

KEEPING EUROPE ON TRACK

Trans-European Transport policy in a global perspective

This paper is JSC Russian Railways' submission to the consultation process on the future Trans-European Network for Transport policy. As an external partner to the European Union, we believe there is a strong need for the European Commission to further develop a pan-European core transport network and to reflect upon the development of an integrated transport network in Europe and Asia financed by public and private funds.

Russian Railways (RZD) welcomes the Commission's Consultation on the future trans-European transport network policy and endorses the Commission's emphasis on a long-term approach to transport policy in Europe. As Russia's leading logistics group with operations not only within the borders of the EU but throughout Eastern Europe and Asia, we are pleased to contribute to the consultation process from a global perspective.

In particular, Russian Railways would like to express its support for the integration of a well-defined trans-European core network with intermodal hubs into a global framework of transport networks.

1. A core TEN-T network

We believe that core transport networks in the European Union should be improved in order to move cargo and passengers in a fast, cost-efficient and sustainable way throughout the Union. While developing comprehensive national and sub-national transport networks are at the heart of member states' transport policies, RZD is of the opinion that the EU should focus on developing trans-European core networks. Such core networks should link major centres of economic activity within the Union as well as intermodal logistics centres or hubs allowing shifting of goods to alternative transport modes depending on the needs.

An integration of corridors would offer customers 1) greater choice between various modes of transport; 2) a better mix of the various modes; 3) a more competitive transport environment to Asia; 4) improved technology; 5) environmental efficiency; 6) greater reliability; 7) safety and cargo integrity.

Particular attention should be paid to interoperability of transport networks. Russian Railways calls upon the Commission and the European Railway Agency to pursue their efforts in the field of harmonization of technical standards to create streamlined transport corridors between transport hubs, and we are happy to offer our political support and technical expertise in this field.

Russian Railways agrees that new lines should follow existing rights of way where possible, as outlined by the European Commission in *Working Document COM(2010) 212 final*. In the field of railways, the same rail gauges should be used as much as possible between transport hubs to avoid unnecessary delays. We strongly favour upgrading existing networks over replacing those networks unless cost-benefit analyses suggest otherwise.

2. Remove bottlenecks

In order to develop supranational transport networks, the European Union should step up its efforts to tackle transport bottlenecks. Investments in infrastructure should be prioritized to bridge so-called “missing links” between existing core networks.

Also, we feel more research and thinking ahead is needed in order to foresee future bottlenecks in the transport system. This is particularly true for the core network and some critical intermodal nodes.

Furthermore, in line with the goals of the Europe 2020 Strategy to invigorate the internal market, legislative and legal action should be taken to cut regulatory and administrative burdens obstructing the free movement of goods.

In the field of railways, rail systems in Member States in Central and Eastern Europe suffer from severe shortcomings in technology, rolling stock, maintenance, capacity and training of staff. Significant investments in infrastructure and human resources are needed to allow competitive and sustainable trans-regional and trans-European rail transport for passengers and cargo.

We call for an imaginative vision that takes into account the environmental, economic and social potential of a transport system that ties together roads, rail, pipelines, waterways, and airlines.

3. Use of new technologies

Russian Railways takes note of the modernization goals agreed between the Russian Federation and the European Union on 1 June 2010, and strongly endorses the Commission’s position that more attention should be paid to the use of new technologies in future transport policies. We believe this is particularly true along the core trans-European transport network.

In railways, a variety of gauges are used in rail networks in Europe. We actively support investment and research into new technologies that facilitate the interoperability of rolling stock on multiple gauges, and support the harmonization of operations, standards and technical regulations.

For example, Russian Railways and the Spanish railway manufacturer Talgo (www.talgo.com) have agreed to operate an improved system of movable boogies,

which automatically slide wheels along their axles to match the widths of varying gauges. Earlier versions of this technology have been used for many years to transport passengers and freight in Europe.

4. Funding: finding the resources for sustainable transport

Russian Railways agrees with Vice President Siim Kallas that there is a need for a dedicated investment fund in transport infrastructure and technology. Although we do not wish to express opinion on how this fund should be administered, we believe the fund should operate on the principles of (1) tackling bottlenecks and “weakest links” first and (2) cost-efficiency of investments.

Taking external costs and benefits into consideration, we are in favour of the “polluter-pays” and “user-pays” principles providing that (1) additional costs for users are based on economic data and free market arguments, and (2) resulting additional revenues are earmarked for transport-related investments in order to provide incentives to various transport modes to reduce pollution, energy expenditures, noise and other negative external costs.

