

## CEPS Task Force:

### ‘EU Transport Policy - Innovation, Integration and 21<sup>st</sup> Century Infrastructure’

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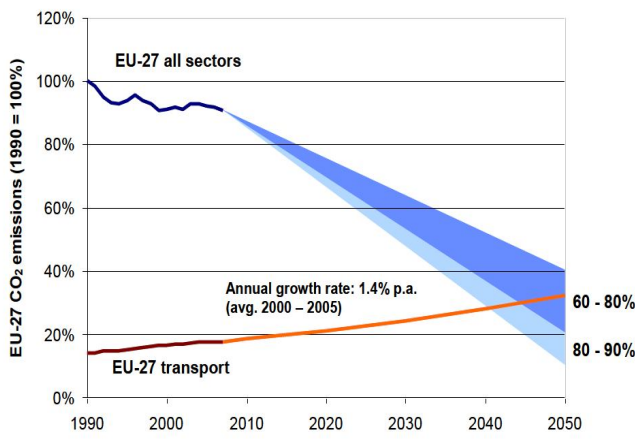


## GHG emissions: the problem of transport



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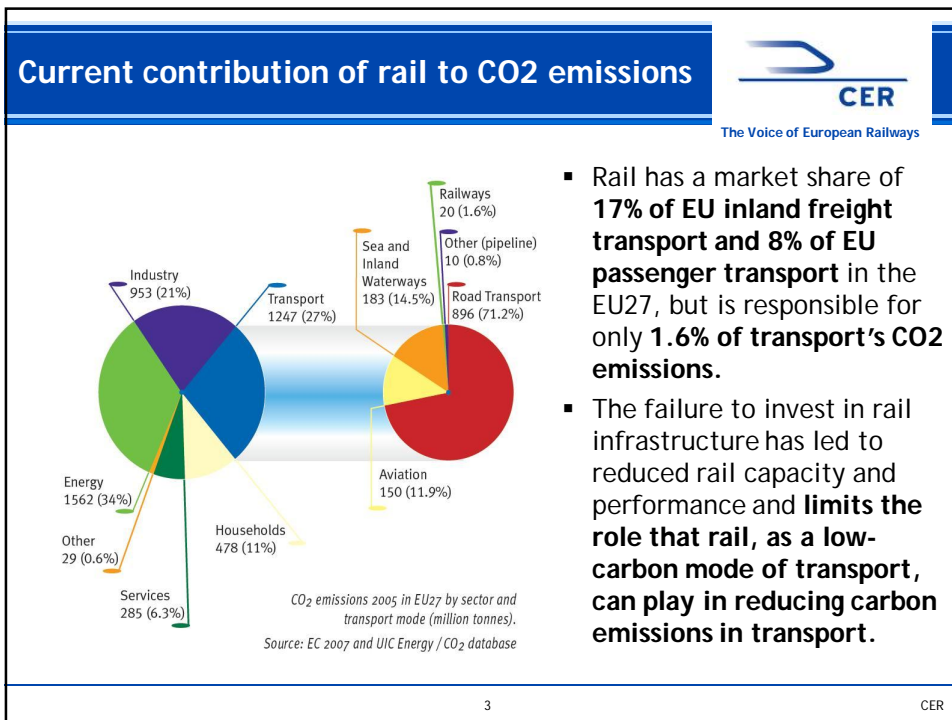
### 1990-2050: EU27 emissions reduction trajectory v. transport emissions growth



Year	EU-27 all sectors (%)	EU-27 transport (%)
1990	100	15
2000	95	18
2010	90	21
2020	75	24
2030	60	27
2040	45	30
2050	40	35

