

## **A Sustainable Future for Transport : Towards an integrated, technology - led and user friendly system**

### **Response from Rail Freight Group**

**September 2009**

1. Rail Freight Group (RFG) is pleased to comment on the Commission's Communication on A sustainable future for transport. RFG is the representative group for rail freight in the UK, and has around 150 member companies operating in all sectors of rail freight. RFG's objectives are to grow the volume of rail freight where it is economically and environmentally effective to do so.
2. RFG considers it vital that the Commission's proposed White Paper of 2010 sets out a framework which supports the growth of rail freight. The framework set out in the First and subsequent railway packages, if properly enforced, goes a long way towards this and should be reinforced in ongoing policy. There are also areas where additional measures are likely to be required.
3. The Commission must continue to enforce full rail liberalisation across the EU, and to support measures that deliver a free market for rail freight services. Although the UK has largely achieved compliance with the relevant packages, UK companies continue to face difficulties using rail freight services in other member states. This must underpin all future developments in rail and transport policy.
4. It is also vital that the Commission supports a level playing field between modes of transport and does not cause any one mode to bear a greater regulatory or cost burden than others.

### **The European Transport Policy in the First Decade of the 21<sup>st</sup> Century**

5. As the communication indicates, moving to a low carbon transport system is probably the most important challenge over the next 10 years. Rail freight is of course acknowledged as having a superior carbon performance when compared to road and air freight and modal shift to rail must therefore remain a key pillar of transport policy. It is regrettable that the communication makes very little reference to rail freight as a solution to the need to reduce carbon emissions, given that rail freight's emissions are around 3.4 times less than that of road freight per tonne moved.
6. Other important challenges include improving transport productivity, through reduced congestion and improved reliability of transport links. A greater use of rail freight can again make a significant contribution in these areas.
7. Tactically, there remain significant challenges in ensuring a free and open market for rail freight exists across all Member States. Full compliance with the first and subsequent railway packages is a precursor to this. We also strongly support the need for a recast of the First Package to clarify and strengthen key areas, in particular the role of the independent regulators, access to facilities and services and clarity of charging.

### **Trends and Challenges**

8. We agree broadly with the overall challenges listed. For freight, globalisation and urbanisation are likely to make the greatest impact on supply chains and distribution patterns.

9. However, whilst we agree that transport has a key role in reducing greenhouse gas emissions the changes necessary to achieve this will include very significant changes to lifestyle and supply chains. This is insufficiently recognised in the communication. We agree that 'an inversion of some of the trends will be necessary' but believe that the amount of change needs more detailing.

### **Policy Objectives for Sustainable Transport**

10. Overall, we consider that the Commission should principally maintain policy objectives based around enabling the free market to operate. This includes full liberalisation, and ensuring charging mechanisms recognise the full costs of each mode.
11. To date, the Commission's role has been principally that of policy development and legislation. There is now strong evidence that, notwithstanding that all member states signed up to the railways legislation, their failure to implement this legislation in a proper manner is now a serious impediment to growth. There is therefore an increasing need to strengthen the EC's enforcement role in the transport sector, and to address areas where current policy is failing to be implemented effectively or to deliver. Similarly, the Commission must take action to ensure better harmonisation of charges and methodologies within modes and across the EU.
12. Specifically turning to the communication we broadly support the policy objectives identified.
13. *Quality Transport which is safe and secure* : Measures to improve safety and security should not create a distortion between modes. Road transport is generally more difficult to regulate than rail but this should not mean that rail is subject to more onerous requirements.
14. We note that road safety remains an issue of concern, and the Commission should therefore cease its research into longer heavier vehicles and make a strong policy statement that they will not be allowed in the foreseeable future. These vehicles are acknowledged as being individually more dangerous than existing HGVs.
15. *A Well Maintained and Fully Integrated Network* : We agree that there is a lack of integration between modes and particularly between member states. This is an area where direct intervention on specific issues by the Commission could yield results – for example in resolving long running issues regarding cross border freight services.
16. Measures to integrate freight services must recognise that the logistics market and their customers are best placed to decide optimum supply chains and service patterns, and that these will change over time. Rigid solutions, and those tied to single ports / terminals / operators are unlikely to remain successful. The Commission will also wish to review whether, with the ongoing consolidation of rail freight operators by state owned incumbents, there is sufficient choice in the sector and, in the process, look more closely at increasing dominant positions of some operators in the sector.
17. *More Environmentally Sustainable Transport* We support this policy objective as set out above. Measures to improve the carbon efficiency of rail should also be covered by research programmes.
18. *Transport Services and Technologies* Clearly, technology has a vital role to play in the development of transport systems. However, it is questionable whether European wide systems are currently delivering as expected, and mandatory solutions provided by a single supplier are problematic. Technological solutions should therefore perhaps have a greater focus on specification, demonstration models and minimum mandatory requirements rather than on specific solutions. Additional costs should be minimised.

