

# Current situation, barriers and perspectives for development passenger service in EU

Future TEN-T for Economy and Society

25 February 2014, Warszawa

*Dr. Libor Lochman*

*CER Executive Director*



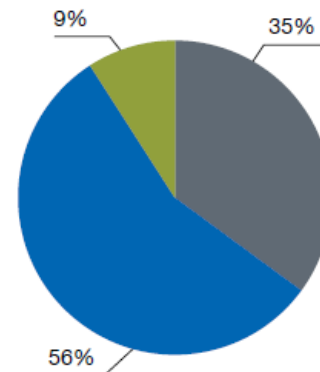
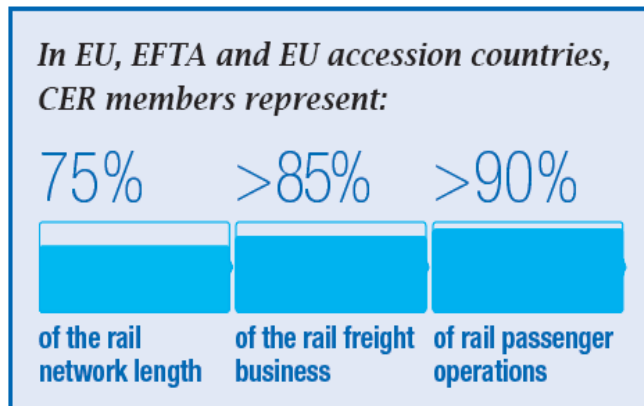
## CER stands for...

- The **Community of European Railway and Infrastructure Companies** brings together undertakings and infrastructure companies from the European Union, Norway and Switzerland, the EU candidate countries as well as from the Western Balkan countries
- CER is based in Brussels and **represents the interests of its members** to the European Parliament, Commission and Council of Ministers as well as other policymakers and transport actors
- CER's main focus is to **support an improved business and regulatory environment for European railway and railway infrastructure companies.**



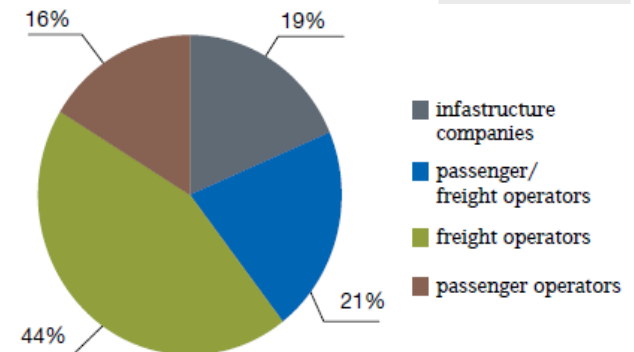
CER represents over 80 members (23% privately owned), incumbents and new entrants, passenger and freight operators, integrated and separated infrastructure managers.

CER does not only represent the incumbent and system operators' perspective but the largest membership of rail industry actors throughout Europe including service providers and a large number of independent infrastructure managers.



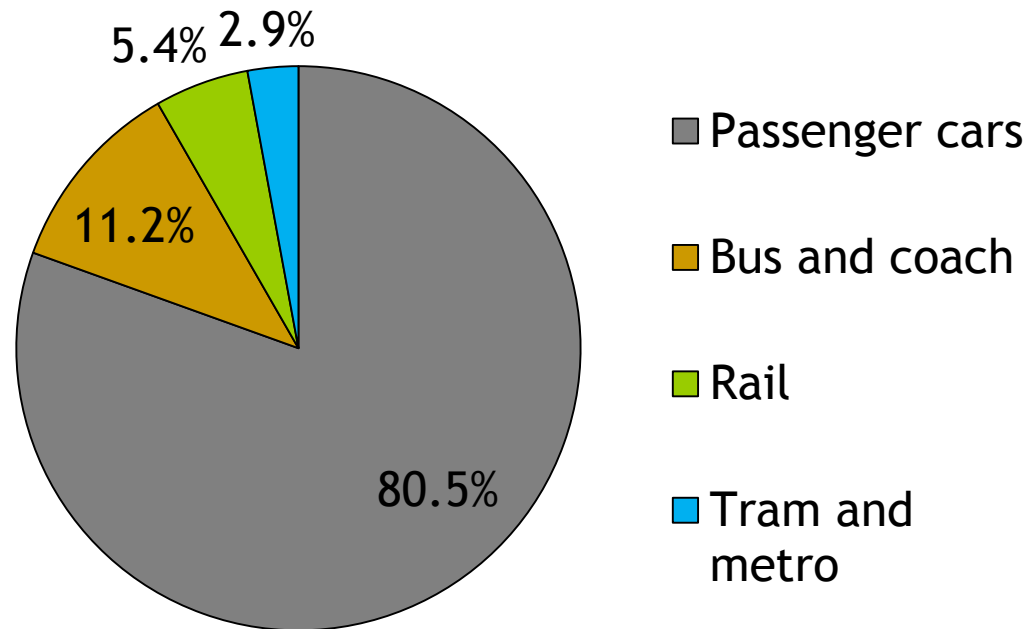
Break-down of integrated and non-integrated CER companies

Break-down of non-integrated CER companies



- Rail only has a **small share of passenger transport by land** in the **EU-12** (5,4%, against 7% for EU-27 in 2011)
- Rail's modal share is **particularly low** in Lithuania (1,2%) and Estonia (1,9%)...
- ... but **this will have to change** for Europe to be able to meet pressing societal and environmental challenges