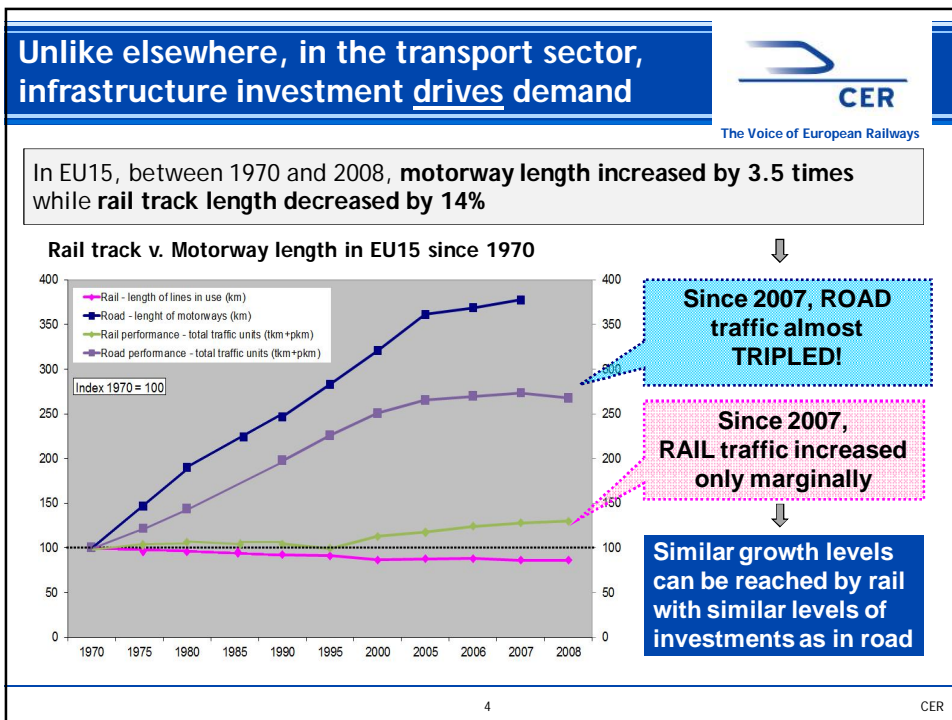
- If current growth rates in transport continue, by 2050 **CO2 emissions from the sector are projected to exceed the entire GHG emissions allocation** for the whole of the EU.

