Position Paper: Issues of Rail Infrastructure

- July 2010 -

Combined Transport was responsible for every fourth freight train in France, Germany, Austria, and Italy[1] last year. McKinsey & Co. found that Combined Transport trains accounted for only 15% of all European rail freight traffic in 2003[2]. Statistics show that Combined Transport has outgrown conventional rail freight by about 8% year-on-year over the past six years[3]. Access to and the conditions of use of the rail infrastructure in Europe are very important to Combined Transport operators, who organise this system of transport which is the key facilitator of modal shift from road to sustainable (electrified) rail. The re-cast of the Directives[4] contained in the First Railway Package of 2001, presently contemplated by European legislators, offers a ripe opportunity for UIRR to summarise its position on the topic of rail infrastructure.

On equal access to the infrastructure:

- Wording of the legislation requiring the separation of rail infrastructure management from any influence along the interests of any particular railway operator should be affirmed and possibly re-stated in the form of Regulation.

- Expansion of the *Authorised Applicant* status (as defined in Article 2. Paragraph b) of Directive 2001/14) to non railway undertaking stakeholders should be made mandatory within every Member State.

- Mandatory creation of the *Register of path owners* by infrastructure managers and/or path allocation bodies in every Member State as a pre-cursor to the full fledge expansion of the *Authorised Applicant* status.

On infrastructure access charging:

- A formula should be defined, which would allow for the reverse calculation of applicable track access charges using the effective road tolls on a per tonne-kilometre basis in every Member State to help create pro-rata track access charges that are compare fairly to road tolls.

- Member States should be required to provide a level of financing to their rail infrastructure managers which would enable to apply track access charges that compare fairly to (or are lower than) road tolls payable by trucks per tonne-kilometre.

- The European legislator should make up for the shortfalls in the legislation pertaining to the charging regimes for accessing Europe's road and rail transport infrastructure.

On the enforcement of European rules:

- Legislation presently existing in a Directive form should be re-enacted as a European Regulation, which would leave considerably reduced room for interpretation of the rules.

- The independence of rail regulatory bodies from the government entities which exercise ownership rights and/or award public service and/or multi-annual rail infrastructure management contracts should be ensured in their budget approval, appointment of their leading staff, and professional oversight.

[1] 2009 data from respective Transport ministries
[2] McKinsey: The Future of Rail Freight in Europe study, November 2005 (working with data from 2003)
[3] Source: UIC/UIRR DIOMIS study and UIRR annual statistics
[4] EC Directives 2001/12, 2001/13, 2001/14

On improving productivity and competitiveness:

- The transparent and efficient management of rail traffic should be aided by a European definition of train categories and their hierarchy.
- The responsibility of Member States must be clearly declared to their obligation of maintaining the nominal technical (design) parameters of their rail infrastructure network, and restoring these within reasonable time.
- A threshold for rail traffic saturation should be defined after which the obligation to expand infrastructure capacity within a reasonable period of time[5] should be moved from rail infrastructure managers to the Member States.
- Member States should be required to prepare, beyond their ERTMS convergence schedules, a comprehensive rail interoperability plan, which contains all necessary actions to be taken (within a reasonable time-span).
- Discrimination-free access to transhipment terminals should be ensured by legislation that make the publication of detailed rules of access and applicable charges a pre-requisite to obtaining a license to operate terminals.
- A detailed reporting regime should be defined for rail infrastructure managers whereby they would have to prepare regular (1-3 monthly) reports on a wide set of performance indicators (to be audited by the independent national rail regulators).
- The European Commission should commence work on the development of a Pan-European action-plan to expand the maximum length and weight of trains.

Conclusions

Combined Transport operators have long proven their efficiency to act as the most productive agents of modal shift, hence their position as premium customers for rail infrastructure services and their opinions should be taken seriously.

European climate and environmental policy goals can only be reached in transport if meaningful changes are made to improve the regulatory and economic operating environment of Combined Transport, particularly when it comes to the aspects of rail infrastructure detailed in this paper.

It is UIRR's conviction that in case the recommended actions are put into practice Combined Transport will continue to deliver increasingly favourable results in shifting traffic off Europe's roads onto rail and other sustainable modes of transport.