Modal split of passenger transport on land in EU-12, 2011

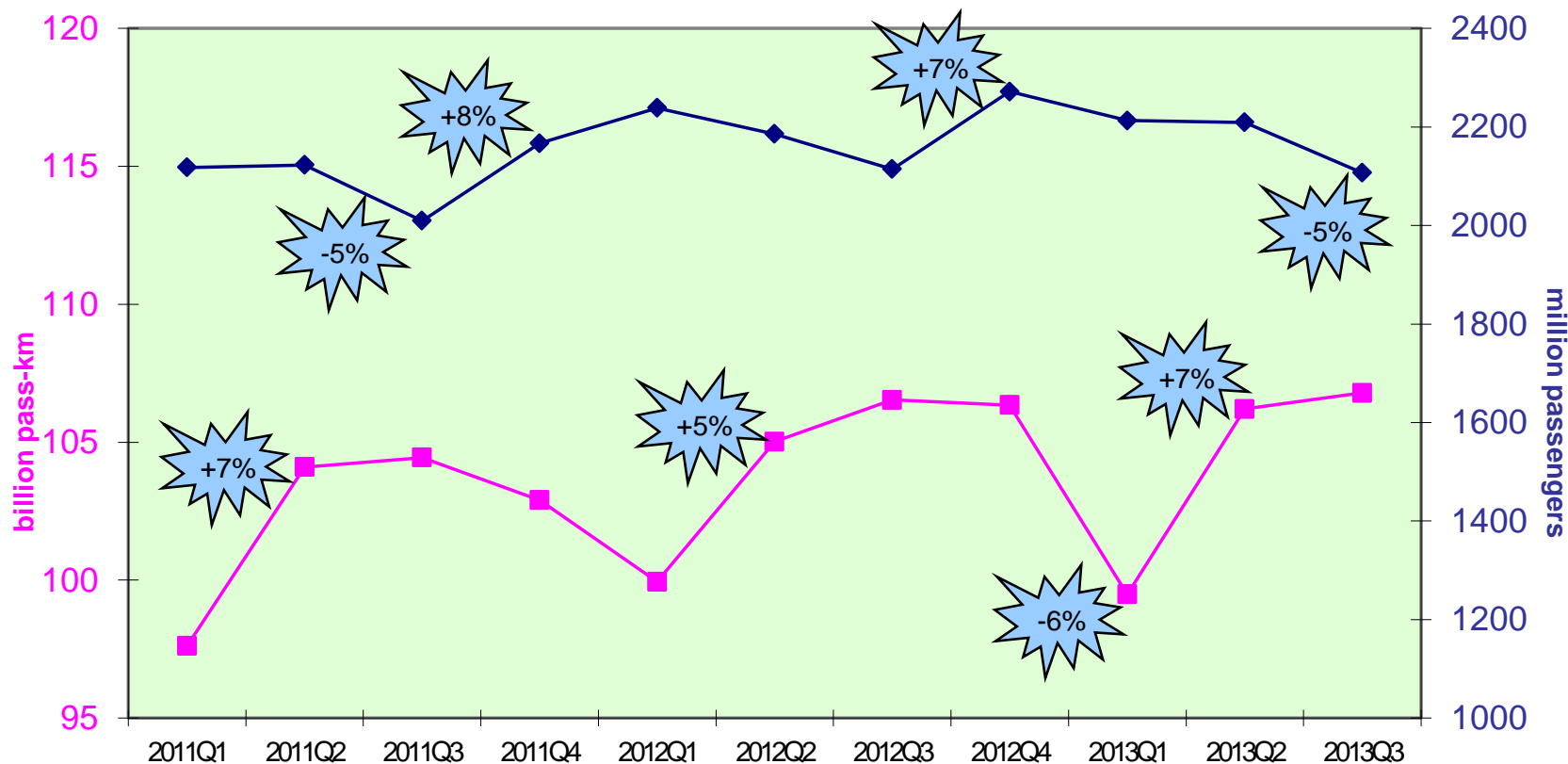


# Evolution of passenger transport at EU-28 level

## Q1 2011- Q3 2013



The Voice of European Railways



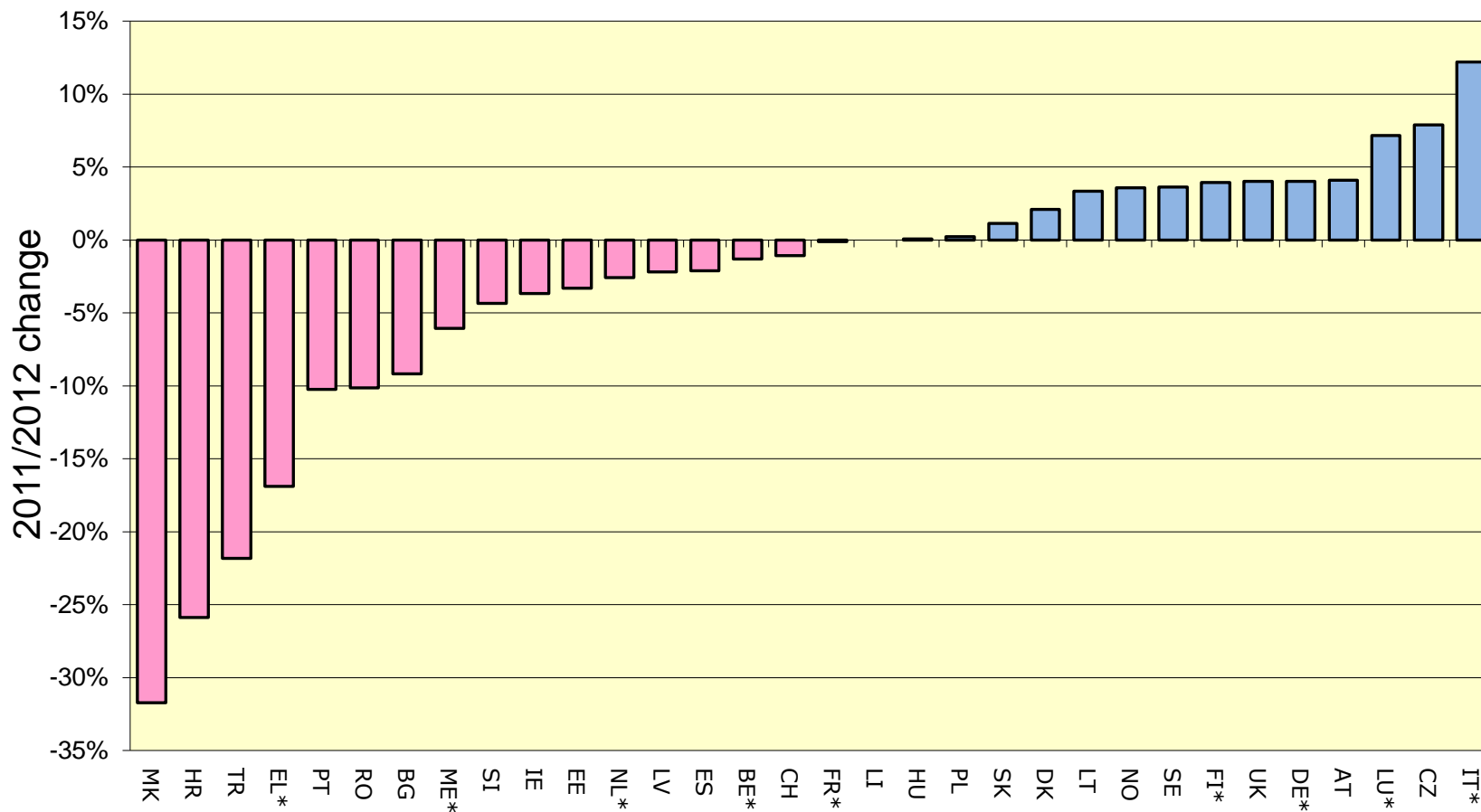
\* Missing data at country level have been estimated by the most recent corresponding quarter available

