

POSITION PAPER

Assessment for the mid-term review of the Transport White Paper 2011:

“Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system”

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COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES - COMMUNAUTÉ EUROPÉENNE DU RAIL ET DES COMPAGNIES D'INFRASTRUCTURE - GEMEINSCHAFT DER EUROPÄISCHEN BAHNEN UND INFRASTRUKTURGESELLSCHAFTEN



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1. INTRODUCTION

The Transport White Paper, adopted by the European Commission in March 2011, provided a comprehensive strategy and vision for tomorrow's transport in Europe. In the context of the Commission's forthcoming mid-term review of the Transport White Paper CER reiterates that:

- > **the political priorities set by the White Paper should be kept and**
- > **effective steps must be taken to realise the goals of the White Paper.**

With this Position Paper, CER contributes to the debate on the assessment of the implementation of the Transport White Paper based on the core set of monitoring indicators:

	Key targets	Implementation
Decarbonisation and energy	Reduce greenhouse gas (GHG) emissions from the transport sector by 60% compared to 1990 levels	2050
	Reduce transport oil consumption by 70% compared to 2008 levels	2050
Pricing and regulation	Proceed with the internalisation of external costs for all modes of transport applying common principles	2016
	Proceed to the full and mandatory internalisation of external costs for transport modes	2020
Infrastructure	Extending the length of the existing high-speed rail network while maintaining a dense railway network	2030
	Completion of a fully functional, high-quality and capacity multi-modal EU network	2050
	Deployment of ERTMS in accordance with a revised European deployment plan	2030/2050
Modal shift	30% of road freight over 300 km should shift to rail	2030
	50% of road freight over 300 km should shift to rail	2050
	The majority of medium-distance travel should be by rail	2050

Modal shift targets of the 2011 Transport White Paper are central to the delivery of Europe's overall goals of cutting greenhouse gas emissions, achieving energy security, and relieving congestion. These modal shift targets require appropriate infrastructure to be developed. Furthermore, fair conditions for inter-modal competition have to be secured, which could be achieved with pricing policies i.e. infrastructure pricing; internalisation of local external costs; climate and energy policies; and taxation.

2. DECARBONISATION AND ENERGY

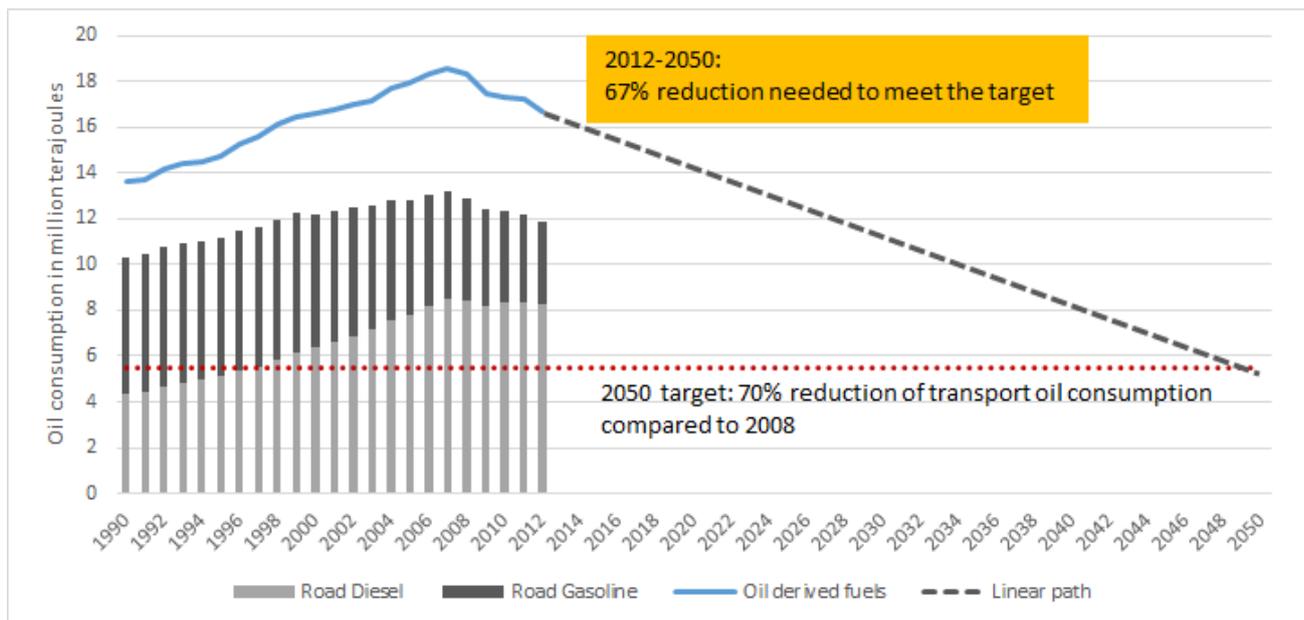
2.1. Reduce GHG emissions from the transport sector by 60% compared to 1990 levels