Who is UIRR

Founded 40 years ago, in 1970, the International Union of Road-Rail combined transport companies (UIRR) represents the interests of this unique system of transport; through utilising Intermodal Loading Units (ILUs)[6], or special wagons capable of carrying unmodified ordinary trucks[7], (electric) rail technology is inserted into the longer distance sections of freight transport-chains.

[5] Directive 2001/14/EC
[6] Stackable ISO containers, semitrailers or swap-bodies in what is called "Unaccompanied Combined Transport"
[7] Rolling Motorway, or "Accompanied Combined Transport"

1. Equal access to the rail infrastructure

1.1. Separation of rail infrastructure managers and the *incumbent* freight railway undertakings

Combined Transport operators are of key importance when it comes to transfer traffic from overloaded roads to rail. Despite this positive role, during the daily pursuit of quality improvements, similarly to private freight railways, UIRR member companies also regularly experience an undesirable collaboration between incumbent freight railway undertakings and national rail infrastructure managers, especially in Member States where the strategic management of these two activities takes place in a common holding structure.

Whereas one would expect Combined Transport operators to be treasured clients of rail infrastructure managers and freight railway undertakings, the treatment they receive and the attitudes they experience from these two key partners (subcontractors) do not always reflect this. Infrastructure managers would in many cases prefer that their performance shortfalls remain hidden from the public eye, and that no claims would be made when providing a defective service. *Incumbent freight railway undertakings* on the other hand would like to secure as much of the Combined Transport pie to themselves as possible. These two desires, when coming together under a 'single (holding) roof' result in attitudes and actions which do not serve the overriding interest of improving the quality of Combined Transport services and hence the increased share of the rail mode in transport.

Combined Transport operators would expect more effective action taken to tackle issues of rail infrastructure service quality, improved commercial conditions and even lower prices in freight traction, and thereby improved competitiveness, should the European legislator be capable of defining a more effective solution to secure the separation of (the strategic management of) rail infrastructure managers and *incumbent freight railway undertakings*.

1.2. *Authorised Applicant*[8] status expanded beyond railway undertakings in every Member State

The most common business model of Combined Transport operators, and other organisers of transport services using the rail mode, commits them to rely on freight railway undertakings for rail traction services. Freight railways, as part of their service-package today, also secure the train paths needed for the Combined Transport trains. Considering the European legislator's intention to inject more competition into the railway sector and the relentless pursuit of Combined Transport operators to improve their service quality and competitiveness, UIRR proposed the legal facility of *Authorised Applicant* to be expanded to – among others – CT operators, which was included within Directive 2001/14/EC only as a possibility for Member States (see footnote 8 below).

Under this facility, a Combined Transport operator, as an *Authorised Applicant* at the same time, could apply under his/her own name, and become the holder of the train paths needed for his/her trains. This would allow Combined Transport operators to competitively procure the traction services and/or – in the spirit of competition – replace an ill-performing traction provider anytime before their train is scheduled to run. In case the *Authorised Applicant* status is not granted in a Member State, or within a string of Member States lying along an international transport corridor, Combined Transport operators have almost no possibility to act if displeased with a subcontractor (freight railway undertaking) for fear of loosing their train path needed to access the infrastructure as train paths have to be applied for and obtained in some cases more than 12 months ahead of the train's scheduled running time. Furthermore, in case of performance issues related to rail infrastructure managers, Combined Transport operators doubling as an *Authorised Applicant* would have a direct right to complain, and seek redress if justified.

Today, a decade after the adoption of Directive 2001/14/EC, only five Member States[9] plus Switzerland have expanded the *Authorised Applicant* facility beyond railway undertakings within their national railway legislation. Since this group of countries is limited and it does not include several key (transit) countries such as Germany and Austria this legal facility – in which the confidence of Combined Transport operators remains solid – has failed to contribute to improving the quality and competitiveness of Combined Transport.

[8] Article 2. Paragraph b) of Dir. 2001/14: Member States may provide the possibility that Combined Transport operators can directly apply for train paths

[9] France, Greece, Italy, Slovenia, Spain

1.3. The *Register of Path Owners* concept

The infrastructure managers should register for each train path besides the railway undertaking, who applied for the path, the "commercial owner" of the path: either the railway undertaking uses the path for its own commercial service, or it applies for it on behalf of a third party, for example a Combined Transport operator.