Russian Railways is convinced that the creation of sustainable transport infrastructure cannot and should not be borne by either private or public parties alone. Wider use of public-private partnerships will increase flexible funding opportunities. They will also promote responsibility of all stakeholders as well as increase returns to all partners involved.

Governments should provide tax benefits, reimbursement of interest on loans, and other indirect support for private investment to help develop transnational transport networks but ensure that such measures do not distort competition.

Finally, Russian Railways supports a review of concessions fees with a view to increasing income to help pay for improved infrastructure. In this area, as well as in others, the establishment of international joint ventures in cooperation with major railway shippers in EU and non-EU Eastern European countries is an effective tool to improve the quality of rail transport and logistics services, increase the amount of cargo delivered, create new transport services, and develop promising models for the organisational and technological integration of Eastern European countries.

5. External dimension of TEN-T policy

As an external partner of the European Union, this matter is of particular interest to Russian Railways. While acknowledging the considerable efforts made in this field in recent years, we welcome further deepening of cooperation with non-EU countries and advocate this as a priority for EU Trans-European Network policy.

As a leading transport operator from outside the European Union, we wish to reiterate our support for a single European foreign transport policy.

We are pleased the Commission's Working Document proposes increased connections between the TEN-T and networks of countries in the European Neighbourhood, as well as the integration of EU candidate countries into the TEN-T.

In particular, we wish to draw the attention of the Commission to the need for more cooperation on the development and use of technical rules, regulations, and widely accepted standards with non-EU countries.

Russian Railways invites the European Commission to look at transport policy from a more global perspective. Within this broader scope, we believe there are many opportunities for cooperation between the European Union and the Russian Federation and the Commonwealth of Independent States (CIS).

We would like to call upon the European Commission to consult with relevant counterparts of the Russian Federation when defining core transport networks. The linking of the Trans-European Transport Network infrastructure with the Russian Transport corridors can lead to a truly integrated trans-Eurasian transport network.

6. Russian Railways Strategic Investment Programme

As a final point, we would like to draw attention to the *Strategy for Developing Rail Transport in the Russian Federation*, which covers the period to 2030¹. The two-stage strategy was ratified by the government in June 2008 with an estimate cost of 300-350 billion euros (2007 figures).

The first stage involves a period of modernisation (2008-2015) to ensure the necessary capacity on key routes, a fundamental renewal and upgrading of existing infrastructure, preparatory work for expansion, as well as the construction of high-priority lines.

Among RZD's top priorities are the reconstruction of existing main lines and technical upgrades, as well as the construction of new lines to remove infrastructure barriers to economic growth in Russia.

A further priority is the construction of dedicated freight lines, tied to growth in transport demands. Around 13,800 km will be upgraded for heavy axle loads, helping to reduce the cost of bulk freight shipments.

The second stage puts forward large-scale expansion of the rail network (2016 to 2030). This will deliver the infrastructure needed to develop new centres of economic growth across the territory of the Russian Federation, achieving a highly competitive level of technology for the global market. Subject to market requirements and available funds, a further 16,000 to 20,000 km of new railways will be built by 2030.

¹ 2030 Strategy, http://eng.rzd.ru/isvp/public/rzdeng?STRUCTURE_ID=250

One of Russia's highest transport priorities is the creation of effective, safe, reliable and sustainable overland international corridors to increase the competitiveness and performance of the country's transport network. We plan to create a logistical network that will allow cargo to flow from the Far East to Europe. For this reason, the Board of Directors of Russian Railways approved at the end of August 2010 the establishment of a subsidiary company called RZD-Logistics.

On the east-west axis in particular, work will continue on the development of the Trans-Siberian route. This will help to increase trade between Europe, Russia, the CIS countries and the Asia-Pacific region, and facilitate the development of intermodal transport in particular, boosting economic activity and employment.

We have significantly improved the service level on the Trans-Siberian in recent years by simplifying procedures for clearing goods through customs and implementing a range of additional measures to ease border crossings. A simplified system for declaring goods in containers has reduced waiting time at borders from as much as 5 days to just a few hours. Our new IT systems provide comprehensive information and track the movements of wagons and containers in real time.

These fast container trains allow freight to move across Russia, from the Pacific to the western borders, in 11 days, an average of about 1,000 km per day. In the future, technological and administrative improvements will cut this time to 7 days.

Russian Railways is committed to the ongoing expansion and upgrading of East-West and North-South international transport corridors to provide freight operators and forwarders with highly competitive "door-to-door" transport solutions across the continent. We invite public and private stakeholders to join our efforts to develop a fast, competitive and sustainable transport network across the Eurasian continent.