More than two thirds of transport-related GHG emissions are from road transport. GHG emissions from transport have started to decrease since 2008. Despite this trend transport emissions in 2012 were still 20.5% above the reference 1990 levels. The current emissions would therefore need to fall by 67% by 2050 in order to meet the target.

2.2. Reduce transport oil consumption by 70% compared to 2008 levels

Analysis of data on final energy consumption is necessary for estimating the scale of environmental impacts of energy use, such as air pollution, global warming and oil pollution. Mainly driven by road transport fuels, transport oil consumption increased rapidly between 1990 and early 2000s. The following slowdown ended in a decreasing trend since 2007, with a sharp drop in 2009. Despite the transport oil consumption reduction by 10% between 2007 and 2012, efforts to further reduce transport oil consumption by 67% by 2050 are clearly required.

Reduction of transport oil consumption in the EU-28, 1990-2012



Source: European Environment Agency, 2014

Reaching these goals requires using policy tools such as EU ETS (Emissions Trading System) and energy taxation, in a way that does not affect just rail but that includes all transport modes. Despite being the most environmentally friendly transport choice, rail as a user of electricity is at present significantly affected by ETS and energy taxation. Until that applies to other transport modes as well, rail should be compensated correspondingly.

3. PRICING AND REGULATION POLICIES

The first set of *instrumental* targets regards pricing and regulation policies, with a special focus on the need of internalising external costs (see above: “Proceed with the internalisation of external costs for all modes of transport applying common principles” and “Proceed to the full and mandatory internalisation of external costs for transport modes”).

To date very limited progress has been made in addressing mandatory infrastructure pricing across all modes.

€ 500 billion are the total estimated external costs (excluding congestion) of transport in the EU-27 plus Norway and Switzerland (2008 data)¹. Road transport constitutes 93% of total external costs. This is not only due to the large modal share of the road sector but, importantly, also to its higher average external cost per passenger-km or tonne-km. Rail transport on the other hand is responsible for less than 2% of total external costs of transport. Rail clearly has a role to play in alleviating both the greenhouse gas emissions challenge and the oil dependence challenge in transport, with the added benefits of lower local air pollution and a better safety performance. **A revitalisation of all policies aimed at internalising external costs is urgently needed, and the Commission could achieve a great deal by proposing a new Directive on charging for road vehicles, thus amending Directive 2011/76/EU.**

Appropriate pricing signals for the *internal* i.e. *direct* costs need to be applied to all transport users. Such signals need to be mandatory and distance-based in order to be related, at a minimum, to infrastructure wear-and-tear, not only for rail (as it is today) but also for other modes of transport, starting with road infrastructure. To this end CER fully supports the European Commission’s intention to move towards distance-based road tolling and to phase out time-based charges, i.e. vignettes.

Besides reflecting all external costs, appropriate pricing signals also require the elimination of tax distortions. Despite being one of the most environmentally friendly transport modes, rail faces high energy taxes, which other, more harmful modes such as air transport do not face. Rail should accordingly be compensated to achieve equal competitive conditions.

The European rail sector has seen extensive legislation in the last decade so that meanwhile a sufficient regulatory framework has been reached. Very long investment cycles in rail transport are not compatible with a shifting regulatory framework. Therefore, **a stable legal and regulatory framework is necessary for the rail sector to achieve the goals of the White Paper**. Focus should be put on the effective implementation of the Recast Directive and the technical pillar of the Fourth Railway Package in order to remove technical, administrative and legal obstacles.