This has several advantages:

- First of all efficiency reasons for the train path allocation. In future, under genuinely liberalised market conditions, operators or other customers of railway undertakings will ask several railway undertakings for an offer to operate their trains. All these railway undertakings will in parallel introduce train path requests. If infrastructure managers are not able to identify that these path requests are made for the same operator, or customer, they will elaborate several paths, all of these perhaps not optimal due to the virtually high demand. Knowing that several path requests have the same origin, infrastructure managers might directly elaborate only one train path and offer it in parallel to the different railway undertakings which make then up their service package to the customer.

- Secondly, Article 13 of Directive 2001/14/EC forbids secondary path trading for good reasons. But if the commercial owner of the path would like to change its subcontractor traction company, the register would make apparent that in this case the change of railway undertakings is no illegal path trading.

- Third, the register would ease the transition from today's situation where all train paths have been booked by railway undertakings to come to a situation where operators and customers may book paths themselves as *Authorised Applicants*. If an operator wants to change its subcontractor railway undertaking (s)he currently faces risks loosing the path (s)he developed at his/her own commercial risk, whereas the railway undertaking might take over the path for own services in competition to its former customer, who will have to apply for another path risking especially in a situation of saturated lines to be of minor attractiveness.

- Finally the commercial owner of the path should have the right to receive all operational data that is today exclusively sent to the railway undertaking directly from the infrastructure manager. This supports the intention of the Commission expressed also in TAF-TSI[10] to guarantee better information of the final customer who has then himself a source to detect irregularities and to estimate the time of arrival.

Recommendations:

- Wording of the legislation requiring the separation of rail infrastructure management from any influence along the interests of any particular railway operator should be affirmed and possibly re-stated in a regulation form. Clear and detailed rules of independence should be defined in case an ownership type of relationship would remain between any freight railway operator and the manager of the national rail infrastructure.

- Mandatory expansion of the *Authorised Applicant* status (as defined in Article 2. b) of Directive 2001/14/EC) to non railway undertaking stakeholders within every Member State to enable the competitive procurement of traction services for Combined Transport trains, as well as to allow a direct (client) relationship for Combined Transport operators with rail infrastructure managers without having to obtain a railway permit.

- Mandatory creation of the *Register of path owners* by infrastructure managers and/or path allocation bodies in every Member State as a pre-cursor to the full fledge expansion of the *Authorised Applicant* status.

[10] TAF TSI: Telematic Application for Freight, a Technical Specification of Interoperability

2. Infrastructure access charges and transport taxation

Combined Transport aims to more broadly introduce (electric) rail into – presently – pure road based transport-chains, therefore when talking about the costs of accessing the infrastructure Combined Transport is simultaneously interested in the costs of using the roads (tolls) and the fees levied on trains when accessing the rail network (track access charges). Infrastructure access fees make up a considerable portion of the overall cost of transport; therefore, as it greatly influences competitiveness, Combined Transport operators regularly monitor the absolute and relative levels of these charges within the Member States of the European Union.

The aims of transport taxation applied by governments, which includes infrastructure access charging, are to recover the costs of construction, maintenance and operation of the transport infrastructure and – in line with the *polluter pays* principle – to recuperate the external costs of transport[11] from those players who directly cause these externalities.

Besides infrastructure access charges, fuel excise duties, the Emission Trading System (ETS) of the European Union when applied to the generation of rail traction electricity, and various ownership-related taxes levied on vehicles are also forms of "transport taxes". A confusing, non-transparent, non-comparable, inconsistent picture emerges when looking at the aims of transport taxation vis-à-vis its realisation throughout the Member States.

It is UIRR's position that to clarify the situation the following principles should first be agreed by political decision-makers:

- Vehicle/rolling-stock ownership-related fees and/or taxes should be reduced to a level which covers public expenses pertaining to mandatory safety and traffic-worthiness examinations, and maintenance of the vehicle registration system;

- Fuel excise duties should be considered (and set at a level needed) to cover the external costs related to the use of oil-based fuels, such as harmful emissions and the costs of (increased) oil dependency;

- The Emission Trading System should help recover the same external costs as covered by fuel excise duties but in case of (rail traction) electricity production, and finally

- Infrastructure access charges for all modes should be determined on the basis of the *user pays* and the *polluter pays* principles in such a way as to recover all public expenses related to the construction, maintenance and operations of public transport infrastructure as well as the externalities of noise emissions, indirect accident costs, vibration-damages, congestion and landscape damage.