# Passenger transport by country

## Change 2011/2012 (% , based on pass-km)



The Voice of European Railways

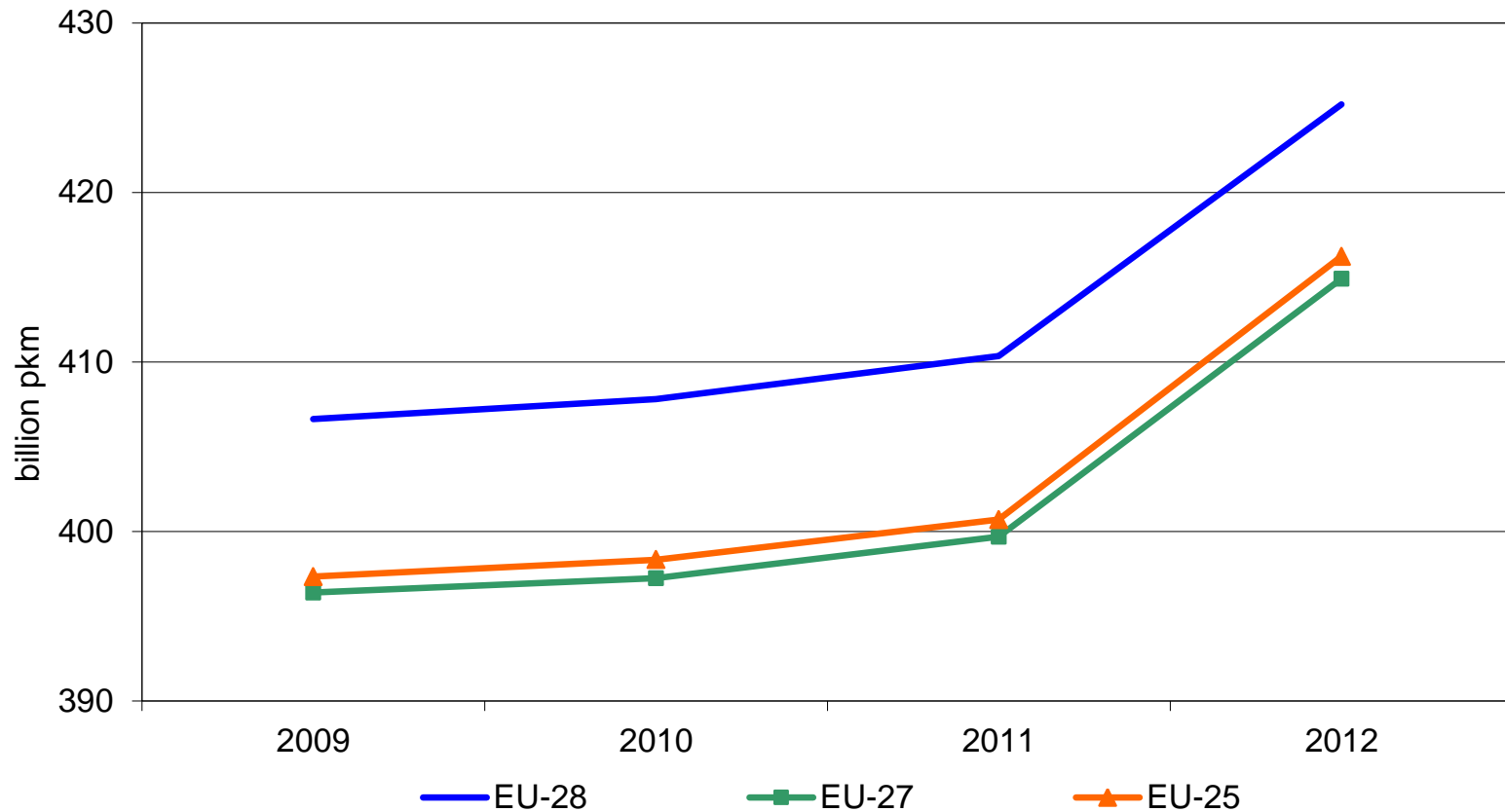


\* growth based on quarterly data for data availability reasons

# Evolution of passenger transport 2009-2012



The Voice of European Railways



\* some missing data at country level estimated by quarterly figures

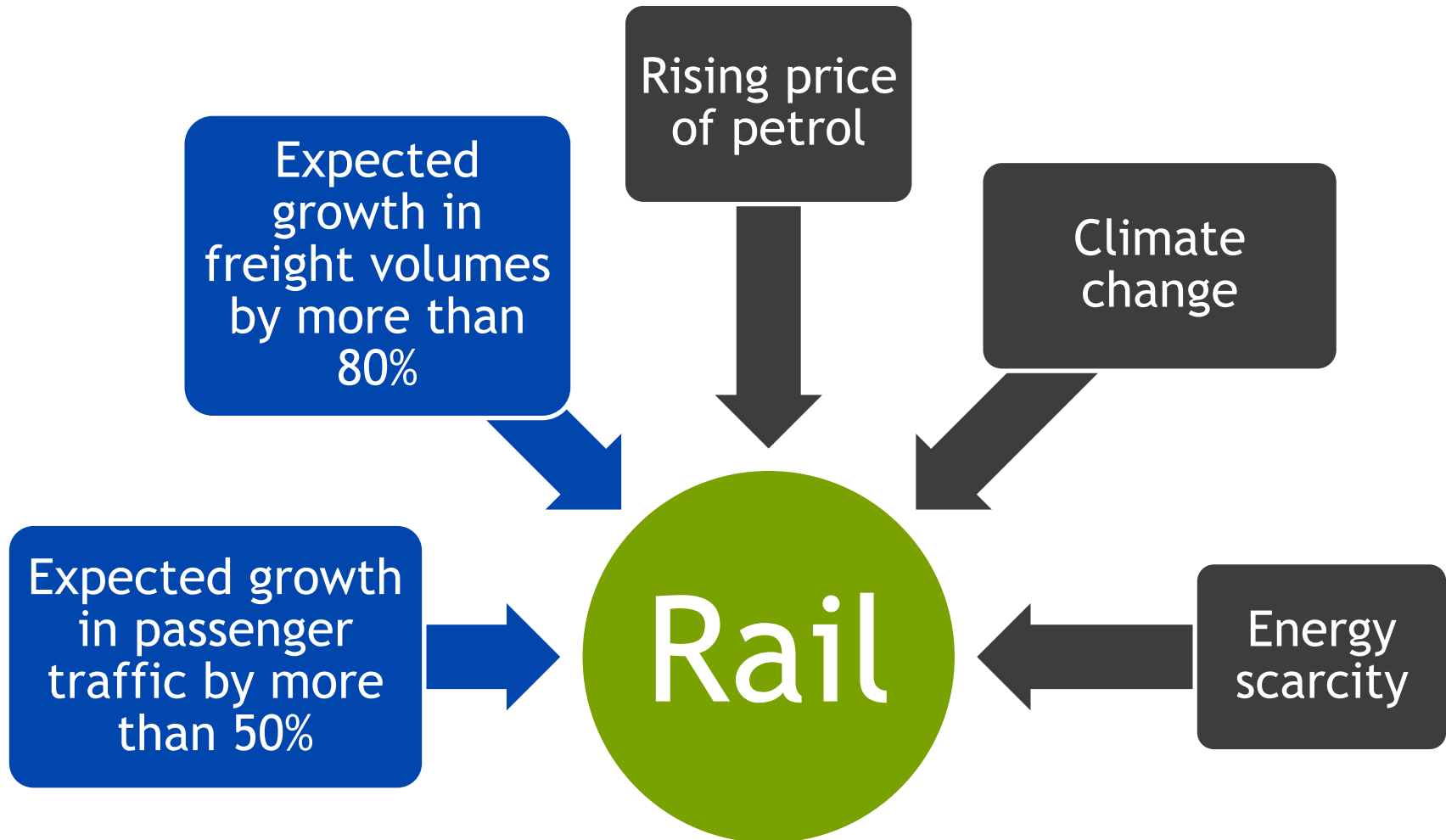
Transport is fundamental to a strong economy. The White Paper forecasts the following growth in Europe by 2050:

- Passenger transport  
(based on p-km) **+ 50%**
- CO<sub>2</sub> emissions  
(goal) **- 60%**

## White Paper long-term targets

- most medium-distance passenger transport should go by rail by 2050
- tripling high-speed rail network by 2030
- complete high-speed network by 2050
- connect all core network airports to the rail network, preferably high-speed by 2050



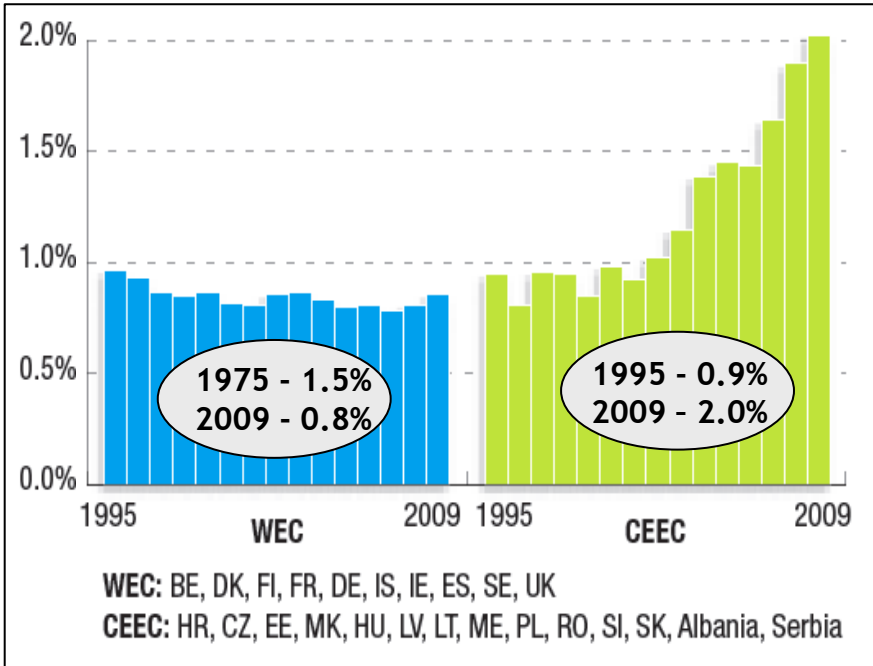


# Rail network without national investment? Way to a dead-end

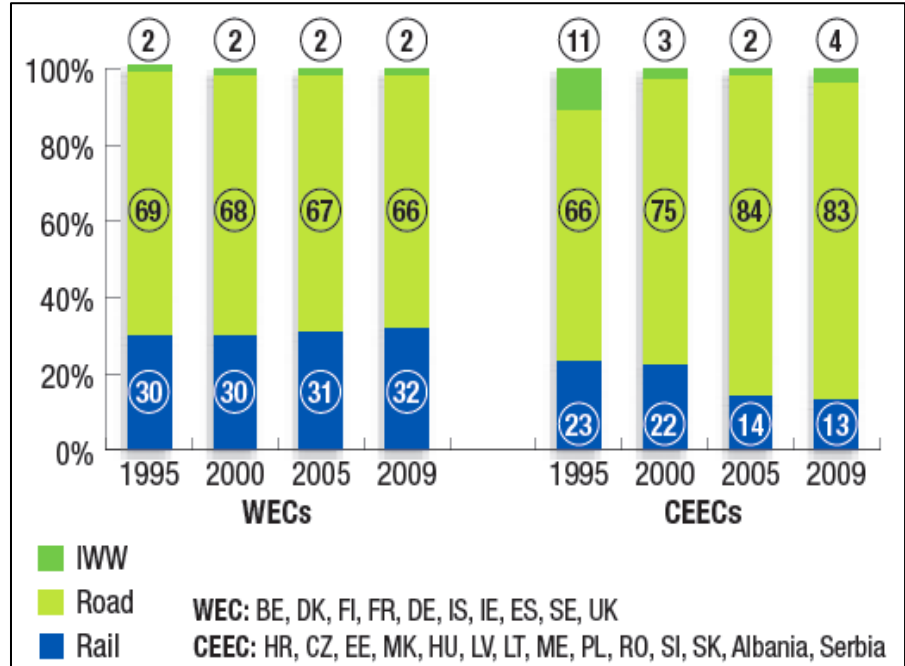


The Voice of European Railways

## Investment in Transport Infrastructure as % of GDP from 1995-2009



## Distribution of Infrastructure Investment between modes



The percentage of GDP invested in inland transport infrastructure in EU15 has been steadily decreasing. Although total infrastructure investment has risen in EU12 since 2002, the modal distribution strongly favours the road sector. For the rail sector, which in post-war Western Europe has seen decreasing levels of investment compared to competing modes, investment in rail infrastructure clearly has not been sufficient.