4. INFRASTRUCTURE AS A EUROPEAN GROWTH ENGINE

The Transport White Paper has given a long-term vision for a new transport system in which rail would play a key role particularly for medium and long distances in both passenger and freight. **CER would therefore like to recall the intermediate target for 2030 for extending the length of the existing high-speed rail network while maintaining a dense railway network in all EU Member States.**

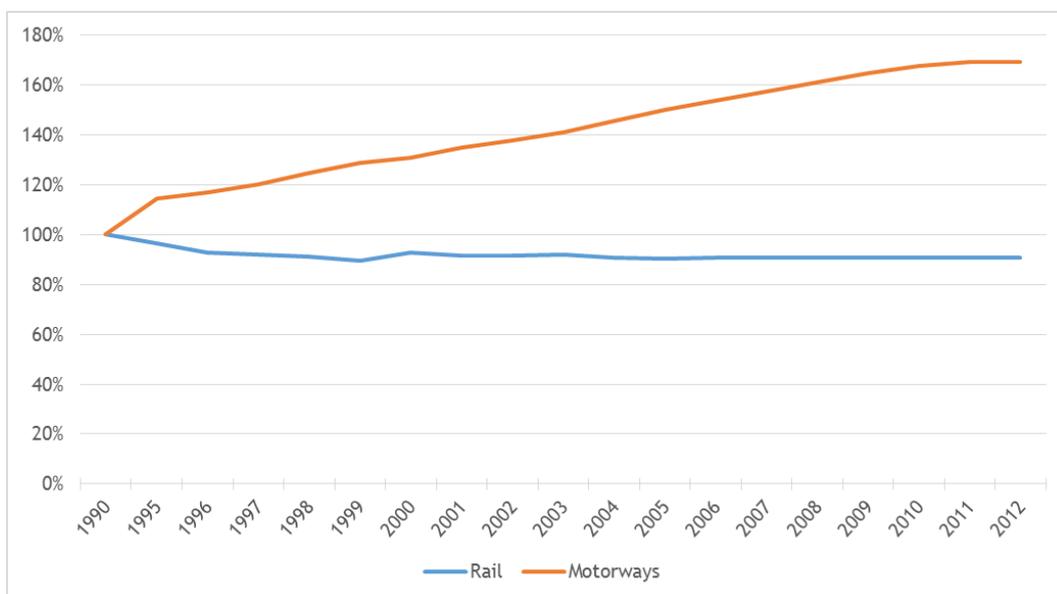
¹ CE Delft, Infrac, Fraunhofer ISI 2011: External Costs of Transport in Europe. Update study for 2008

However, the railway network in use has shrunk in the EU between 1990 and 2012. High-speed lines have already been considerably extended in some Western European Member States, while others are planning new lines. However, Central and Eastern European EU Member States lag behind Western Europe in terms of high-speed rail, with the gap widening.

Swift progress is needed with respect to the technical standards for rail infrastructure and the development of corridors. Technical Specifications for Interoperability (TSIs) and ERTMS would be key areas in the infrastructure upgrade that require careful implementation on the basis of solid cost-benefit analyses. The European Commission can play a positive role in guiding cross-border coordination and contributing EU funding on cross-border projects and on those with the highest European added value.

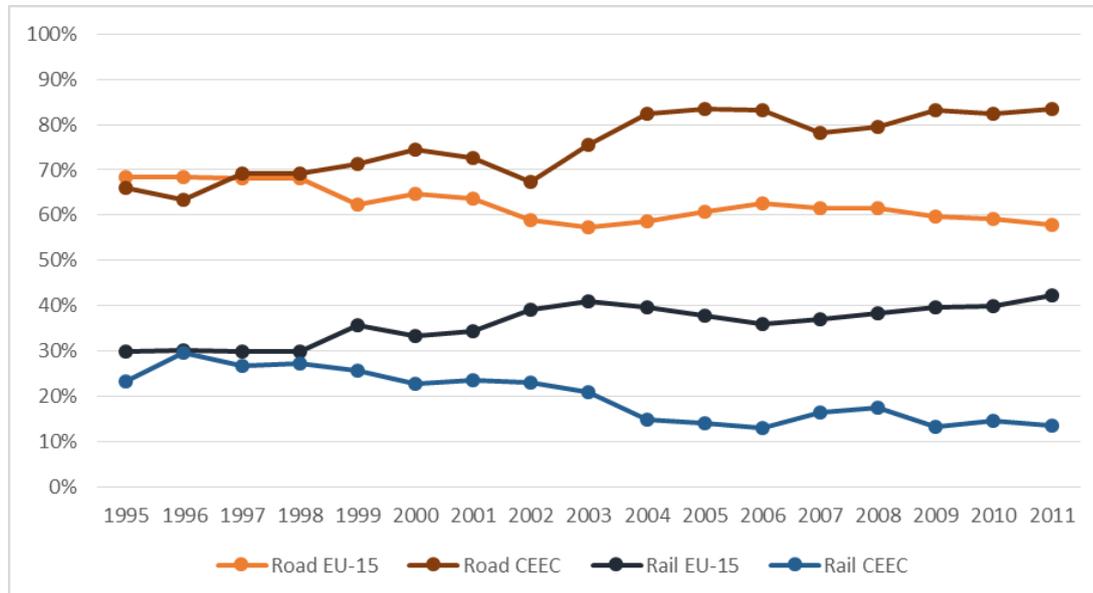
The under-financing of rail infrastructure over the past decades has become one of the main problems in Europe’s freight transport policy. While it is too soon to comment on the implementation of TEN-T Guidelines and the Connecting Europe Facility, CER would like to underscore the necessity of national funding. In this respect, current prospects are fairly negative for rail infrastructure investments especially in Central and Eastern Europe, where political decisions have shifted funding away from rail infrastructure towards road infrastructure over the last decade. Rail infrastructure development and funding should urgently get a higher priority in the EU and national infrastructure policy choices. As indicated in the Transport White Paper, more weight should be given to environmental and safety criteria in the selection of EU funded transport infrastructure projects.