2
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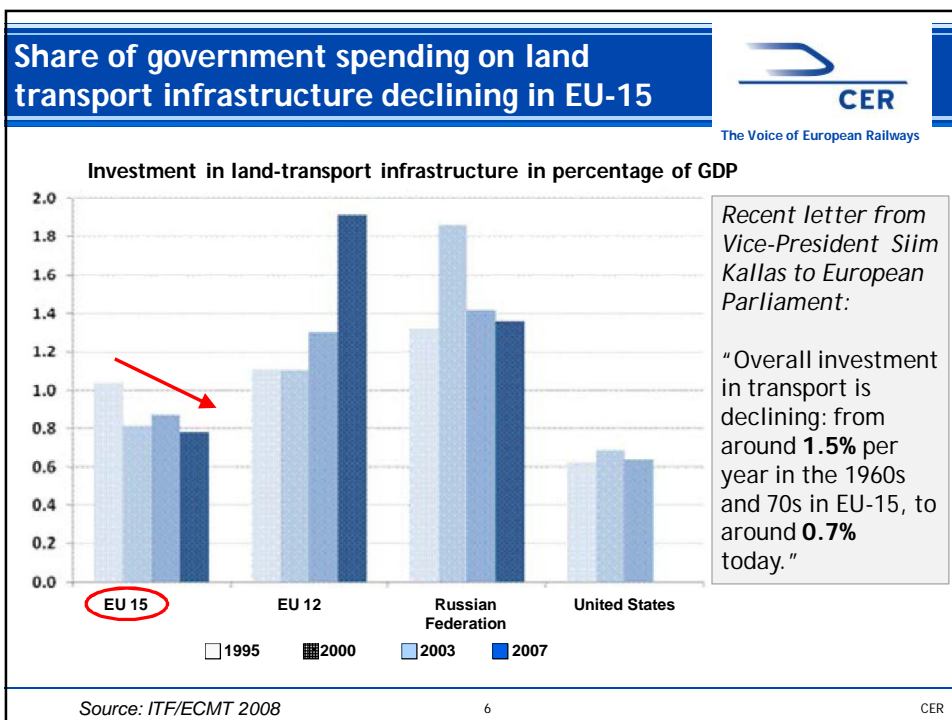
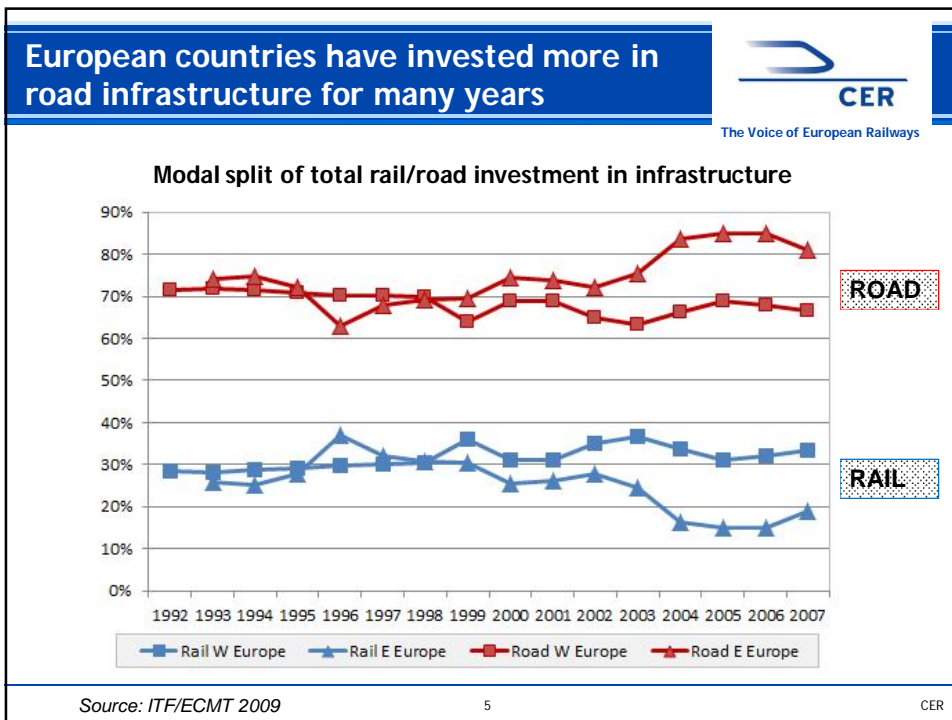
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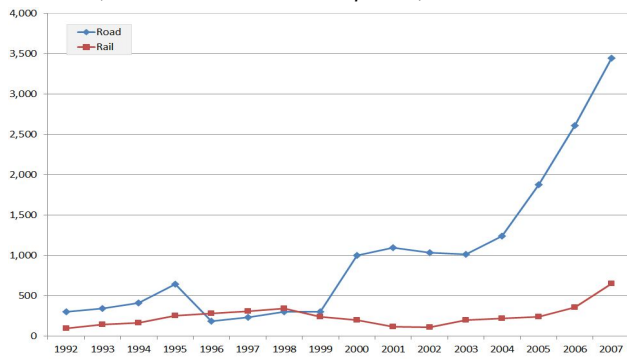


## Still some member states follow their own political objectives: Example of Poland



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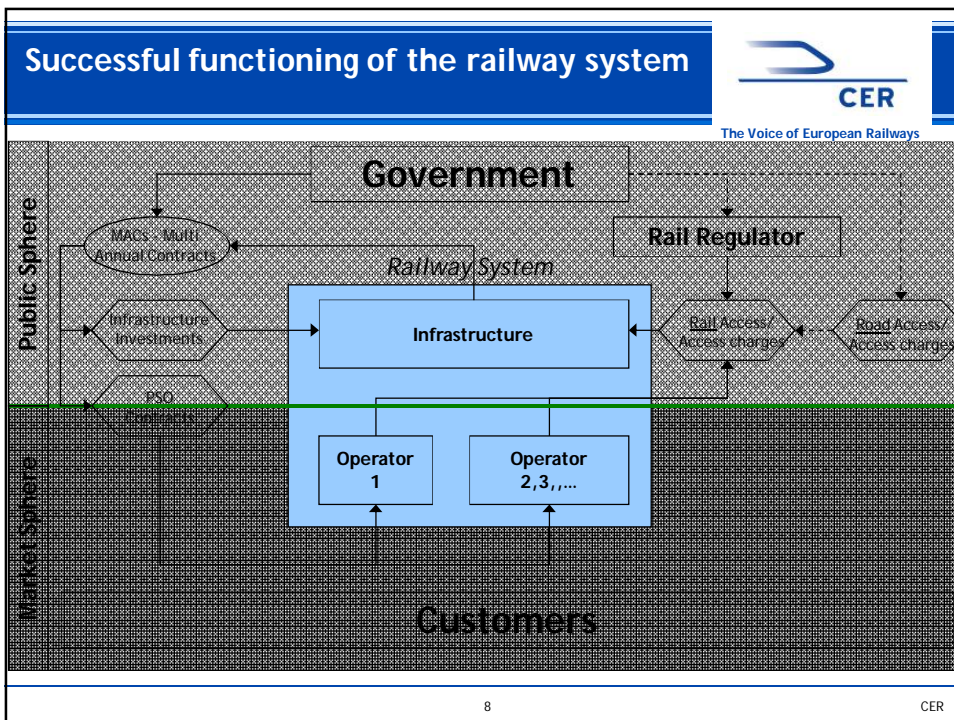
Investment in Rail and Road Transport Infrastructure in Poland (million EUR at current prices)