When coming to the actual level of payments made, the above categorisation generally entails that the level of presently applicable (road or rail) rolling-stock ownership-related taxes should be reduced, while stipulating – for the sake of simplicity – that fuel excise and ETS revenues at their current levels cover the relevant external costs mentioned above. This leaves road and rail infrastructure access charging to be addressed, which is detailed hereafter.

2.1. Road infrastructure access charging

Legal basis of road infrastructure access charging for heavy goods vehicles over 3.5 tonnes gross weight is defined in the so-called "Eurovignette" Directive[12]. As a matter of principle with regards to scope UIRR considers, also for the sake of comparability and fairness, that all road vehicles should be subject to a usage based road toll for accessing every public road (not just highways), just as all trains must pay a track access charge for the use of every section of the rail network.

Secondly, it must be sadly observed that Austria, the Czech Republic and Slovakia are the only Member States of the European Union, aside Switzerland (which is not an EU member), which levy a road toll based on the user pays principle as defined in the Eurovignette Directive on vehicles heavier than 3.5 tonnes today. The fourth Member State that operates a distance based electronic road tolling system, Germany, has only 18 months until the 2012

[11] External costs of transport: emissions (CO_2 and poisonous gases, small particles/PM10), noise, vibration, indirect accident costs, congestion, landscape damage, and oil dependency
[12] EC Directive 2006/38

deadline[13] contained in the Eurovignette Directive to expand usage based charging to all vehicles heavier than 3.5 tonnes (from the current limit of 12t).

Distance based concessionary charging of all vehicles is to be found in six Member States: France, Greece, Italy, Portugal, Slovenia and Spain, while accession country Croatia uses this regime as well.
Time-based (vignette-type) charging is used in all remaining Member States, except for Finland, Ireland and the United Kingdom, which employ no charging schemes today.

Furthermore, since a "common methodology for the calculation and internalisation of external costs that can be applied to all modes of transport" has yet to be agreed[14], road tolls today do not contain an element to cover the costs of the externalities caused by road transport.

Overall, one may conclude that the charges presently levied for accessing the public road infrastructure in the European Union typically do not enable governments to recover their costs involved with constructing, maintaining and operating public roads, as well as to compensate for the external costs not covered by fuel excise taxes such as those caused by noise emissions, indirect accident costs, vibration-damages, congestion and landscape damage.

2.2. Rail infrastructure access charging

Legal basis for the presently applied track access charging schemes is embedded in Directive 2001/14/EC, which stipulates that charging should apply to the entire rail network. Moreover, the existing legislation already permits the internalisation of external costs (in the form of surcharges) for infrastructure scarcity (congestion), as well as other unpaid environmental, infrastructure (vibration) and indirect accident costs[15], while the introduction of noise-related track access (sur)charges are presently under deliberation.
Today every Member State which has a railway network applies a usage based charging scheme on rail as required by the legislation.

A substantial difference between the allowed track access charging scheme and the road tolling system described in the Eurovignette Directive is that the latter:

- Sets upper limits on applicable road toll levels, while there is no upper limit set for rail track access charges; and

- Allows discounts (of up to 13%) to be offered to frequent users.

It is UIRR's position that this difference should only be upheld for a fixed period of time (allowing for new entrants to strengthen in the railway sector), after which there is no reason why such discounts should not be offered to frequent user railway undertakings and *Authorised Applicants* as well.

The differences of the track access charging schemes in place in the various Member States today are nevertheless even greater today than the diversity found in road tolling regimes. Despite the prohibition of internalisation of external costs in infrastructure access fees contained in the Eurovignette Directive (2006/38/EC) – until a "common methodology can be agreed" – several countries apply a kind-of congestion (or scarcity) surcharge among the numerous factors that determine the actual charge a train is to pay. In UIRR's opinion, the heterogeneity of European track access charging schemes is a considerable block to the healthy evolution of the sector.

The differences in actual pro-rata track access charges, whereby in one country the charge may be extremely low, yet in others a substantial amount levied on a train, is also a major issue, especially when comparing with the road tolling regime in place within the given country. The best example would be the United Kingdom, where there are no road tolls to be paid by trucks, but a very high track access charge is required from the operators of freight trains, as a consequence of which the rail mode has a share – well below the 14.5% EU average – at less than 9% in the forwarding of goods.

