



# ANNUAL REPORT 2005/2006

*The Voice of European Railways*



COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES  
COMMUNAUTÉ EUROPÉENNE DU RAIL ET DES COMPAGNIES D'INFRASTRUCTURE  
GEMEINSCHAFT DER EUROPÄISCHEN BAHNEN UND INFRASTRUKTURGESELLSCHAFTEN





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## FOREWORD

2005 has been a year of mixed fortunes for the European railway community. On the one hand, we have seen further major steps towards a genuine European dimension to the rail market: the setting-up of the European Railway Agency; substantial progress in developing European cross-border rail corridors; completion of the first reading of the Third Railway Package in the European Parliament and the Council of Ministers. These are encouraging developments.

On the other hand, we saw only cautious progress on the key question of fair infrastructure charging for all transport modes. The political discussion on the Eurovignette Directive ended with a compromise. It brings some improvements by raising the upper limit for national charges to be paid by trucks using European motorways. However, agreement to the internalisation of external costs – which is essential for fair intermodal competition – could not be reached although promised by the European Council as well as by the heads of government already in 2001. Nevertheless, the Directive does require the European Commission to report within two years on the impact of internalisation of external costs on all transport modes. This will be the starting point for the next political discussion on a fair and cost-based road charging system in Europe. CER will continue to press for the timely resolution of this issue.

In December last year, the European Council agreed on the medium term EU budget for 2007 to 2013. After the Interinstitutional Agreement (IAA) between the European Parliament, the Council and the Commission, it will mean instead of the €20 billion originally proposed by the European Commission, a budget line for investment in the trans-European Transport Network (TEN-T) of only €7.2 billion. The total needed for the 30 TEN-T-priority projects envisaged during that period amounts to €140 billion. So it is clear that the political objective of a European-level impetus for comprehensive improvement of Europe's cross-border rail infrastructure will be seriously prejudiced. It will now be even more important for the TEN Coordinators to work closely together to obtain maximum benefit from the reduced funds available.

Nevertheless, the European railway community is convinced that the development of an open and competitive European rail freight market is both essential and irreversible. Competition will help us to build on our strengths and concentrate on getting our own house in order: improving customer services, increasing the efficiency of the railway system, lowering costs, integrating rail services into logistics chains – to mention just a few points of many. Together with partners in the railway and transport community, we will also support the ongoing political work on the legislative framework – in particular, finalisation of the Third Railway Package and the Public Service Regulation.

We hope that this Annual Report will be an interesting and stimulating read for all of our friends, colleagues and observers inside and outside the railway community.



Aad Veenman  
CER Chairman



Johannes Ludewig  
CER Executive Director

## INTRODUCTION: REVIEWING EU TRANSPORT POLICY

On 13 June 2005, a rather ordinary train load of limestone set off from the French town of Dugny and travelled 140 kilometres across the German border to the town of Völklingen. This service was provided by the Connex subsidiary CFTA Cargo.

This service – an ordinary one in so many ways – is a powerful symbol of the changes underway in the European rail market. After so much discussion, the rail freight market across the core of Europe is finally opening up. In January 2007, the market will be fully opened. This is an enormous political accomplishment. It also makes good business sense.

The development of the Single European Market has radically altered the pattern of economic production and distribution activities between Member States. Opening the European rail freight market allows operators to better meet their customers' needs. It also improves the position of rail freight in its competition against trucks which have been freely crossing borders in Europe for nearly a decade.

Despite this enormous success, there is a sense of hesitation in European transport policy. This is in part because the Commissioner has called for a review of policy – half way between the publication of the 2001 Transport White Paper *European transport policy for 2010: time to decide* and the 2010 deadline it set for certain objectives.