# Investment in rail infrastructure: an essential prerequisite

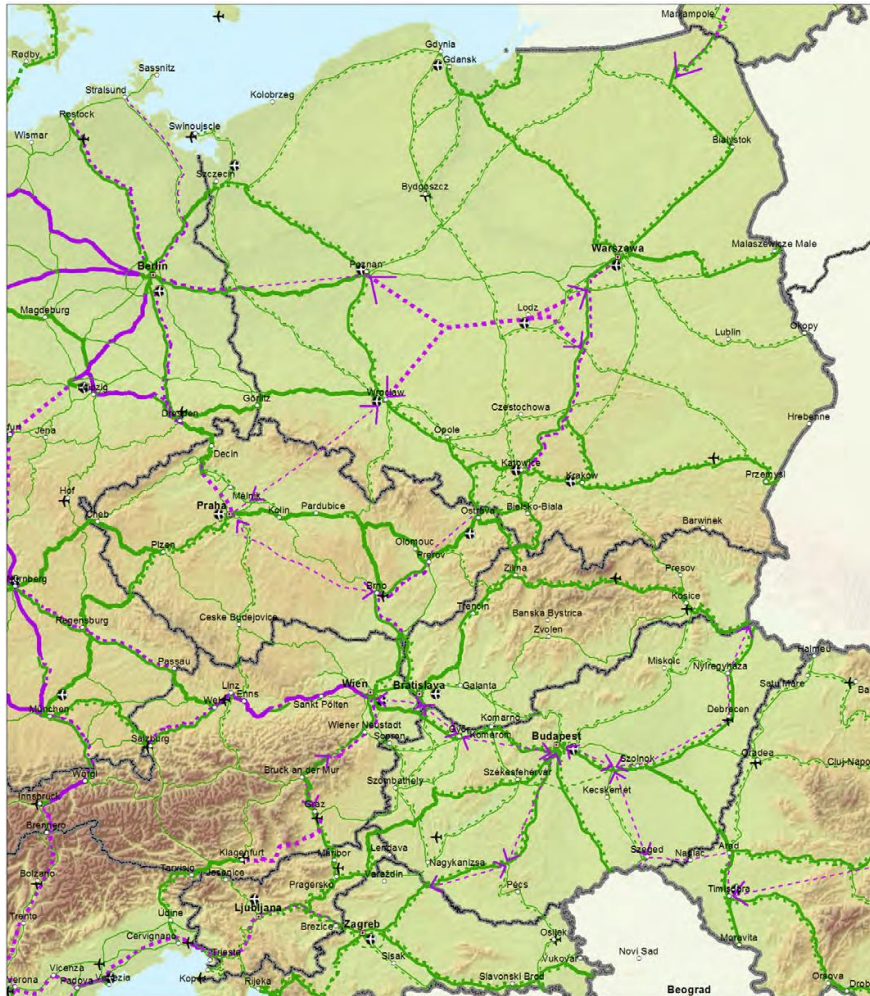
- **Under-financing of rail infrastructure** over the past decades has become **one of the main problems** in Europe's transport policy today
- **Providing adequate funding for rail infrastructure is essential to ensure rail remains competitive**
- **Multi-annual contracts** between governments & IMs are essential for improved predictability, efficiency and transparency
- **Can PPPs help?**
  - Yes...
  - ... but under certain conditions:
    - Project needs to be **economically sustainable**, with **high returns on investment**
    - In practice, is **only suitable in a few cases** (rail links to airports, rail links to ports, etc...)