[13] Article 1 Paragraph 2 b) subparagraph 2 (b) of Directive 2006/38/EC: "Tolls and/or user charges shall be applied to all vehicles from 2012."
[14] Article 1 Paragraph 9 of Directive 2006/38/EC
[15] Those costs related to an accident which are not covered by insurance compensation: i.e. congestion costs related to the accident, loss of tax revenues for the budget, transfers paid to orphans/costs of orphan care.

The absolute level of rail track access charges, on the other hand, greatly depends on the national support given to the financing of rail infrastructure. In Member States, which recognise the potentially competition distorting nature of subsidising the road infrastructure, while not funding the rail infrastructure in a comparable manner, substantial budget transfers are made to the rail infrastructure managers, whereby the calculated track access charges can be quite similar to the otherwise negligible road tolls. (These cases are imperfect too as they do not allow the market to factor the external costs of road transport[16], which are multiple times that of rail's).

2.3. A mechanism to establish fairly comparable track access charges and road tolls on a tonne-kilometre basis

Considering that the present status quo in road infrastructure access charging has emerged over the course of half a century, UIRR does not believe that an immediate remedy can be defined to correct the relative infrastructure access price signals that transport customers receive, when looking into their transport mode options. Furthermore, engineering a radical change could have adverse effects on the economy at large. Nevertheless decision-makers should agree on a set of policy actions, to be implemented over a longer period of time, whereby the infrastructure access charging regimes of these two competing modes of transport are corrected to reflect the true cost of use including compensation for external costs.

UIRR hereby advocates that the European Union defines a formula by which each Member State can determine the amount of direct budget financing needed to support the construction, maintenance and operation of the rail infrastructure when factoring the road tolls applied in the country so as to achieve equal pro-rata infrastructure access charges between the modes (or a lower track access charge to offer a temporary advantage for the sustainable railway mode to regain its market share). The budget financing of the rail infrastructure, when calculated using this formula, should be pledged through a long-term (multi-year) contract whereby the State enables a planning horizon for the infrastructure managers that conforms to the lifespan of rail technology.
The implementation of a usage based road tolling regime, with an element of internalisation, to run in parallel could, on the other hand, guarantee that the amount of equalising budget transfers to rail infrastructure managers could be gradually reduced.

The example of Switzerland, where pro-rata road tolls are set at the highest level in Europe, while applicable track access charges are relatively favourable, shows that the railway sector can – as a consequence – claim a market share more than 2.5 times that of the European Union's average[17].

Recommendations:

- A formula should be defined, which would allow for the reverse calculation of applicable track access charges using the effective road tolls on a per tonne-kilometre basis by every Member State.
- Member States should be required to provide a level of financing to their rail infrastructure managers which would enable the application of comparable (or lower) track access charges to road tolls payable by trucks per tonne-kilometre.
- The European legislator should make up for the shortfalls in the legislation pertaining to the charging regimes for accessing Europe's road and rail transport infrastructure, and the European Commission should take every measure necessary to ensure fair and equal implementation of the existing legislation by the Member States.

[16] INFRAS Study (CE Delft 2007): external costs of heavy goods vehicles in interurban relations range between €0.13-1.09 per vehicle kilometre (the range of usage based road tolls applied today in the EU is €0.15-0.35 per vehicle kilometre)
[17] EU market share of rail freight in 2009: 14,5%, while in Switzerland in 2009: 39%

3. Enforcement of European rules

3.1. Form of legislation: Directive vs. Regulation

A Directive type of (European) legislation is typically used in regulating areas, where the Member States have a rather diverse range of existing legislation, and a corresponding daily functioning of a sector, which would be difficult to readjust to a fundamentally different, yet homogeneous regime from one day to another. Hence the First Railway package consists of Directives, which require mirroring national legislation from Member States also enabling considerable room for interpretation and keeping a certain level of national differences in ways of operating.

During the nearly ten-year existence of the Directives making up the First Railway Package Member States have made considerable progress to align their national railway legislation towards a common practice. Nevertheless, to further enhance the opening of the railway sector to competition – as desired by the European legislator – UIRR believes that these Directives should be re-stated in the form of a cogent European Regulation, which could be perceived as the second phase of bringing the regulatory framework of the European Railway Area on a common footing. Regulations could contribute towards firming up the legal structure envisioned for the railway sector and thus enable the further alignment and better implementation of the regulatory framework.