Development of transport infrastructure length in EU-28



Source: European Commission, 2014

Rail vs Road share of transport infrastructure investment in EU-15 and CEEC



Source: *International Transport Forum, 2014*

European policy-makers should ensure that Member States provide solid, sufficient, and predictable funding for rail infrastructure. Short-term fluctuations in infrastructure financing contribute to unnecessary costs and inefficiency in infrastructure funding, so the funding should be long-term in nature. Increasing the budget of the TEN-T network would also be an option. Rail infrastructure funding must be commensurate with ambitions and future demand in all areas, in particular maintenance of existing infrastructure, renewal, upgrades, and new build. EU targets and measures have to be consistent with the demand, e.g. in dense areas mass transit should be prioritised and benefit from European supporting measures. The next stage of infrastructure development could direct financial resources on projects such as the removal of bottlenecks, the construction of missing links and bypass lines around big cities in order to improve infrastructure capacity. Additionally, the number of very extreme and unpredictable weather events has been increasing in recent years. Rail infrastructure investment should reflect the need to account for the increasing costs for repair and maintenance of the existing networks. On that basis, CER believes that the rail sector will develop the high-quality services that are needed to attract and satisfy customers in both passenger and freight transport.

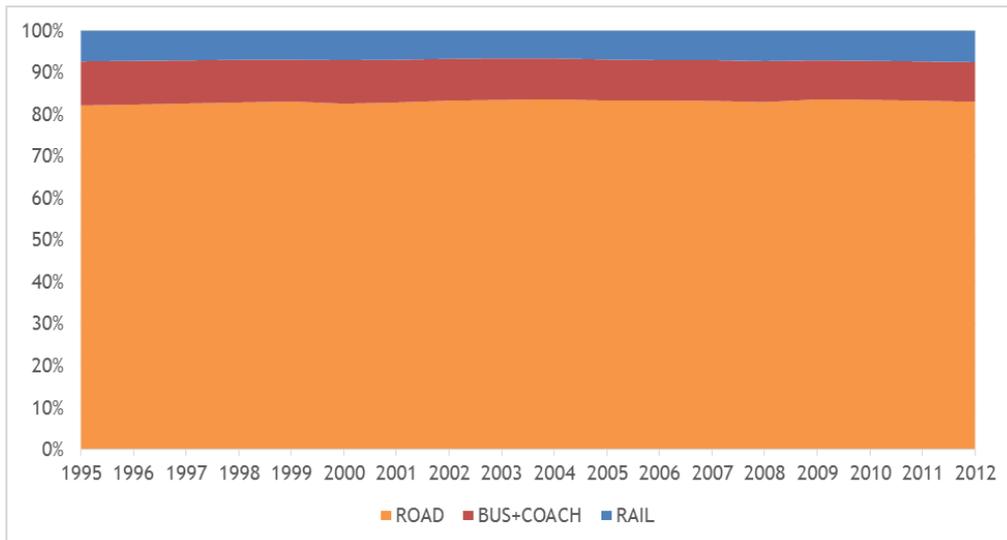
5. MODAL SHIFT TARGETS

The Transport White Paper stipulates that the majority of medium-distance passenger transport should be by rail by 2050.

