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COMMISSION STAFF WORKING DOCUMENT

accompanying the

Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
concerning a European rail network for competitive freight

SUMMARY OF THE IMPACT ASSESSMENT

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SUMMARY OF THE IMPACT ASSESSMENT

1. ORGANISATION AND PLANNING FOR THE IMPACT ASSESSMENT

This impact assessment follows up the Communication adopted by the Commission on 18 October 2007 entitled "Towards a rail network giving priority to freight"[1]. It was carried out together with an external consultant.

Several consultations were also carried out: firstly, in 2006 in support of the Communication adopted in October 2007, which was favourably received by the sector and the Parliament and the Council; then between January and June 2008 via a group of experts representing different stakeholders affected by this initiative in different Member States; and lastly, in June and July 2008, a public consultation was launched in accordance with Commission standards.

2. WHY IS A MEASURE NEEDED TO CREATE A RAIL NETWORK FOR COMPETITIVE FREIGHT?

The rail network for goods has been experiencing difficulties for more than thirty years for a number of reasons: changes in industry, the development of motorways, and new logistic requirements on the part of companies. In order to respond to these difficulties, the Community has launched an active policy for the revitalisation of rail transport based on progressively opening up transport services to competition (effective for all freight since 1 January 2007) and developing the interoperability of rail systems.

The slow progress made with rail freight to date is due to several factors including the slow development of competition and interoperability and the lack of capacity of good-quality and reliable infrastructure allocated to international freight.

Existing Community legislation, in particular Directive 2001/14/EC on the allocation of railway infrastructure capacity, contains a number of provisions relating to cooperation between national infrastructure managers (IMs) in order to facilitate the international transport of goods and the manner in which this type of traffic must be dealt with in terms of allocating train paths. These provisions seem inadequate as they are not specific enough.

[1] COM (2007) 608

The most sensitive questions which therefore arise with regard to the infrastructure capacity for rail freight, and in particular international freight, are a lack of cooperation, both in terms of investment and the operational management of infrastructure, which can lead to discontinuation at borders; the lack of coordination between the rail infrastructure part and the terminals in general (at ports, on the ground or at marshalling yards); the need for greater transparency of the information provided to infrastructure users; and with regard to operations on mixed-traffic lines and the choice of investment, freight is very often treated less favourably in comparison with passenger traffic.

If no new measure is taken, the difficulties referred to above are likely to increase and to prevent rail transport from responding appropriately to the mobility needs of goods.

3. OBJECTIVES

The Commission's objective is to improve the service provided by the infrastructure managers to international freight operators by extending, increasing and/or adding to existing initiatives in order to create an international rail network for competitive freight made up of corridors.

The initiative which is assessed in this study meets the growth objectives of the Lisbon Agenda and is fully in line with the guidelines set by the Commission in the White Paper on Transport for 2010, and in its mid-term review, published in 2006. It also represents a contribution to the Union's sustainable development objectives.

Finally, several initiatives contribute or have contributed to the creation of such corridors: the 1st railway package (Directives 2001/14/EC and 2001/12/EC), the TEN-T (trans-European transport network) programme, cooperation between Member States (MS) and IMs within the framework of ERTMS, and the deployment of TSI TAF (Technical Specification for Interoperability Application of telematics to freight).

The Commission would like to act in four areas corresponding to the main problems: improving coordination between IMs; improving the conditions of access to infrastructure; guaranteeing freight trains adequate priority, and improving inter-modality along the corridors.

4. OPTIONS

In order to develop this network three alternative strategies have been assessed by the Commission within the framework of the Communication adopted in October 2007[2]: no new initiative; creating a network for competitive freight; and creating a network dedicated to freight. The Commission has concluded that the creation of network for competitive freight is the most appropriate. However its implementation must not, in the longer term, prevent the development of a network dedicated to freight.

This impact assessment concerns the creation of the network, for which three options have been examined:

[2] See Impact Assessment – SEC(2007) 1322

– Option A (status quo): a reference scenario in the sense that no new measure is undertaken and the measures already undertaken (TEN-T programme, policy in favour of interoperability) are continued. Measures which are scheduled (in particular the recasting of the 1st railway package and the implementation of the strategy on internalising external costs) but not yet started have not been taken into account, however;

– Option B (policy initiatives): extend the ERTMS initiative to include other corridors; disseminate best practices; systematically verify the application of existing legislation (concerning international cooperation and the introduction of performance schemes, in particular); encouraging the MS and IMs to cooperate more and to create corridors voluntarily;

– Option C (legislative reinforcement): propose additions to existing legislation involving cooperation between MS and IMs over at least one corridor per MS before 2013; in this corridor the freight would have sufficient priority and competition between operators will be facilitated; this additional legislation will apply to a network of corridors.

