financial system really reaches businesses" and households, which are the drivers of the economy, ECB chief Mario Draghi said, on 12 December. Small and medium-sized enterprises (SMEs) in the eurozone "are struggling," Draghi told the plenary session of the European Parliament in Strasbourg. This situation continues in spite of the ECB continuously supplying banks with "ultra-cheap" loans, as well as "two unprecedented long-term refinancing operations (LTROs)" in late 2011 and early 2012. Over 1,000 billion euro was granted for this three-year transaction, but banks essentially "parked it [the cash] at the central bank or used it to buy up sovereign bonds". If the ECB does new LTROs now, it will have to do things differently – LTROs should be tailored in such a way that banks lend the cash on to businesses. "We must increase the probability that this money will reach the real economy," Draghi said. Ultimately, he stressed that the ECB had various tools to wield to continue supporting the eurozone recovery without taking over the "duties" of states or banks.

SOCIAL POLICY

Enterprise restructuring: Exec to present quality framework

By Sophie Petitjean

The European Commission wants to limit the social impact of enterprise restructuring. While it cannot prevent its enterprises from packing up to settle in a more competitive third country, on 13 December it will present an 'EU quality framework for anticipation of change and restructuring (QFR)'. *Europolitics* was able to see the text and it is some leagues away from the binding framework MEPs called for in January. All

16,000 cases of restructuring, which led to the net loss of over two million jobs.

ANTICIPATING AND INVESTING

The aim of the new quality framework is to facilitate the restructuring process by better anticipation and by increasingly investing in people, while reducing the social impact as much as possible. The quality framework outlines all best practices employers, employees, trade unions, social partners and national and regional authorities should be

basing themselves on – noting that SMEs could struggle to implement them. The framework calls on the member states to consider applying these best practices to agents in the public sector.

These practices include anticipatory actions (to be implemented permanently) and measures to manage specific restructuring processes. These include

strategic long-term monitoring of the evolution of the market and a constant monitoring of needs in terms of jobs and skills. They also include the implementation of measures for workers: training measures, professional orientation and help with changing professions. They encourage involvement – at an early stage – of external players, such as the public authorities, **(continued on page 5)**



The globalisation of the economy has overturned the economy and society

the text does is list best practice in terms of anticipating change – similarly to what has already been proposed by the social partners in 2003.

The globalisation of the economy has overturned the economy and society – including the restructuring and delocalisation of production units. Since 2002, the European Monitoring Centre on Change listed over

INTERVIEW WITH FRANÇOIS COART, PRESIDENT, EUROPEAN RAIL FREIGHT ASSOCIATION

"We need to debate financing of rail as opposed to road transport"

By Isabelle Smets

François Coart is the president of ERFA, the European Rail Freight Association, representing alternative and private freight operators. Established after freight was opened up to competition, this association defends free and non-discriminatory access to the rail network. Coart tells Europolitics of the association's expectations a few days ahead of the EP's vote on the fourth railway package.

What do you expect to see from this vote?

What our operators want is a market in which they can really co-exist with the incumbent rail companies and not be hindered by barriers. For that to happen, there has to be a clear governance system. The simplest and most economical system that also creates the least conflict of interest is unbundling, in other words, the end of holding companies. This is a sensitive subject but we will keep to our views on it. In the absence of a separation, there is a need for what the Commission calls "walls of China" that create hermetic barriers between the different components of groups and guarantee that infrastructure managers can work completely independently and without discrimination within holdings – not only at the service of the incumbent operators. We expect MEPs not to back down on these aspects and not to be influenced by last-minute attempts to sabotage this fourth package.

Those who defend the holding companies say that fair competition can be guaranteed by the regulatory authorities...

Having a strong regulator is extremely important, but a regulator can in no case replace unbundling or walls of China. The regulator is the final step, the policeman. In a democracy, you don't put a policeman on every street corner. When a company turns to a regulator because it considers that it has been discriminated against, a slow and complicated process is set in motion, and it is much harder to cope with for small companies than for the big incumbents. So yes, we need strong regulators but they also have to be flexible and responsive. That does not do away with the need for governance.

The ERFA is calling for expanding regulators' power to include road. Why is that?

To protect new operators from unfair competition by the road transport subsidiaries of certain railway companies. The idea comes from the French regulator and is based on the observation that certain road transport subsidiaries of incumbent rail



Coart: "A clear governance system is needed"

operators are registering huge losses. This is paid for by taxpayers and is a distortion of competition. When you slash prices on road transport, rail pays the bill. Care is needed to make sure that road transport is not used by incumbents to the detriment of rail. It is surprising that Deutsche Bahn and the SNCF, with their subsidiaries Schenker and Geodis, are Europe's leading road transport firms. I would go even further: we need to debate the financing of rail as opposed to road transport. In France, the ecotax proposal is in trouble. It's considered unacceptable. As a rail operator, I pay a toll the minute one of my vehicles covers the least kilometre of rail. I don't see why lorries should not do the same.

How do freight operators see the situation on railways today?

What we see is that in a number of countries there is a total absence of state strategy, meaning that the incumbent operator

defines rail policy in terms of its own interests. In France, for example, freight is completely neglected because the SNCF has a 'passenger' policy. That is very worrying. It is not for the SNCF or any other incumbent operator to determine rail policy. It's up to the state to do so.

Is competition not working well enough in the EU?

Competition is not an end in itself. The goal is a system where everyone can operate to ensure the free movement of goods and passengers. The system would work better if there were sound competition, not based on social dumping or predatory pricing. In France, the incumbent's competitors account for around 30% of the market. We could be much larger if the network were managed better. I work for Europorte, the rail company of Eurotunnel Group, and every day we have to turn down trains because of a lack of train paths and because of the system's lack of efficiency. The same thing is true in Germany: the market was opened up to competition ten years earlier than in France, but the market share of alternative operators has barely reached the same level as in France. With Germany's industrial fabric, it could be much greater if the network were managed in everyone's interests.

What is most urgent at this point?

We need to advance now. It's been 20 years since Europe presented the first rail package, which unfortunately did not work due to resistance by the incumbents. It is urgent to have a coherent fourth package that really contains unbundling or the beginnings of unbundling. It also needs to give the European Railway Agency the powers and means to manage authorisations for rolling stock and to put in place a single safety certificate. In the company where I work, I have four safety certificates: one from France, one from Belgium, an English certificate and a Eurotunnel certificate, all of them different. Today, there are still more than 11,000 national rules. They should be replaced by European legislation. That's extremely important. ■