Specifically, 30% of road freight over 300 kilometres should shift to other modes such as rail or waterborne transport by 2030, and more than 50% should shift by 2050, facilitated by efficient and green freight corridors. **But for the period 1995-2012 the modal split trends have remained largely stable in the EU-28: therefore no progress has been made towards reaching the modal shift targets of the White Paper.** However, little progress has been made when it comes to creating

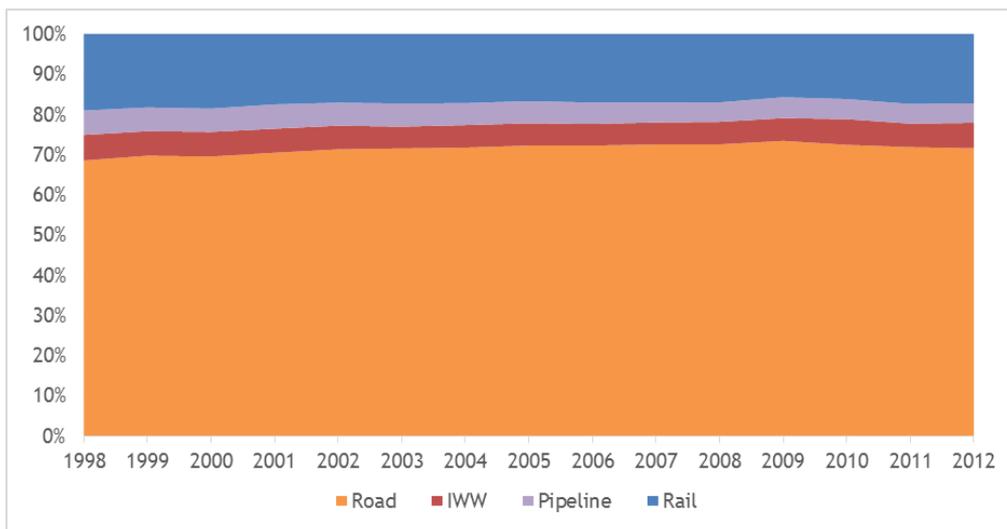
a level playing field, as shown by the lack of alignment of costs for using road and rail infrastructure, the lack of harmonisation of VAT taxation in case of cross-border transport modes or the fact that railway companies are liable for delays in cases of force majeure, whereas companies in the aviation, maritime and coach sector are not. Progress is necessary in these areas if modal shift targets are to be reached.

Modal shares for passenger transport in EU-28



Source: European Commission, 2014

Modal shares for freight transport in EU-28



Source: European Commission, 2014

Europe's transport system has so far failed to keep up with the other main sectors of the economy in terms of decarbonisation. As the backbone of a new-generation transport system for Europe, the low-oil, low-carbon transport mode rail can play an important role in achieving the White Paper decarbonisation goals through a policy of modal shift.

Modal shift requires a level playing field for different transport modes. This includes ensuring an alignment between rail and road infrastructure charges for freight, ensuring that a least a portion of funds collected through road tolls are spent on the development of environmentally friendly transport alternatives, fully internalising external costs of transport by applying the 'polluter pays' principle and reinforcing the control of social rules in road transport. Furthermore specific measures should be introduced for single wagonload and multi-modal freight to realise the potential that a shift to rail could bring to Europe in terms of energy efficiency and environmental savings.

6. THE WAY FORWARD

The 2011 Transport White Paper with its headline target of 60% reduction in transport GHG emissions by 2050 is complemented by various actions, sub-targets and indicators for the period 2011-2020. CER continue to endorse its modal shift targets. These should remain the guiding principles for EU transport policymaking. In the light of the forthcoming mid-term review of the Transport White Paper, CER would like to stress the following points:

- The 60% reduction of transport emissions by 2050 compared to 1990 levels should formally be confirmed in legislation with an additional binding target for 2030.
- Electrified rail and electrified public transport need to be massively expanded and efficiently combined with private electric road vehicles.
- The transport system should shift to greater use of rail and low-fossil fuel vehicles in every transport mode.
- A revitalisation of all policies aimed at internalising external costs. Transport infrastructure pricing should also be put on a path of cross-modal convergence.
- Secure a solid, sufficient, and predictable rail infrastructure funding.
- Focus on implementing existing legislation, not on additional or new legislation. Implementation of technical pillar of the Fourth Railway Package to ensure cost reduction of railway technology.

Disclaimer

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