	1995	2007
Tkm	51%	24%
Pkm	16%	7%

The Polish transport minister recently pledged to continue favouring road infrastructure investments in the future  
 → **EU transport policy ignored in Poland**

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## How can rail infrastructure financing be increased under current public budget constraints?



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- Increase user financing: **internalisation of external costs** in line with Commission's 2009 Future of Transport publication
- Improve **rail network efficiency** (interoperability, etc.)
- Better coordinated **cross-border corridor** investments
- Correct other 'missing' framework conditions:
  - introduce Multi-Annual Contracts
  - full compensation for public service obligations
- Use the opportunity that current **revision of TEN-T policy** presents:
  - Combine TEN-T guidelines and TEN-T financial regulations
  - Priority funding to low-carbon modes to meet wider EU priorities



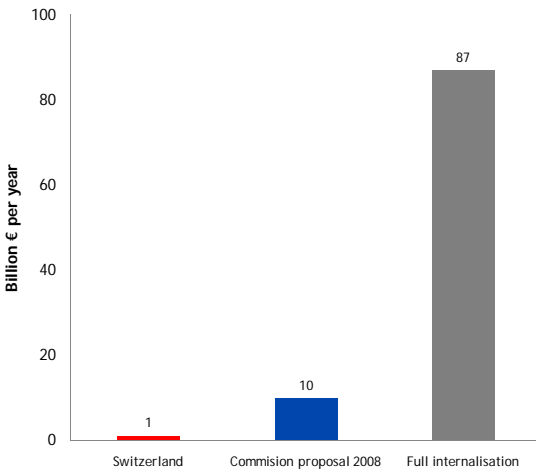
All the above will create the necessary conditions for attracting private capital, including PPPs

9
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## External costs: the untapped source for investment



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Category	External Costs (Billion € per year)
Switzerland	1
Commission proposal 2008	10
Full internalisation	87

- **Switzerland** raised **€1 billion** in 2008 charging for the external costs of HGVs.
- If all the EU-27 member states implemented the Eurovignette Directive based on the **2008 Commission proposal**, **€10 billion** could be raised.
- **Full internalisation** of the external costs of HGVs in the EU-27 would raise **€87 billion**.

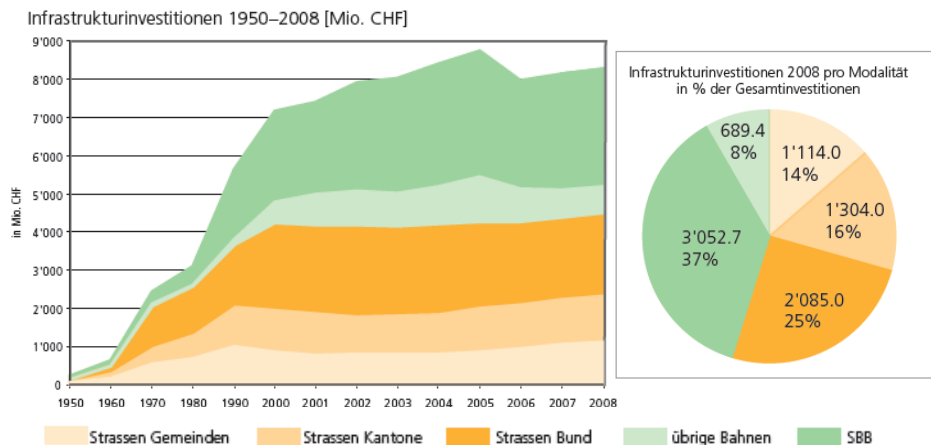
Source: CER calculation
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## The Swiss example 1: An innovative and public budget-saving approach...