# TEN-T network: core by 2030; comprehensive by 2050



The Voice of European Railways



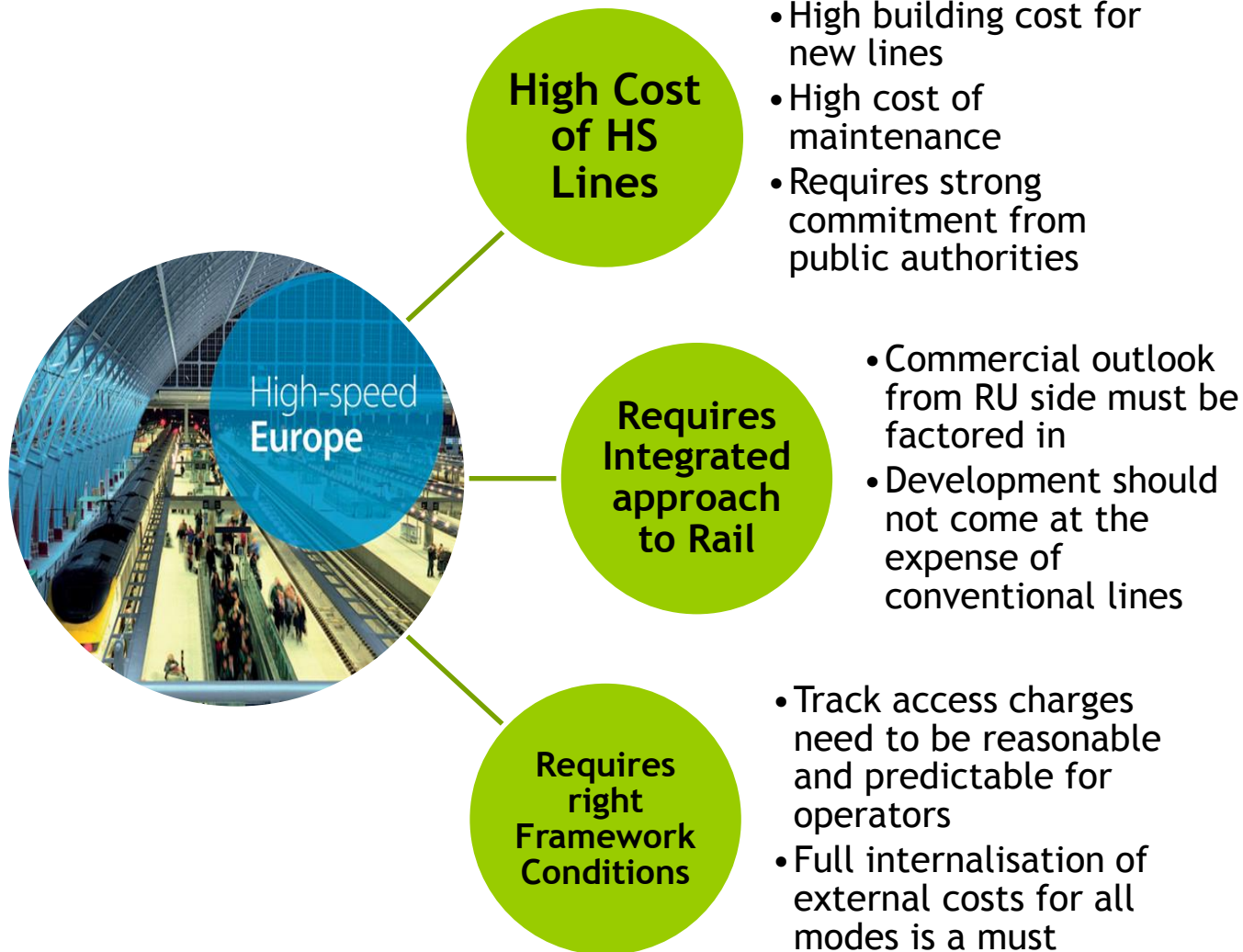
Comprehensive Network:  
Thin lines

Core Network:  
Bold lines

High-speed:  
violet

- ❑ Focus on bottlenecks, missing links, cross-order projects
- ❑ 30% co-funding rates for PRM (Accessibility for disabled persons)
- ❑ High Speed rail connection to the core network airports
- ❑ All core network will be electrified and equipped with ERTMS
- ❑ 100 km/h speed for rail freight traffic on these corridors
  - This will also benefit passenger transport

- **High speed rail** is considered as the ‘**transport mode of the future**’ & a **strategic political priority at EU level**
- **High speed rail presents several advantages:**
  - It offers much **faster train connections** between cities in Europe, **improving connections between major nodes**
