

UIRR statement of views on the second rail package

On 23rd January 2002, the Commission adopted a communication on the development of European railways, known as the “second rail package” with a view to creating “an integrated European railway area”. The International Union of Road-Rail Transport Companies (UIRR)¹ welcomes the proposals made by the European Commission in this Second Rail Package. These proposals are part of the extension to the First Package and the aim is to maximise the still largely untapped potential of this transport sector. The UIRR is also expressing satisfaction at seeing that the subject of “improving quality” for rail users, which is one of the essential conditions for the revitalisation of the railways in Europe, has been taken up and broadly developed in the communication. Proposals on this have already been announced. The measures envisaged must not remain as mere proposals, it is up to the EU Member States to diligently implement them.

The measures announced must ensure that the liberalisation of rail does not lag behind the liberalisation of the road sector. In fact, any difference in the speed of liberalisation between the two modes of transport is detrimental to the railways. Specifically, if Community trucks can travel throughout all of the Member States with full traffic rights, this should also be authorised for trains.

A second series of measures to revitalise a sector which is lagging behind

In September 1998, the European Commission had presented a number of proposals relating to Directives 91/440, 95/18 and 95/19². Following a conciliation procedure, the Council and the European Parliament reached a compromise allowing the entry into force of the “infrastructure package” on 15th March 2001. The UIRR had welcomed the adoption of this first series of measures with satisfaction, whilst underlining the need for this to be quickly followed by specific action.³

The White Paper, which the European Commission issued in September 2001, announced three types of measures for the revitalisation of the rail sector, including the construction of a legally and technically integrated European rail area; the second series of measures proposed is the subject of a “second rail package” and is explained in a communication which appeared on 23rd January under the title “towards an integrated European railway area”.

¹ These companies alone represent around 65% of current Rail-Road CT in Europe

² Amended by Directives 2001/12/CE, 2001/13/CE and 2001/14/CE, OJ L 75 dated 15th March 2001

³ See the UIRR press release on the first rail package, www.uirr.com

The first part of the communication, which is made up of “**five proposals for rapid progress towards this integrated European railway area**”, announces the following measures:

- ☞ a proposed rail safety Directive clarifying the responsibilities
- ☞ a proposed Directive aiming to modify Directives 96/48/CE and 2001/16/CE with a view to offering greater interoperability for the high speed and conventional networks respectively
- ☞ a proposed regulation instituting a European Agency for rail safety and interoperability
- ☞ a proposed modification to Directive 91/440/CE, already modified by Directive 2001/12, thus aiming to extend the opening up of the rail freight market at national level, and to accelerate the opening up of the whole of the international network by 2006
- ☞ a recommended decision by the Council authorising the Commission to negotiate the conditions for the Community to join the COTIF (Convention concerning International Carriage by Rail).⁴

The UIRR is in favour of these various measures which contribute to the rapid setting up of a truly integrated European rail area which will be safer and more efficient, in particular involving the development of common interoperability standards and an acceleration in the process of opening the market up to competition. These are conditions which are essential to the full implementation of the freedoms offered by the single Market and to the development of both national and international rail freight. The UIRR intends to make a full contribution to the specific implementation of these objectives, and it is also from this angle that it will take part as an associate member in the work of the AEIF⁵ contributing its experience and know-how, particularly on the technical specifications of wagons.

As far as the European Railways Agency for rail safety and interoperability is concerned, the surveillance role it has been assigned is certainly indispensable, but the UIRR believes that an inventory of the rail sector should be drawn up without delay, establishing that this latter is developing and that the liberalisation process is making progress.

This means there is an urgent need for a register so that developments can be followed in fields such as:

- the number of rail companies certified in each country, the geographical area in which they operate, the tonnage and tkm on their own regional or national networks, or on third party regional networks or abroad.
- the locomotive rolling stock, the respective numbers and different technical specifications (compatibility/voltage, signalling, etc.)
- staff by categories, their training and qualifications for access to the various networks.

Research resources could be mobilised by the EU and the Member States in order to immediately lay the foundations for the envisaged system for monitoring the rail market (RMMS), which could subsequently be developed more systematically within the European Railways Agency.

⁴ The European Parliament and the Council of Ministers will proceed to examine these texts throughout 2002.

⁵ The AEIF is the European Association for Railway Interoperability

“Quality” as a priority objective

The UIRR is paying great attention to all the measures intended to improve the quality of rail services. In a previous statement of views on the White Paper⁶, the UIRR restated the problems relating to deficiencies in rail service, underlining the unacceptable fact that operators have to pay the rail companies the same price for a train which arrives on time as for one which is several hours late when it reaches its destination. It had also insisted on the fact that the rail companies do not take on the financial responsibility for any damages incurred by operators and logistics companies. This kind of behaviour is not compatible with a sector willing to be modern and competitive.