5. METHODOLOGICAL ASPECTS OF THE IMPACT ASSESSMENT

The Commission has opted for an assessment of the impact in Corridors A (Rotterdam-Genoa) and E (Dresden-Budapest), which are complementary in geographical terms (oriented North-South/East-West; situated in different areas of the Union) in terms of outlets (maritime/land; dense/non-dense areas), in terms of actual traffic (intensity of traffic; division of traffic between passengers and freight/between international and internal freight) and in terms of the past experience of cooperation between the different national stakeholders[3].

The results obtained for these two corridors have been extrapolated from the ERIM[4] network which links the sections most used to carry freight (this network covers 20% of all the European lines, on which 56% of all the tonne-kilometres are carried).

For each corridor, initially the operational impact has been assessed, followed by the societal impact using the Transtools model, on the basis of general hypotheses and results regarding the operational impact[5].

To progress from assessing operational impact to assessing societal impact, the results obtained at the operational level have been translated, for each corridor, into "change factors" for costs and the commercial speed of the rail freight on the one hand, and the commercial speed of passenger rail transport on the other hand. These "change" factors have then been integrated into the data required in order to use Transtools.

6. QUALITATIVE ANALYSIS FOR CORRIDORS A AND E

In terms of quality, the main benefit of Option B is that it would allow great flexibility in terms of defining and implementing the measures necessary for making the desired progress.

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3 See the main data relating to the ERTMS corridors in Annex 7.

4 ERIM is a project which has been piloted by the International Railway Union. See the map of the ERIM network in Annex 8.

5 In the annexes, the impact on an operational level is called *micro-level* impact and that on a societal level is called *macro-level* impact.

In this context, the IMs and MS could better adapt their actions to meet their specific requirements. On the other hand, Option B poses very high risks as regards the effective implementation of the planned measures and as regards the heterogeneity of the different corridors, both in technical and organisational terms and in terms of the pace of progress.

For its part, Option C would represent a more rigid framework, but its benefits would include greater visibility of freight operators regarding change in the corridors, better-coordinated creation of the freight network, and a real change in terms of managing the mix of traffic using the infrastructure.

7. QUANTITATIVE ANALYSIS

The quantitative analysis of the impact indicates progress regarding the reduction in waiting time at borders or terminals, unit costs of rail transport of goods which are more sensitive with Option C than with Option B, both for Corridor A and Corridor E. The administrative costs incurred through increased cooperation between IMs would in part be offset by gains in terms of administrative costs for rail companies.

Overall, the monetised operational and societal impacts give the following results for the whole of the ERIM network (the figures in the table express the change in comparison to Option A in millions of euros):

	Cost(s)/benefits	OPTION B	OPTION C
		NPV (M €)	NPV (M €)
Technical harmonisation of the infrastructure	Investments to extend sidings	-3,219.6	-3,219.6
	Reduction in costs of rail freight	2,409.9	2,409.9
	Reduction in waiting times at the borders	4,941.4	6,532.7
Rules for allocating train paths and managing traffic	*Additional capacity for freight trains*	-	*1,209.3*
	Reduction in times (scheduled and unscheduled) for freight	-	854.2
	Reduction in times (scheduled and unscheduled) for passengers	-	-473.8
	Increase in tolls for rail freight	-	-263
Terminals	Investments to extend transfer tracks	-322	-322
	Reduction in the cost of assembling trains	221.9	221.9
	Reduction in transfer times	1,160.3	1,160.3
	Reduction in waiting time	-	3,770.9
Administrative costs	Additional administrative costs	5.9	-0.8
Total updated net value at the operational level (without additional capacity)		**5,197.8**	**10,670.7**

	Cost(s)/benefits	OPTION B	OPTION C
		NPV (M €)	NPV (M €)
Total updated net value at the operational level (with additional capacity)			***11,880***
Economic impact	Reduction in the cost of transport	3,806.9	5,604.3
Environmental impact	External costs avoided	58,050.5	86,567.3
	Congestion costs avoided	*303,912.3*	*455,298.9*
Total updated net value at the societal level (without additional capacity)		**61,857.4**	**92,171.6**
Total updated net value at the societal level (with additional capacity)		*365,769.7*	*547,470.5*

8. SENSITIVITY AND RISKS

Option A, which is more positive in terms of technical harmonisation and the management of terminals, has been chosen for the sensitivity analysis at operational level. The latter shows that Option C, even if the reference scenario is more optimistic, would still have a largely positive impact.

As regards analysing the impact at a societal level, the sensitivity of the results to variations in the costs of the transport of goods by road (due to a stronger increase in the price of diesel, greater internalisation of external costs or the putting into service of heavier and longer vehicles) has been tested. This test shows that Option A is the most sensitive to variations in the costs of road transport and Option C the least sensitive. On the other hand, the sensitivity of the three options to the introduction of more voluminous and heavier road vehicles is equal.