  - High speed is a **proven alternative to air transport** for segments with travel times up to 4h
  - High speed rail generates **far less external costs** than other transport alternatives and is by far the **most energy-efficient mode** of transport for passengers
  - High speed is also much more efficient than alternatives in terms of land use
  - High speed lines have a **positive economic influence** on surrounding regions
- **The case for high speed is clear, and this is confirmed when considering other regions of the world (eg. Asia)**
- **... but its potential is under-exploited in Central and Eastern Europe**

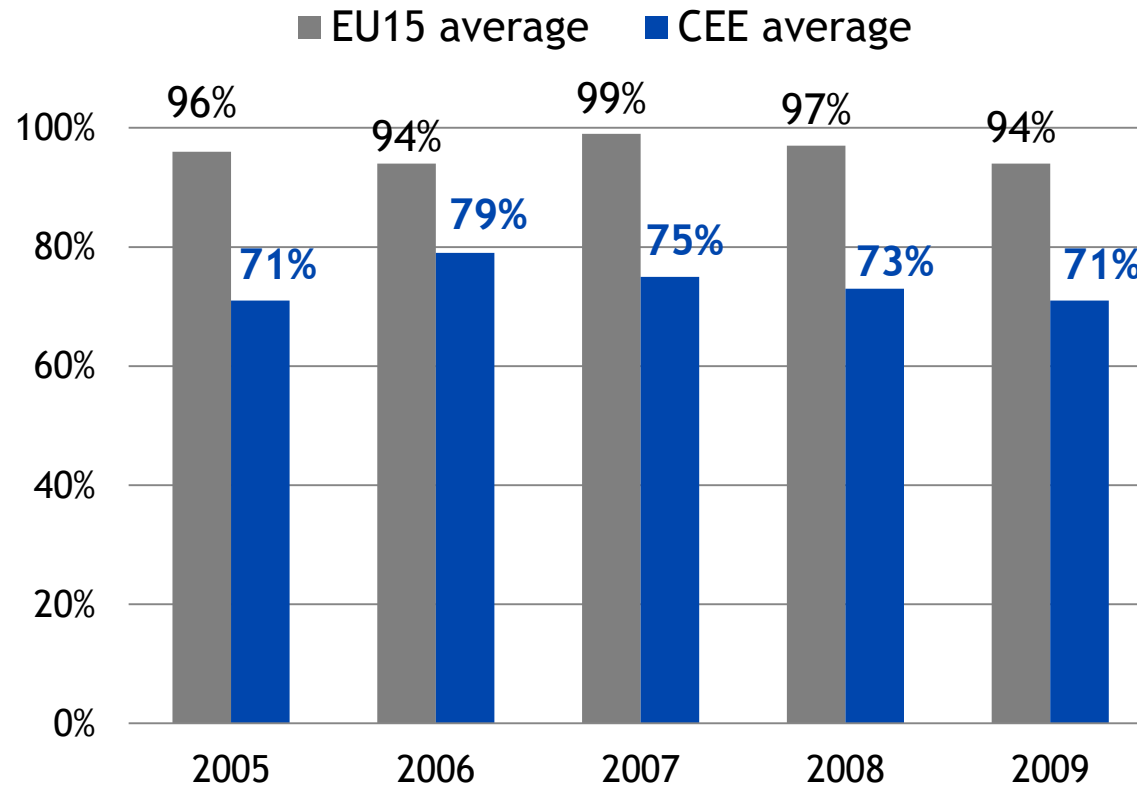




# Conventional passenger services; any barrier for rise? Undercompensation of Public Service Contracts!



The Voice of European Railways



Source: ITF/OECD

- Public Service Contracts must be stipulated on a commercial basis and remunerated according to the agreed terms!



