

Evaluation of the Rail Freight Corridor Regulation

Intermodal trains, i.e. freight trains transporting intermodal loading units (ILU), constitute the only consistently growing production system of rail freight. Basing freight transport on the use of ILUs - containers, swap bodies and (craneable) semi-trailers - is a prerequisite to economically shifting cargo from road to more sustainable modes of transport over long(er) distances. UIRR member Combined Transport operators and Transshipment Terminal Managers have an inherent interest in boosting the quality performance of rail freight, which is critical for the competitiveness of their transport services.

The evolution of European Rail Freight Corridors (RFCs) – created by Regulation 913/2010 – have been closely assisted by UIRR both in the legislative phase and during implementation in the past decade. RFCs are viewed as an effective solution to increase the efficiency and thus the performance of rail freight in Europe. The regulation, having been adopted nearly ten years ago, is highly due for a comprehensive evaluation followed by a comprehensive set of corrective amendments. UIRR is convinced that the performance of Rail Freight Corridors, and cross-border freight trains, can be considerably improved this way.

In this paper, UIRR offers its insights on how to get more tangible results out of European RFCs. Three aspects of the Regulation will be addressed in this paper:

- **The mission of RFCs:** are the mission objectives set out for the Corridors the right ones to deliver the ultimate aim of ensuring adequate access to rail infrastructure for cross-border rail freight through good quality train paths, offering competitive conditions in terms of commercial speed, journey times and reliability?
- **The organisation of RFCs:** is the organisational setup and the governance of the Corridors - as defined in the Regulation and established through best practice over the past decade - appropriate? Or could it be enhanced?
- **The tasks and competences of RFCs:** are the authorisations, competences and capacities of Corridors adequate to fulfil the expectations of the stakeholders and (would-be) users of rail freight, like shippers and consignors?

The RFC's mission

It has already been stated that the RFC structure is viewed by UIRR as the optimal solution to overcome the unproductive heterogeneity of the European Union's rail infrastructure network, especially when viewed from the perspective of cross-border rail freight operators. The Regulation defines the mission as follows:

- **Adequate infrastructure capacity available for freight trains:** differences in the rail infrastructure, the patterns of domestic rail traffic (passenger and freight), as well as national peculiarities (operational or safety rules, labour arrangements, practices of authorities) determine the extent to which freight railway undertakings are allowed access to the railway network, demonstrating the prevailing discrepancies from Member State to Member State. The challenge becomes even greater when the qualitative conditions of access - interoperability, or the lack thereof, reliability, various technical parameters - are taken into consideration. RFCs were expected to negotiate competitive cross-border freight train paths with uniform technical parameters, including commercial speed, journey times and reliability.
- **Devise efficient and responsive train path issuance:** the Corridors One-Stop Shops (C-OSS) are expected to coordinate the construction of pre-arranged train paths (PaPs), to issue a catalogue of them, as well as to assist applicants with the construction of ad hoc cross-border train paths along the corridors.

- **Harmonise physical parameters and operational rules:** description of infrastructure characteristics, identification of bottlenecks, establishment of quality objectives, medium- and long-term investment plans, close cooperation of priority rules pertaining to the different types of traffic that take place along the corridor lines, and the establishment of a transport market study to aid the determination of greatest social benefit.
- **Coordinate works and mitigate disturbances:** coordination of priority rules for traffic management at times of works that curtail the available infrastructure capacity, ensuring that adequate bypass alternatives are offered, as well as the minimising of the disturbances caused through the development of temporary operational rules.
- **Monitor performance and publish regular quality reports:** establish common targets for punctuality and other key performance indicators that are published alongside performance evaluation including satisfaction surveys of users.

It has to be considered that with the exception of the Rhine-Alpine Corridor, along which an international cooperation existed even before the adoption of the Regulation, the EU RFCs were a new form of comprehensive collaboration between infrastructure managers, Member States and stakeholders that facilitate rail freight services.