But European policy more generally, and transport policy in particular, seems to be suffering from a lack of confidence. Against a background of weak economic growth and constrained public finances, European politicians have settled on a European budget which will result in 60% less funds than proposed for developing the trans-European Transport Network (TEN-T). Politicians spent much of the year grappling with the issue of road tolls for trucks along Europe's main routes (the 'Eurovignette Directive'), only to settle for something close to the existing framework. Although the Transport White Paper spoke of a harmonised approach to infrastructure charging, proposed Directives to cover infrastructure charging at airports and sea ports have yet to be adopted by the European Commission. The challenge of the Commission's mid-term review is to bolster confidence in European transport policy, not least by restoring a strong sense of the objectives of European transport policy.

The main objective of this policy was clearly set out in 2001: a modal shift is required to avoid unsustainable growth in the dominant mode of transport, i.e. trucks and passenger cars. The White Paper itself speaks of "rebalancing the modes", "de-coupling transport and economic growth" and "revitalising rail".

In many ways, of course, this message of modal shift is too simple. Rail freight clearly cannot compete with trucks in some markets, notably over shorter distances. According to the International Road Transport Union (IRU), nearly 85% of truck movements are less than 150 kilometres. Likewise, high-speed rail cannot compete with aircraft over much of the international market. Nor can conventional passenger rail services compete with cars or buses for a lot of rural demand.





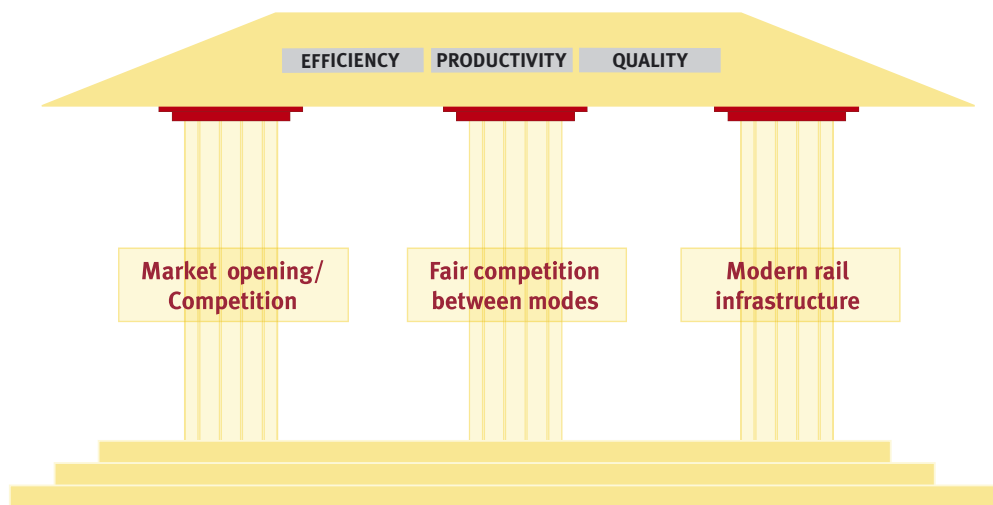
In short, rail competes with other modes in a limited number of core markets. If one is looking for signs of success in European rail policy, one must look at the trends in these core markets. Yet, to everyone's frustration, such disaggregated statistics are not published in Europe. This makes it hard to draw conclusions, both for the industry and for policy makers.

This is not the case elsewhere - in the USA, for instance, the much-quoted 40% share of rail in the freight market refers precisely to the so-called 'intercity market' (that is, over long distances). There is no equivalent figure in Europe. Stakeholders are left trying to guess what is happening in the core rail markets from the aggregate market share data. CER has asked the European Commission and Eurostat for improved data.

CER trusts that the Commission will reconfirm the policy of modal shift in the relevant markets. The most important market for the European Union, as opposed to individual Member States, is undoubtedly the development of the international freight market. This explains why so much of the legislation since 2001 has focused on freight, while the Commission's proposals for passenger services have been left to a much larger extent to the jurisdiction of Member States.

Chart 1 sets out the three basic elements of a policy designed to increase the modal share of rail in the international (or long-distance) freight market. These elements are not controversial – they can be found in any text book on transport economics and they form the intellectual basis for much of the policy discussion in the 2001 White Paper. Each pillar will be discussed in turn.