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Revenues used for rail infrastructure following referendum → less need for taxpayer money!



Source: LITRA 2010

11

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## The Swiss example 2: How external cost revenues benefit Switzerland



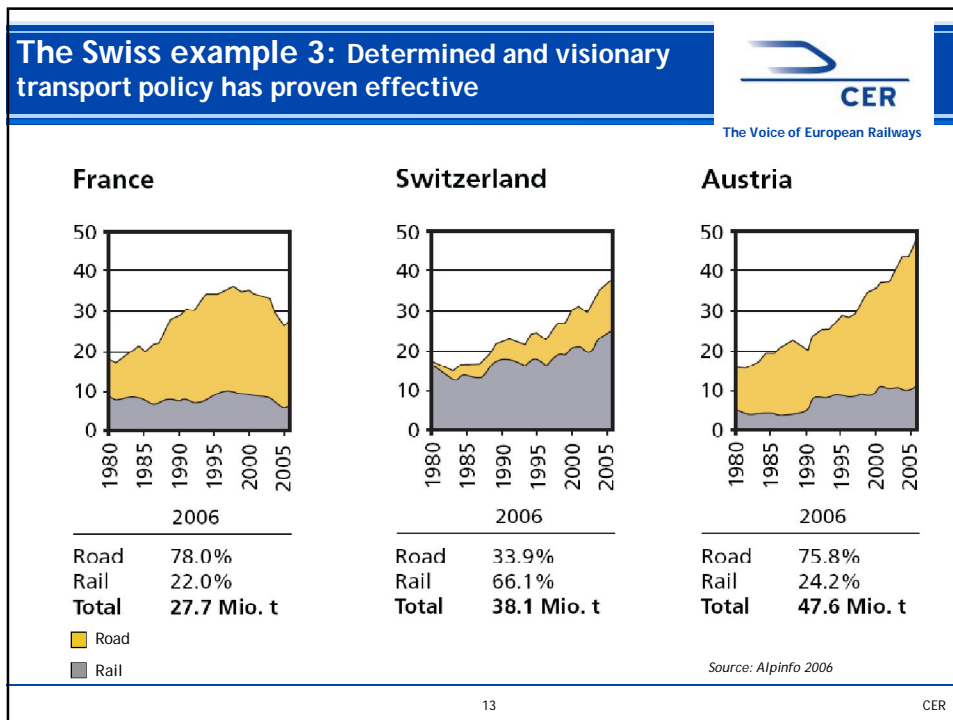
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- Revenues from charging HGVS their external costs are used to **modernise the rail network** → recent completion of the 57km-long trans-Alpine **Gothard base tunnel**.
- By strengthening the competitiveness of the railways, **the capacities of the rail infrastructure can be used optimally** and in a way that means they can cover their costs.
- The charging regime has not affected the Swiss economy - it remains one of the **most competitive economies in the world**.



12


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13

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### Conclusions



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- There is a **clear discrepancy** between the structure of transport infrastructure investment (for all modes) and the currently-recognised political priorities, such as CO2 reduction and sustainability.
- This development is **much more striking in Central and Eastern Europe (CEE)** than in Western Europe. There is **no coherent EU-wide transport policy** in terms of infrastructure financing.
- In rail in particular:
  - EU put into place a **complete regulatory framework** but huge discrepancies in infrastructure financing remain
  - There is continued **dramatic structural underfinancing in CEE rail** infrastructure, as well as deficiencies in some Western European countries

**We need railway policy in line with the political priorities for the entire EU: adequate infrastructure financing, PSO compensation and multi-annual contracts.**

14

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