The main threat to the effective implementation of Option B is the absence of guarantee of results in some areas of involvement for which obligations appear almost inescapable (this concerns in particular areas relating to giving priority to freight);

For Option C, the main risk is that the ambitions of the different stakeholders are too limited or unequal; the other major risk lies in the "political sensitivity" of giving priority to freight and potentially handling passenger transport in a slightly less favourable manner than it is currently handled.

9. SUMMARY OF CRITERIA - OPTION CHOSEN

The table below is a multi-criteria assessment of how each option meets the various specific and general objectives.

		OPTION A Status quo	OPTION B Political initiatives	OPTION C Legislative initiative

		OPTION A Status quo	OPTION B Political initiatives	OPTION C Legislative initiative
SPECIFIC OBJECTIVES	Improving coordination between infrastructure managers	+	+	++
	Improving the conditions of access to infrastructure	0	0	+
	Guaranteeing freight trains adequate priority	--	-	+
	Improving inter-modality along the corridors	+	+	++
GENERAL OBJECTIVES	Economic impact	0	+	++
	Environmental impact	-	+	+
	Social impact	0	0	-

Legend: ++: very positive impact; +: positive impact; 0: no significant impact; -: negative impact; -- : very negative impact.

In terms of the results obtained at an operational level, the impact of options B and C appears to be positive, even very positive, in terms of both quantity and quality. However, they each have a different impact. To the extent that Option B constitutes a voluntary approach, the risks relating to its implementation seem more significant that those for Option C. Moreover, the provisions relating to priority being given to freight and to the terminals provided for in Option C produce more benefits (they make a significant contribution to the NVP difference between the two options - €5.1 billion for Option B as opposed to €10.6 billion for Option C on the ERIM network), although there is a great risk that they will not be implemented within the framework of Option B.

In terms of the results obtained at a societal level, the impact also turns out to be positive. Furthermore, Option C has a general societal impact which is more positive than Option B. This is particularly true for Corridor E, in which Option B would have an almost negligible societal impact whilst Option C would have an NVP in the region of € 5.5 billion.

It could be considered that the results obtained in quantitative terms are sufficiently positive for Option C to be chosen and that, consequently, legislative action be started at Community level, which is also confirmed by the different consultations carried out within the framework of this study.

Finally, it is important to state that public consultation has revealed that there is widespread support for the Commission's proposals in respect of Options B and C. For a large majority of the areas of involvement[6], 80% or more of the respondents consider that these proposals will have a positive or slightly positive impact. The proposals concerning the terminals are particularly well received. The existing governance structures have been deemed to be inadequate by 69% of the respondents. They must be improved. The proposals concerning

[6] 91% of respondents believe that the proposed involvement will have a positive impact (or slightly positive for more than 75% of respondents).

more favourable allocation rules for freight, would also, in accordance with the opinions expressed, have a positive or slightly positive impact, according to more than 80% of those who expressed an opinion.

In view of these factors, the Commission has chosen Option C as a priority. Elements of Option B can be implemented in order to prepare, monitor and, where necessary, create and support a legislative initiative.

In terms of selecting corridors and governance of the network for competitive freight, the approach whereby the MS propose the creation of corridors, and this is validated by the Commission in accordance with pre-established criteria, seems the most balanced. Indeed, it should allow sufficient control over the development of the network at Community level, whilst retaining high political feasibility. It will also ensure consistency between the network for competitive freight and the networks for the TEN-T programme (network TEN-T, priority projects, ERTMS corridors) to ensure the readability of the Community policy in terms of European railway infrastructure and to allow the development of the European rail network for competitive freight to profit from Community financial support within the framework of this programme.

10. MONITORING AND EVALUATION

The Commission will present a proposal for a regulation concerning the creation of a network for competitive freight (Option C) before the end of 2008. This legislative instrument is favoured over a directive as it allows provisions and obligations to be addressed to stakeholders in the sector and to the Member States, can be implemented more rapidly than a directive which must be transposed into national law, and it ensures a homogeneousness of the measures implemented on both sides of the borders. It will supplement political initiatives to make progress with the file as quickly as possible and to prepare the implementation of this regulation.

The approach chosen is to develop international corridors. The Community impact will be assessed by monitoring the creation of these corridors and their content on the one hand, and by monitoring the quality and capacity of the international rail freight services on the other hand. The impact on the rationalisation of investment, the relationship between operators and infrastructure managers, the management of operational problems and the transport of passengers in these corridors will be examined in particular.

To ensure that this monitoring is carried out the Commission proposes the creation of a group of infrastructure managers. It will also propose calling upon a Committee to validate the guidelines for the corridors and the consistency of the different corridors.