**Chart 1: The structure of the European transport policy according to the 2001 Transport White Paper**



### Competition within the rail market

The first pillar represents the opening of the rail freight market. This has been done through the First and Second Railway Package, and, as shown by the example of Connex in the introduction, this is fast becoming a market reality. Competition adds impetus to the railway's productivity achievements – up 40% in Western Europe in 10 years and up 30% in Eastern Europe in 5 years.

In Western Europe, many rail companies are heavily restructuring. Some are positioning themselves as European logistic providers, others as pure rail service providers. Competition is taking a strong hold in the block train market: running a full train load from point to point. Entry into new markets is tending to attract one of three types of company: firstly, incumbent companies entering into new territory (for example, SBB in Germany and Italy); secondly, company-backed rail providers (for instance, European Rail Shuttle); and, finally, privately-owned rail companies (such as Connex). Other transport segments, such as single wagon load traffic, are proving so far to be much less profitable markets to enter.



The economics of the single wagon load market were examined in an influential report by McKinsey consultants in autumn 2005.<sup>1</sup> This market still accounts for nearly 50% of rail freight transport in the centre of Europe and is very exposed to competition from the road sector. During restructuring, historic rail companies are cutting back on these services. This trend was already well known in the industry. But the surprising element of the McKinsey report is just how large this reduction might be. If the general competitive conditions with road remain as today, they predict that rail freight volumes may fall by as much as 30 to 40% in Western Europe. This is of great concern and underlines the need for the two other pillars in chart 1 to be reformed alongside market-opening.

The prospects for market-opening are more confused in Central and Eastern Europe. Certainly the basic mechanism outlined by McKinsey applies and single wagon load traffic is under threat. But in addition, the general financial situation of most rail companies is considerably worse than in the West. The freight sector is still, to a large extent, burdened with having to cross-subsidise passenger services that are being provided without adequate financial compensation. The freight sector – still profitable in general – is in a sense the victim of its own success and seriously threatened in his ability to compete in the future open European rail freight market. With only a few months remaining before full market-opening, today there is still no level-playing field between companies across Europe. This may also have implications for future policy. It is questionable whether, against this background, there will be sufficient political support from new Member States to extend competition in the passenger market. CER will continue to work towards raising the political profile of these issues and ensuring that the European Union provides the necessary support for the sector.

### **Financing within the rail sector: access charges across the modes**

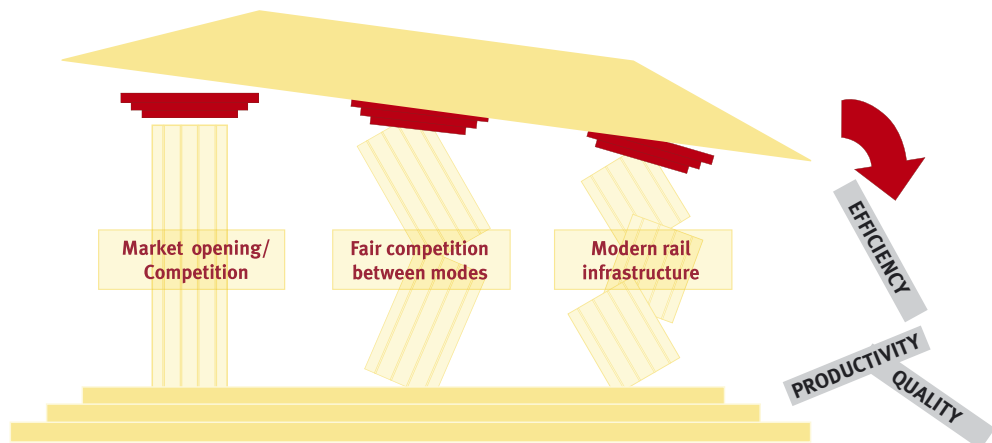
The other two pillars in chart 1 represent competition between the modes and infrastructure modernisation. Both are linked, of course, to the issue of infrastructure access charging. The 2001 Transport White Paper announced a ‘framework’ Directive – a single set of principles for access charging to be applied across the modes. This was welcomed by CER: transport users should be charged for all the costs associated with a passenger journey or a freight transport, including external costs (such as increased congestion for others, reduced local air quality, increased risk of accidents and the effect on climate change). As observed in Switzerland, such a pricing policy can have a radical impact on the ability of rail to compete with road along international corridors, as well as on the financing of transport infrastructure.