3.2. Independence and powers of the regulatory body

Some Member States are indeed lagging behind others in the creation of their railway regulators with the powers, independence capabilities and capacities, as prescribed in Directives 2001/12/EC and 2001/14/EC. UIRR believes that these regulatory bodies should have a material role in facilitating not only the implementation of all railway-related European legislation, but also in supervising the daily functioning of the railway sector in their respective Member States.

Considering that the implementation of the First Railway Package was already found problematic by the European Commission in most Member States (see the infringement procedures in place), it is UIRR's belief over and above the insistence that the Member States create the required regulatory bodies that the European Legislator should consider firming up the language pertaining to these regulatory bodies within the applicable legislation.

Recommendations:

- The European legislator should re-enact the legislation presently existing in a Directive form as a European Regulation, which leaves considerably reduced room for interpretation of the rules.
- The rail regulatory bodies independence from the government entities which exercise ownership rights and/or award public service and/or multi-annual infrastructure management contracts should be ensured in both their budget approval, appointment of their leading staff, and professional oversight.

4. Increasing productivity and competitiveness

4.1. Punctuality

Many consignments managed by Combined Transport operators are part of (nearly) just-in-time supply-chains, and in the general pursuit of reducing inventory days and improving productivity (vehicle rotation) shippers have a strong preference to receive their ILU[18] shipments on time. Conventional rail freight, especially in case of commodities like iron ore, coal and the likes, does not need to arrive so punctually as steel mills and power plants typically hold several days' of inventory, hence a couple of hours' delay does not affect their operations.

UIRR member companies reported +/-60% punctuality rates[19] during that last years (one in three trains late by more than 30 minutes, and 8% of all Combined Transport trains late by more than 24 hours![20]); furthermore, the punctuality performance of the last years showed no clear pattern of improvement. UIRR understands that a considerable portion of these delays is attributable to rail infrastructure issues.

Since it is obvious that these rail infrastructure service performance levels are unacceptable, if wishing to improve the competitiveness of transport chains, UIRR proposes that the categories of passenger and freight trains should be defined on a European level, including the level of infrastructure services guaranteed with each category (average speed, definition of punctuality, average rates of punctuality). Secondly, a clear hierarchy of these train categories must be set homogeneously in every Member State. Finally, rules of train traffic management should be formulated based on hierarchy of access, which make it possible to transparently monitor and control the traffic management performance of rail infrastructure managers.

Over and above the "performance regime" still yet to be implemented in many Member States, and towards the effectiveness of which – due to its severely limited nature – UIRR has little expectation, it is recommended to prescribe a detailed regular (monthly or quarterly) reporting of rail infrastructure performance including actual punctuality and average speed data of each train category.

4.2. Reliability

The reliable operation of rail based transportation services is the other highest priority of shippers, who intend to include rail into their transport-chains. Reliability on rail fundamentally depends on two factors: the condition of the rail infrastructure and the rolling stock. In this paper the focus is on the rail infrastructure aspects of rail service reliability. One of the challenges of the past decades was to ensure adequate financing for the preventive maintenance, as well as investment funding to remove bottlenecks and other infrastructure capacity shortages in contrast with (too many) prestigious projects or a pressure to show a profit.

In UIRR's opinion the most important way to ensure such financing (from Member States) is by establishing transparent standards for preventive maintenance as well as the possibility to rapidly intervene in case of a capacity shortage, or bottleneck situation, which are then openly reported by the rail infrastructure managers. National decision-makers could only be confronted with their rail infrastructure financing obligations in such a way, and also to refrain from delaying maintenance to create cash for other purposes.

Another reliability-related matter is the careful and professional planning of maintenance works on the tracks by rail infrastructure managers, which must include sufficiently early warning (preferably several months in advance) to every stakeholder about the possible line closures, or other traffic limitations, and the completion of works within the announced timeframe. In case of a delay in the works, or unplanned line closures, immediate notice should be given to stakeholders (train path owners), and comparable train paths should be offered automatically (without asking) at the same cost (or less) than the optimal route.