Transparency

Whereas the mission of Corridors may be considered adequate, the greatest general shortfall observed today is in the **lack of transparency**, which prevents several stakeholder groups to understand the value of RFCs. The following four measures are suggested to enhance RFC transparency:

- ✓ **Corridor web-addresses and sitemaps of websites should be standardised:** the heterogeneity observed and the incomparable contents do not serve the user's needs. RFCs function in accordance with the same regulatory requirements, hence there is no reason why their communication should not be structured similarly.
SOLUTION: The websites should be harmonised, the content turned into a user-friendly comparable form, preferably using contemporary infographics to enable quick and easy comprehension of the most important contents: the 'Corridor Books', the KPIs, the works foreseen, the bottleneck lists, etc. Moreover, the year-on-year changes, the progress in these various materials should also be easily traceable.
- ✓ **A single European Rail Freight Corridor homepage:** just as numerous cross-border freight trains are limited to running along a single RFC, so are there many applicants who deal with several corridors. The comparison of one corridor to another is not different from the benchmarking of any natural monopoly.
SOLUTION: Create a central portal for RFCs, perhaps supported by a small team of communication professionals, to help make all corridor-related materials user-friendly and comparable. This is essential from the perspective of benchmarking, a mainstay of performance monitoring of natural monopolies.
- ✓ **Reporting of actual ongoing activities:** Corridor Programme Management Offices (PMOs) are engaged in a number of sensitive activities such as capacity offer-negotiations, discussion of medium- and long-term investment plans or maintenance works-scheduling that are all topics of high importance and deep concern to the users. Moreover, the relevant decisions reached by IMs, Member State Ministries, path allocation bodies and regulators are presently not adequately publicised to users.
SOLUTION: RFCs Management Boards should use their websites more as news portals to report on actual developments and decisions of importance in order to deliver actual information to all users.
- ✓ **Key Performance Indicators:** Corridor KPIs have been developed under the guise of Rail Net Europe (RNE)¹ which should be welcomed as the desire of RFCs to harmonise, however more should be done.
SOLUTION: the range of Corridor KPIs should be extended to include transparency, benchmarking and accountability beyond quality performance aspects of information provision, but also year-on-year fulfilment of the medium- and long-term investment plans, the advances of corridor infrastructure, achievements of operational process harmonisation, bottleneck removal, work-plan harmonisation, quality improvements of the network, etc.

Overall, the communication and openness of RFCs should resemble that of a **publicly listed corporation**. Accountability should be ensured alongside the possibility to predict the improvements to be carried out in order to inform stakeholders and market players of what they can expect from the Corridor. Eventually Corridor reporting channels should become a leading source of information concerning rail infrastructure developments to all interested parties.

¹ http://www.rne.eu/tl_files/RNE_Upload/Downloads/RFC%20Guidelines/RNE_Guidelines_KPIs_of_RFCs.pdf

The organisation and governance of RFCs

Corridors were fundamentally designed to bring together Member States, their relevant ministries, and rail infrastructure managers to work on the common cause: improving the quality and competitiveness of cross-border rail freight services. The PMOs are typically staffed by personnel delegated by the infrastructure managers involved; with one of them acting as the Managing Director of the Corridor. Management Boards similarly are made up of IM management members, while the Executive Boards (ExBo) consist of ministry officials who generally oversee rail transport in the given Member States.

A Railway Advisory Group (RAG) and a Terminal Advisory Group (TAG) have been foreseen to complement the organisation through mobilising two of the closest stakeholder groups, instrumental from the perspective of the ultimate mission. Initially only a handful of RUs and Terminals were invited to attend RAG and TAG meetings, while non-RU (authorised) applicants were prevented from participating in the RAGs.

Several improvements could be implemented that would enhance the organisation and governance effectiveness of RFCs:

- ✓ **Reinforce Corridor Management:** RFC Managing Directors being employees seconded from one or another IM of the Corridor often do not command the seniority, respect and independence needed to effectively carry out their coordinative roles in front of the Management and Executive boards.
SOLUTION: the position of Corridor MD should be a career assignment to which recruitment should take place from the labour market. Persons with adequate experience and seniority should be chosen to ensure that top IM management accept them as equals, when dealing in various issues of the Corridor. Ideally all CME employees should be career staffers rather than workers on secondment.
- ✓ **Chairs of the Executive Boards:** RFC Executive Boards are chaired by an official from the Ministry of Transport of one of the participating Member States. An independent (outside) chair of the Executive Board could facilitate decision-making.
SOLUTION: TEN-T Core Network Corridor (CNC) coordinators would be naturally positioned to chair the ExBo of the RFC that belongs to their respective CNC as senior personalities independent of the affected Member States.
- ✓ **Composition and operation of Railway Advisory Groups:** RAG meetings are comprised of a limited number of RUs invited directly to participate.
SOLUTION: replace the current "invitation only" principle by an open invitation whereby any RU or non-RU (authorised) applicant may participate in the meetings. Invitation, agendas and meeting minutes should all be made public - through the Corridor websites - to ensure that any qualifying entity may make an educated decision if they should attend.
- ✓ **Reinforce the role of RAG/TAG in governance:** RAG/TAG meetings are often one-way communication venues, where participants may learn about decisions, or expected changes, but have limited means to influence their outcome.
SOLUTION: Include in the statutes of RFCs an obligation that every significant submission (e.g. Transport Market Study, the Corridor development plan, the bottleneck list, the maintenance schedule, any operational procedure that is to be harmonised) to the Management and/or Executive Board must feature the written RAG/TAG opinion. RAG/TAGs should be informed up-front about important submissions to Management Boards/Executive Boards and their speakers offered the opportunity to intervene in person at Management Board/Executive Board meetings should they see the necessity to explain their position.
- ✓ **Annual or biannual public meetings:** the public accountability of corridors is lacking, as not only their transparency is inadequate but the opportunities for the wider stakeholder base to engage the management as well as the Management and Executive boards is also non-existent.
SOLUTION: annual or bi-annual general meetings should be organised by each corridor with the participation of their management, the Management and Executive boards (through at least their chairs) as well as including the RAG/TAG speakers. These general meetings should be open to any stakeholder who may be able to prove their involvement and interest in the corridor. These meetings should provide an opportunity to review the performance of the corridor and its development and bottleneck removal plans.

Tasks and competences of RFCs

Corridors having established themselves should be engaged in providing input to development planning (through their Transport Market Studies as well as impact assessment support) and updating the list of bottlenecks in their Implementation Plan based on their regular quality monitoring of operations and customer satisfaction surveys. An ever improving, homogeneous capacity should be ensured to rail freight, while the quality pledge of IMs should be systematically monitored through tracking and tracing of (corridor) trains. The train path issuance services should be continuously updated to bring them ever closer to market needs. Operational process harmonisation and streamlining should be complemented by active involvement in the preparation for and management of (major) disturbances - irrespective of whether the disturbance was caused by foreseen maintenance work or force majeure. Finally, RFCs should engage in the collection of all relevant and reliable information that describes the efficiency and quality of the services available along the corridor, as well as provide the information transformed into an easy to comprehend (electronic) format.

The following extension to the tasks and competences of RFCs are proposed:

- ✓ **Adequate capacities:** PMO staffing and budget levels are often insufficient to fulfil the statutory tasks of Corridors. SOLUTION: the Management Boards should ensure that adequate resources are made available to PMOs so that they can perform every function and task to an expected high level proficiency. PMOs should propose 3-5 year work plans, which if adopted (by the Management and Executive boards) should also reflect the necessary resources.
- ✓ **Create small-scale CAPEX fund for quick win projects:** small, yet well-known infrastructure hindrances often go unaddressed by IMs that are overly inward-focused. SOLUTION: Like proposed by ERFA², the "power to act" should be created in the form of a relatively modest fund of €10 million over a 3-5 year period to the tune of which the Management Board would be entitled to propose projects (to the Executive Board) with an aim to enhance the quality of the Corridor. The RFC MD should be required to sign off on the spending prior the fund is to be used. This type of spending should be authorised for CEF Transport support - under the bottleneck removal priority.
- ✓ **Classification of train paths:** while one train path may substantially differ in quality from another along the same route, there is no formal differentiation, the track access charge payable is the same. SOLUTION: PMOs should be given the right - based on the quality data they gather over time - to categorise train paths by quality parameters such as timetable speed and traffic priority.
- ✓ **Traffic management:** PMOs today have no role in the smooth progress of corridor trains, rather it is the individual IMs which manage train traffic. Nobody guarantees the prioritisation of corridor trains - especially in case of a disturbance. International trains suffer especially at network borders and in case of disturbances because of a lack of coordination and cooperation of infrastructure managers in traffic management. SOLUTION: PMOs should in the longer run be allowed to develop a traffic management oversight capability whereby they can monitor the progress of corridor trains and intervene if necessary with regional traffic control centres to defend the priority of corridor trains.

In short

UIRR looks forward to working with the European Commission in evaluating and developing a comprehensive corrective amendment package to the Rail Freight Corridor Regulation along the topics outlined above.

² [http://www.erfarail.eu/uploads/160314_ERFA_Quick_wins\(1\).pdf](http://www.erfarail.eu/uploads/160314_ERFA_Quick_wins(1).pdf)