The rapid return to a quality of rail service which is satisfactory for the client - which the European Commission would also like to see - is the subject of action presented in the second part of the Commission communication **“Ways to make the rail market more dynamic and improve quality: future action.”** The Commission acknowledges that quality is the “key” to the modal rebalance which must be obtained and that one of the causes of this lack of sufficient quality is the fact that a single rail company is not solely responsible for the satisfactory carrying out of the whole of an international service.

The UIRR is very pleased to see that its study entitled “A Quality Strategy for Combined Transport – The beginning of a Transformation”, final report, 21st November.⁷ is being used as a reference by the Commission. This has allowed the drawing up of statistics harmonised at European level. The severe report drawn up for 1999 and 2000 had the effect not only of raising awareness among actors in the rail sector but also of getting them involved in taking the first corrective measures. As for the total opening up of the rail freight markets, although this is a vehicle for improving rail service quality, nevertheless it is still a measure whose effects will only be felt in the medium term. This is why there is a need to act as quickly as possible to set up targeted action in the short term and accentuate quality approaches at all levels.

There are **five specific actions** envisaged by the European Commission aiming to compensate for quality problems:

- ☞ control over the quality of rail services involving the setting up of a system for monitoring the rail market (RMMS), thus establishing appropriate indicators
- ☞ voluntary contractual quality undertakings on the part of the rail companies within the framework of the contracts entered into with clients (for instance a properly defined timetable for departures and arrivals, punctuality, clear responsibility to the client, regular and reliable service, transparent invoicing, etc.)
- ☞ legally binding incentives, involving a Regulation setting the terms and conditions for compensation in the case of any failure to meet the contractual service requirements, or even the setting up of a performance “bonus/penalty” system (with the aim of sharing the risks and the rewards)
- ☞ voluntary systems for improving performance between rail companies working in cooperation
- ☞ improving operational procedures for rail companies (planning, etc.)

The UIRR has submitted specific proposals to the European Commission in order to pragmatically model the announced draft Regulation on guaranteeing the quality of rail services as far as combined transport is concerned. It is important to underline that compensation is not the most important thing for operators. What they are demanding is that a system of rules should be drawn up, thus obliging the rail companies to take account of the financial consequences of their policies and their day-to-day management. This is all the more important as the rail companies have increasingly forced the operators to buy complete trains a year in advance and to take on the financial risks.

Until the rail market has been liberalised, setting up quality contracts with rates of compensation fixed on a European scale is indispensable, at least during a transitional

⁶ See the UIRR statement of views available on the site at www.uirr.com

⁷ This study was jointly financed by the European Commission as part of the PACT programme. The final Report is available in English on the website at: www.uirr.com

phase, in order to avoid any abuse of monopolies and to support the process of liberalising the rail market.

“Authorised applicants”

The UIRR is extremely pleased to see that the European Commission is continuing to support the concept of “authorised applicants” by proposing a modification to Directive 2001/14; it aims to allow these non-rail company entities to directly reserve train paths, a measure of this sort does effectively strengthen the hand of rail freight’s biggest clients. Until CT operators have the opportunity (for instance, in the case of a blatant lack of quality) to change rail haulage company, whilst retaining the train paths, liberalisation will remain broadly theoretical.

Specific measures

If the EU Member States want to see progress in the liberalisation process, they must decide to take specific transitory measures until minimum liberalisation is implemented; this could be expressed in the form of a threshold, for instance 20% of transportation provided by foreign rail companies or new private companies, a percentage below that for which individual measures would be applicable.

Transition measures of this sort could consist of:

- the creation of a consultation bureau for the rail companies at Ministries of Transport, this bureau thus being able to experience their own actual shortcomings in terms of rules and practices
- financial aid packages in order to broadly release rail companies of this sort from the initial risks
- the financial promotion of technical (e.g. multi-current locomotives) and organisational (e.g. training for engine drivers so that they can become familiar with and function on other rail networks, etc.) interoperability.

From legal transposition to specific implementation

Few people remember that rail Directive 91/440 - which should have been transposed into national law by EU Member States on 1.1.1993 - provided for total liberalisation in a sector, that is to say the International Combined Transport sector. Even where a rail company cannot provide enough locomotives and train drivers, up until this point no neighbouring large companies dared penetrate into this network at their own risks. But the UIRR has no doubt that through the synchronised conjunction of approaches required at all levels, CT has a very promising future.

CT operators who are members of the UIRR can see that the Commission’s initiative offers considerable support for the efforts they are making at their own levels with a view to carrying more goods by rail. But these efforts will only be fully effective if the envisaged political measures are implemented soon. They must not remain on the drawing board as has all too often been the case in the past.

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