[18] ILU (Intermodal Loading Unit): containers, swop bodies, craneable semitrailers

[19] UIRR's punctuality definition: train arrival not late by more than 30 minutes after the scheduled time at the terminal

[20] Source: UIRR statistics booklets for 2006, 2007 and 2008

4.3. Discrimination free access to every transhipment terminal

Transhipment terminals are vital parts of the rail infrastructure, rivalling in their importance with marshalling yards and rail fuelling stations. It is needless to say that discrimination free access to transhipment terminals is essential for every Combined Transport operator.
The status of such terminals can be quite different from other elements of the rail infrastructure as they are on occasion not owned by public entities, or not operated under a contract with a public entity (the State), while these (private) transhipment terminals may on occasion receive public financing, or other form of public support.

Irrespective of the legal status of terminals, it is UIRR's conviction that discrimination free access should be made possible to any terminal in a transparent way for every Combined Transport operator. This can be easily achieved if terminals are required, as a pre-requisite to obtaining their operating license, to prepare and publish a set of rules on access and applicable charges, in a similar fashion to a (simplified) Network Statement. The existence, contents and execution of such rules should be overseen by the Rail Regulatory Body of the respective Member States.

A shortage of terminal capacity was foreseen as one of the most pressing obstacles to the development of Combined Transport in the medium-term by the UIC/UIRR DIOMIS II Study on the development of Combined Transport in Europe. Opening access to the capacities of every terminal in Europe to all Combined Transport operators is therefore imperative to remove existing terminal capacity bottlenecks, or to delay the emergence of terminal capacity shortages until existing terminals can be expanded, or new ones constructed. (Note: the Federal Railway Act of Germany (Allgemeines Eisenbahngesetz) already contains such a requirement in §14.)

4.4. Transparency and reporting obligations

When regulating monopolistic industries, like transport infrastructure management, and also to allow maximum public control over governments in their dealing with matters like transport infrastructure oversight and development, the best solution in UIRR's opinion is transparency. Consequently, detailed reporting obligations should be defined for both rail and road infrastructure managers extending to the performance and development of the transport network entrusted to their care, and for governments of Member States regarding the public spending facilitated in their countries to sustain and develop the various elements of the transport infrastructure.

It would be of utmost importance to establish standardised definitions for a series of data to be reported throughout the European Union on several aspects of the transport infrastructure including capacity, quality, present and future development, maintenance and spending plans. This would not only aid the daily operations of Combined Transport operators, and others in the logistics sector, but also considerably support the business planning and future projections of these businesses.

As best practice examples, UIRR recommends following the rail reporting practice of SDZC, the infrastructure manager of the Czech Republic, while in road infrastructure management the Mautstatistik Report of the Bundesamt für Güterverkehr in Germany should serve as the benchmark for all Member States.

4.5. Interoperability

Combined Transport trains travel on international relations much more than their proportion among overall freight trains, hence Combined Transport operators are much more interested in the issues and problems of interoperability than general freight railways. Issues of interoperability causing the most immediate concerns for Combined Transport operators to improve competitiveness include:

- Cross acceptance of locomotives and wagons as well as
- Mutual recognition of locomotive drivers' licenses, while
- Standardisation of the signalling systems, the rail gauges, the maximum allowed train length and axle weight follow thereafter.

Combined Transport operators would welcome any and every step of progress on these issues, which may come from Member States, railway undertakings, rail infrastructure managers, and the European Commission as well as the European Railway Agency.

In the spirit of transparency UIRR recommends that similarly to the ERTMS convergence schedules and the strategic deployment plans of the various TSIs[21], Member States – together with their rail infrastructure managers – should be required to develop and publish comprehensive interoperability implementation plans, which extend to every aspect of railway interoperability, within a reasonable and acceptable timeframe.

4.6. Longer and heavier trains

Every mode of freight transport has aimed for – in the spirit of productivity – to grow the physical capacity (and size) of the vehicles it uses. Container vessels have grown from a few thousand TEU size to hold over 10-12 thousand TEUs today, short-sea and inland shipping vessels have also expanded in size, not to talk about aircraft and of course road vehicles. Commercial vehicles ranging from vans through all sorts of trucks have become wider, taller, longer and heavier offering ever growing capacities during the past decades. By today this expansion of road vehicles has reached the limits of safety, especially when considering the further growth aimed for by vehicle manufacturers when proposing the unlimited circulation of up to 25m long so-called gigaliners.

