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European Commission

## Reply to the Commission's consultation

"Communication from the Commission: A sustainable future for transport: Towards an integrated, technology-led and user friendly system" COM(2009) 279

The transport sector is in many ways the back bone of the economy, a means to realize the core freedoms of the European Union - free movement of goods, people and services. But transport policy cannot be looked at in isolation - it has a substantial influence on other policy sectors. It is a tool for free movement, but it also can have a great negative impact on the environment being the only sector with increasing GHG emissions. A future strategy on transport policy necessarily needs to take at least these two basic factors into account.

The two main objectives of EU-transport policy should therefore be to develop the transport sector to meet the citizens' needs while at the same time promoting, both in freight and in passenger traffic, the most environmentally friendly mode of transport - i.e. the railways.

The Commission, in its Communication, sets out two main policy objectives for the transport sector: the better integration of the traffic modes to improve efficiency, and the accelerating development and deployment of innovative technologies.

While we fully support the first objective as one of the main objectives, it is not sufficient to link it solely to innovative technologies. In order to meet the expectations of the citizens on transport systems and environment protection, other more pressing issues need to be included in the main objectives of traffic policy.

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The main objectives of EU traffic policy should be the following

- a. Infrastructure - The EU should strongly support environmentally friendly traffic modes, in particular railways and their operational preconditions

Already in the 2001 white paper, the commission sets out to promote efficient competition between modes. As of today this objective has not been achieved. Railways is the only mode paying - across the EU - for the use of infrastructure. In addition, it has to cover external costs through these infrastructure charges. Road traffic on the other hand only has to cover some infrastructure costs, and them only on parts of the TEN-T road network.

It is interesting that in view of the commission's commitment to improve inter-modal competition, and its further strategic policy focus on Sustainable Transport - as also covered in the 2006 mid term review of the previous white paper - there is still no progress made in this area.

As we see it, it is not enough for the different traffic modes to have a so called level playing field. In view of the great imbalance between the railways and other traffic modes in terms of charges, external costs and other factors (such as tax reductions for air traffic), the commission should set as its goal to promote railways over other less environmentally friendly traffic modes.

- b. Transports will shift towards rail if the external costs and pricing reflect the real costs of transport.

Pricing is a strong tool for guiding activities.

Prices are based on cost, and prices are competitive only if the costs of transport are based on transparent, clear and equitable indicators. As the Commission rightly states, there cannot be economic efficiency (and competition on an equal footing) unless prices reflect all costs - internal and external - actually caused by users. In its conclusion, however, the Commission is much more cautious when saying that "transport would particularly benefit from better price signals" without any clear commitments being expressed in the text.

In our view, in order for the consumer to be able to make the right choice, both with regard to price and environmental considerations, pricing should be introduced to better reflect the real costs in the different traffic modes. External costs should be internalized for all traffic modes.

We would even go a step further in suggesting, that the charges covering external costs should be used to support and develop railways in particular. Railways are the mode of transport with

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the highest investment costs in particular for new tracks but also for rolling stock. The normal use of budget funds for track investments will be even harder to find in the future due to increasing pressure from other public sectors such as health care. New ways of financing must be found through which a reallocation to environmentally friendlier modes should be introduced as a rule.

- c. There should be a strong objective to improve the inter-functionality between modes with a view to promoting more environmentally friendly transport systems.

We agree that the traffic modes should not be seen in isolation, but as a system of interrelated networks. In Finland, for example, such a point of view has been promoted - in theory - both at ministry as well as at administrative level. The most recent example is to create a traffic safety agency and a traffic administration agency covering all traffic modes. However, the point of view still largely remains "segregated" with the different traffic modes competing for power, influence and budgetary funds.

It is probably true that in some parts of the EU a more efficient use of the infrastructure, and in particular the inter-functionality of networks, will improve services and have environmental effects as well. But the network is always only as strong as its weakest link. As long as the railway infrastructure is the mode with the least investments, either with regard to new tracks or maintenance of existing tracks (in particular in the new member states), no significant improvement of the traffic system as a whole will be possible.

There are synergies to be found, both in terms of service levels and in terms of environmental impact, from better integration of the traffic modes on both a European and national level. This should be reflected in the legislative and financial instruments, such as the TEN-T, the corridor regulation, passenger rights etc.

- d. Actions such as improved cooperation, coordination and behavior and attitude changes are welcome and support these objectives, but are not sufficient to make a real change in themselves.

We will need a great amount of cooperation between the member states on the one hand, and the administrations of different traffic modes on the other hand. People's attitudes and behavior must change. This, however, is more the responsibility of the member states themselves; they have the best knowledge of the prevailing situation and the cultural background to best influence changes. And while such efforts can be useful, they will not be sufficient to meet the challenges in the transport sector.

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## Summary

It is the opinion of VR Group, that the Commission should focus on three main objectives:

- § Infrastructure - The EU should strongly support environmentally friendly traffic modes, in particular railways and their operational preconditions as well as promoting rail over less friendlier modes.
- § Transports will shift towards rail if the external costs and pricing reflect the real costs of transport. Pricing should be introduced to better reflect the real costs in the different traffic modes. External costs should be internalized for all traffic modes and shifted to develop the railways.
- § There should be a strong objective to improve the inter-functionality between modes with a view to promoting more environmentally friendly transport systems.