- Putting passengers at the heart of rail transportation is essential
- Development of increasingly **user-friendly IT tools** will be helpful in attracting passengers to rail:
  - Passengers are **technology-savvy** and expect to have **personalised information** at their fingertips in a few clicks
  - Emergence of **smart ticketing** and **innovative apps** providing **tailored and real-time information** are exciting developments
  - Focus will increasingly be on providing **door-to-door solutions**, taking up opportunities offered by **e-business** and **innovative solutions** with chip cards and smart phones
- **Smart co-modality** will provide new opportunities to rail (e.g. **Air-rail partnerships**)



Rail has **clear advantages** over other transport modes in most environment and energy areas

But other transport modes are becoming 'greener'...

- pressure on road sector to improve efficiency is narrowing the gap with rail

... so rail sector needs to continue adapting

- continue improving the energy efficiency
- further reduce emissions
- reduce noise & vibrations



# Sustainability at the heart of the railway of the future: Railways' commitments



The Voice of European Railways



## Climate Protection

- **2030:** reduction of specific CO2 emissions by 50%
- **2050:** carbon-free trains



## Energy efficiency

- **2030:** reduce energy consumption by 30%
- **2050:** reduce energy consumption by 50%



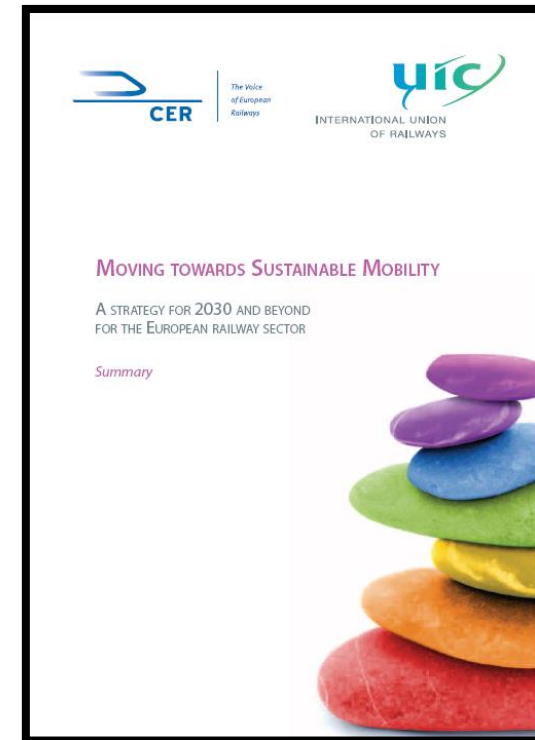
## Nox & PM10 Emissions

- **2030:** reduce emissions by 40%
- **2050:** strive towards zero emissions



## Noise & vibrations

**2050:** noise and vibrations should no longer be a problem for rail



# No railway of the future without the freedom to innovate and grow



The Voice of European Railways

- Operators will need to have **enough room for manoeuvre** and **sufficient resources** to be able to invest in their future
- **Cost predictability** will be crucial to allow them to **build business cases**, to **make strategic choices** concerning new and existing routes & services and to make **long-term investment choices**:
  - In particular, **predictability of track access charges...**
  - ... which can only be assured with **predictable funding from governments**
- All elements outlined before (modernisation, improvement of quality, etc...) will come at a **substantial cost**:
  - **targeted public support**, as well as **fiscal and other policy incentives** could help, but...
  - ... it will also be crucial for operators to be able to **concentrate on their growth**
  - This means **reducing red tape to a minimum** and **concentrating on growing the business**, without being constrained by forced repeated top-down restructuring

- Rail will only be able to flourish under the right framework conditions...
- ... and if it can compete with other modes on a level playing field
- **Infrastructure charges:**
  - Rail freight transport is energy-efficient & a low generator of CO2 emissions ...
  - ... but infrastructure charges for rail are much higher than road infrastructure charges (which are sometimes inexistent)
- **External costs: assessing the true cost of transport:**
  - Current transport prices do not reflect the true cost of transport
  - Competition between modes is distorted
  - Consequences on modal preferences are dramatic
- **Social rules and tax regimes** should be harmonised across modes to avoid social or tax dumping





# Conclusions: 3 key elements to sustainable rail development

**Intermodal level  
playing field**



**Increased  
competitiveness  
& attractiveness  
of the sector**

**Infrastructure**

Thank you for your attention!



The Voice of European Railways

→ Dr. Libor Lochman  
CER Executive Director  
Tel: +32 2 213 08 71  
Email: [libor.lochman@cer.be](mailto:libor.lochman@cer.be)

→ For further information,  
visit our website: [www.cer.be](http://www.cer.be)