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On JSC Russian Railways

Russian Railways (RZD) is Russia's state-owned joint-stock company with a national monopoly on passenger and cargo transportation as well as wide-ranging transport-related business activities in Europe and Asia. With over one million employees, 85,000 km of track and assets worth 82 billion euros, RZD carries annually nearly 1.3 billion passengers and 1.3 billion tons of freight across 9 time zones. Russian Railways is a member of the International Union of Railways (UIC). More on <http://eng.rzd.ru/>

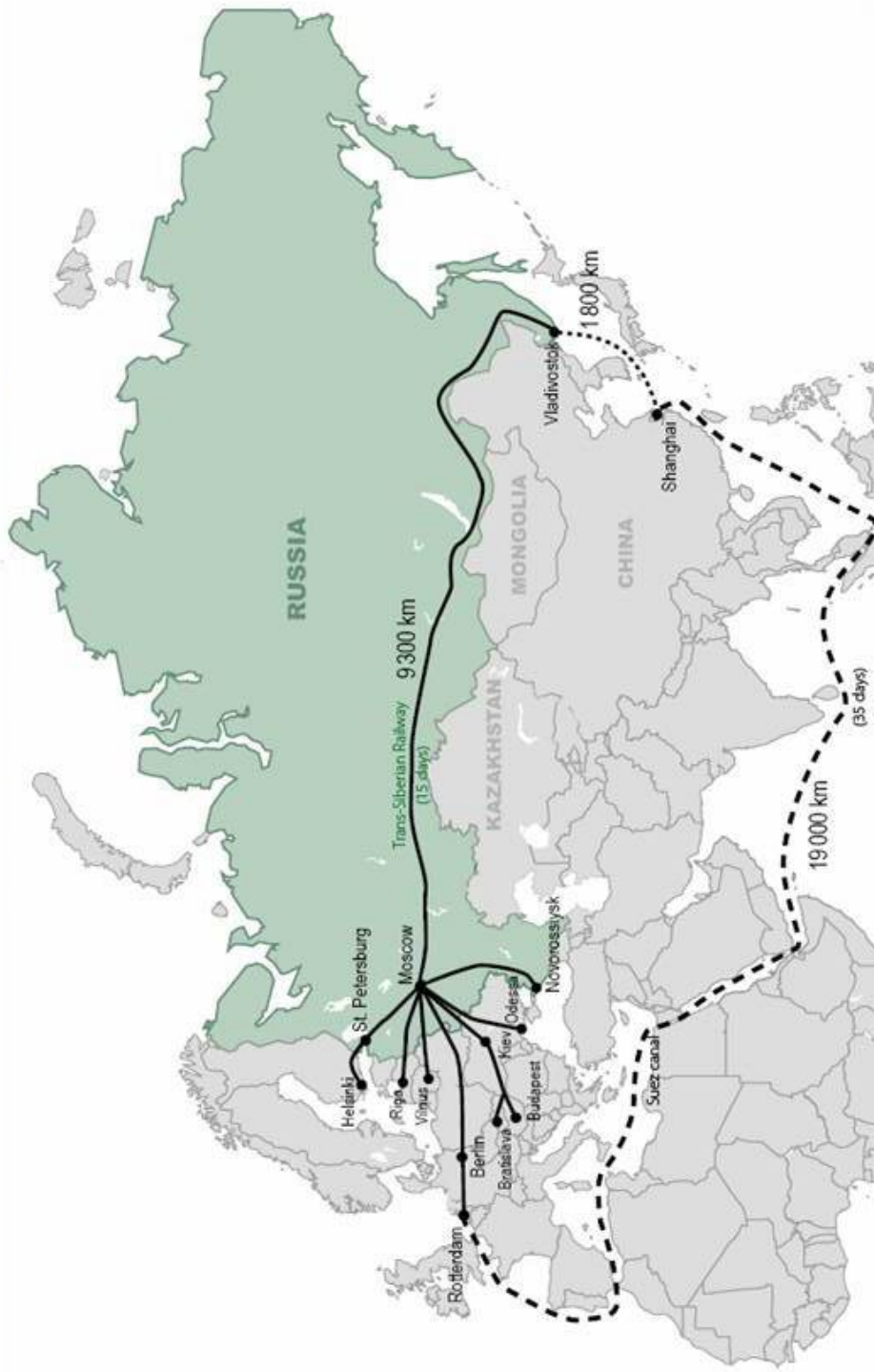
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Trans-Siberian Railway



Trans-Siberian railway – bridging Europe and the Far East