19. *Human Capital* We broadly support this objective, but the Commission must ensure that different standards applying to different modes of transport, and a failure to enforce them, does not unduly and adversely affect the competitive position of modes. There continues to be no justification for international train drivers to be restricted to one night away from home whilst international road drivers are not subject to such constraints. This places a much greater burden on the rail sector than on road and is anti competitive.
20. *Smart Prices as Traffic Signals* We support measures to ensure that each mode pays for its full costs. This is particularly important in addressing modal shift, or in assessing the impacts of possible measures such as longer heavier lorries. Assessment of externalities also needs to consider the extent to which existing legislation is complied with, as well as for consistency between member states. We consider that there should be more use of fiscal signals to encourage use of low carbon modes. For example, extension of carbon trading schemes, if fairly applied to all modes, could incentivise a greater use of low carbon modes.
21. *Improving Accessibility* Land use planning issues are a key constraint for rail freight. Once valuable land resources are used for housing and leisure, there is little or no chance of rail freight facilities being built proximate to the point of consumption. Such facilities therefore need to be planned appropriately and assisted through the planning process at national or European level
22. The Commission must also continue to address issues relating to the appropriate use of state aids in the transport sector.
23. The Commission will need to ensure that policy measures are demonstrably practicable, and that member states move with necessary urgency to implementation. Appropriate measure must be taken to ensure compliance. Without such approaches, goals will not be deliverable.

#### **Policies for Sustainable Transport**

24. As described above, specific policies must support a growth in rail freight and recognise the benefits of a free and competitive open market. Specifically looking at the areas in the communication;
25. *Infrastructure* We agree that work is necessary to improve infrastructure provision although that does not in all cases require major investment. Small schemes, and optimised use of the network (for example 7 day opening) can deliver capacity at small or minimal cost. There are cross border issues to be addressed for example in the planning of engineering work and the removal of legal and technical barriers which prevent some operators from providing such services.
26. Although there are cases where it is the optimal solution we are not convinced that segregated infrastructure is generally necessary. New freight only lines can increase costs and may be suboptimal unless traffic levels are consistently high. However around urban conurbations and on specific flows there may be a case for this. Modern facilities at ports and terminals should be encouraged but only if they operate on a fully open access basis.
27. We remain unconvinced of the relevance of 'green corridors' (para 64). Whereas congestion and environmental pollution may be caused by bottlenecks, solutions cannot necessarily be found just at the bottleneck concerned and are much more likely to require a whole -journey solution which of transferring to more environmentally friendly modes; although the drivers for this may be a local bottleneck, it would be much better to apply the necessary policies more Europe-wide.

28. Whilst infrastructure investment through TEN -T and other means remains important, the Commission should also strengthen its facilitation role for example in developing transport corridors. This would enable the Commission to look specifically at particular locational and policy issues which prevent the day to day development of services.
29. *Funding* As above, we support moves to ensure each mode pays the full costs it incurs. Even so, it is likely that public funds will still pay the majority of the infrastructure costs. It is therefore ever more important that the Commission takes a clear view on the use of state funds and state aids, and ensures that there is clarity on how such funds are used.
30. *Technology* We agree that standard setting and R&D are appropriate approaches to technology development.
31. *Legislative Framework* We strongly support full liberalisation as described in paragraphs 80 and 81 of the Communication. This is critical to the success of rail freight. However, with reference to paragraph 83, we note that experience to date suggests that infrastructure and services owned and funded by public authorities is less likely to have achieved full compliance than that in the private sector. In particular, the widespread failure of member states to separate infrastructure operation from train operation frequently results in the latter restricting access to facilities by third parties, in spite of these facilities being built using public funds in the past.
32. We are not clear that transnational infrastructure managers are necessary but co-ordinated plans for engineering work and infrastructure development should be progressed.
33. *Behaviour* We have no comments in this area.
34. *Governance* We have no comments in this area.
35. *External Dimension* We agree that the international perspective is important to the development of European policy particularly in the context of international supply chains. However, policies must be sufficiently flexible to respond whatever the international impacts are, or how frequently they change.