On rail however, this kind of capacity expansion of trains has been severely limited, and did not follow a universal path along the European Railway Area. Hence one finds a great variety of allowed maximum train length and axle weight from country to country, which essentially results in train-lengths needing to conform to the lowest common denominator. This sort of development in the most important physical parameters of trains is illogical, when considering that rail technologies in place today would be capable of handling longer and heavier trains in an entirely safe manner. UIRR contributes this uneven development to uncoordinated infrastructure development and a lack of a common standard for train length.

The United Nations Economic Commission for Europe has for decades even in the difficult times before the fall of the iron curtain undertaken substantial efforts to reach and extend a “European Agreement on Main International Railway Lines (AGC)” and a “European Agreement on Important International Combined Transport Lines and Related Installations (AGTC)”, which define common standards and technical parameters. The agreement entered into force in 1989 and was up to now signed by 30 countries. With the extension of the European Union and for the creation of a homogeneous and unified European railway market it is even more important to follow and accelerate this approach to harmonise the technical parameters of the rail infrastructure throughout Europe.

The DIOMIS I. study of the UIC already spelled out in 2008 that the conditions could and should be created on Europe’s rail infrastructure network for 750m long trains the latest by 2015. Moreover, the desirable – and feasible – train length over a longer-run should be 1200-1500 meters[22]. Simultaneously, the maximum allowed axle weight should be increased from the current 22.5t to at least 25t.

[21] TSI=Technical Specification for Interoperability are European standards of railway interoperability initiated by the European legislator

[22] Maximum allowed length of freight trains in US today: 1300-3000m with axle load of 31.8t.

4.7. Securing reduced costs of financing for rail infrastructure managers and rail users

Costs of financing in the railway sector are higher than would be needed due to the long design life of rail technologies on the one hand and the lack of correspondingly long-run foresight in the intention of Authorities, politicians and other decision-making bodies. A routine way of mitigating these risks is by governments to extend guarantees to aid the affordable borrowing of rail infrastructure managers and State-owned railway undertakings. Loan guarantees to non-state owned railway undertakings and other rail transport stakeholders like Combined transport operators, however, are not available.

In order to ease the way for new, private entrepreneurs to enter into the railway market, as well as to enable a greater role for private capital in the financing of rail projects, UIRR believes that much more and careful planning, much more foresight and much more transparency would be needed from those, who make the decisions, which may influence the investment climate and the perceived risk levels of the rail sector. Therefore UIRR calls on the European Commission, on the Member States and their rail infrastructure managers to devise comprehensive and reliable rail development plans which extend to 20-30 year periods to be used as compass by private investors wishing to bring their money to the European logistics and transport sector.

The long-term rail infrastructure development (investment) plans of Member States should be declared alongside the European interoperability implementation plan which is called for under 4.4 of this paper.

Recommendations:

- The transparent and efficient management of rail traffic should be aided by a European definition of train categories and their hierarchy. Train categories should include the guaranteed minimum (quality) level of infrastructure services and the track access charge level attached to it, which could also contribute to the establishment of a more differentiated, yet transparent track access charging regime.
- The responsibility of Member States must be clearly declared to their obligation of maintaining the nominal (design) technical parameters of their rail infrastructure network, and restoring these within reasonable time.
- A threshold for rail traffic saturation should be defined after which the obligation to expand infrastructure capacity within a reasonable period of time[23] should be moved from rail infrastructure managers to the Member States.
- Member States should be required to prepare, beyond their ERTMS convergence schedules, a comprehensive rail interoperability plan, which contains all necessary actions to be taken (within a reasonable time-span) from implementing a simplified cross-acceptance regime to adopting uniform train length and weight parameters.
- Implementation of the requirement of discrimination free access to transhipment terminals, contained in Directive 2001/14/EC, should be aided by legislation that makes the publication of the detailed rules of access and applicable charges a pre-requisite to obtaining a license to operate terminals.
- A detailed reporting regime should be defined for rail infrastructure managers whereby they would have to report prepare regular (1-3 monthly) reports on various performance indicators (to be audited by the independent rail regulator)
- The European Commission should commence work on the development of a Pan-European action plan to expand the maximum length and weight of trains.

[23] Directive 2001/14/EC