1. McKinsey & Co.:  
*The future of rail freight  
in Europe*, November 2005.  
The study can be ordered  
at [cer@cer.be](mailto:cer@cer.be).

In contrast to the first pillar, it is difficult to report concrete successes here since 2001. Firstly, the European Commission did not propose a single approach across the modes. Instead, rail and road have been tackled separately and other modes not at all. Secondly, the European Union has lacked the political will to radically reform road charges for trucks using Europe's main motorways (the 'Eurovignette Directive'). Therefore, under the new agreement, tolls remain only an option. If Member States choose to apply tolls, the maximum level of the toll may not exceed infrastructure costs. External costs are not included in the level of the toll. In contrast, recent rail legislation makes charging compulsory. The level of the toll is based on marginal social cost, with the possibility to charge mark-ups to allow full cost recovery.

Against such a confused legislative framework, it is perhaps not surprising that, in practice, infrastructure charges along many international freight corridors in Europe make such little sense. The level of track-access charges faced by rail freight operators along many international corridors, particularly in parts of Central and Eastern Europe, means that they simply cannot compete with road transport. A coordinated approach is required along the corridor if rail can be seriously expected to compete on a large scale. CER will continue to campaign on this issue, pressuring Member States to apply more efficient road charges.

**Chart 2: The risk of non-implementation of the 2001 Transport White Paper**



## Prospects for the future

The rail sector has improved considerably since the late 1990s. This has to a significant extent been thanks to the influence of European transport policy, not least because it has set expectations about likely future development in the industry. Just five years into a new European transport policy, the benefits are already emerging. Probably the most obvious successes in Western Europe are that productivity has much improved and market shares have stabilised, reversing the long trend of decline. This is hopefully a first sign of genuine growth and the development of a more sustainable transport sector, in both environmental and financial terms.

## SETTING THE ROUTE FOR PASSENGER TRANSPORT: MARKET OPENING AND PUBLIC SERVICE CONTRACTS



Competition in European rail transport has been fostered by further political steps in 2005. The first debates in the European Parliament and the Council of Ministers on liberalising passenger services have run alongside deliberations on the European Commission's proposals on public service contracts.

So far, freight liberalisation has set the pace. It is clear that the fast-approaching date of January 2007 for full rail freight market opening is focussing attention on the implementation of the First Railway Package. CER played an active role in the final political settlement on the timing of freight liberalisation. It has stated its commitment to the principle of competition on the tracks as one of the key ingredients for achieving transport policy objectives for rail.

While the picture is clear for freight, the future of liberalisation in the passenger sector is less so. Competition in the passenger transport market follows different and much more complicated rules.

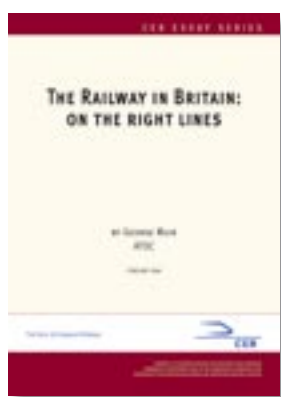
Competition for passenger rail business exists already through competing modes: aeroplanes and buses on long distance routes, as well as private cars. But competition on the tracks themselves looks like a new concept. It is not, of course, if one goes back in history. But those were days when passenger networks competed with each other in a totally different world which included horse-drawn transport.

Today, competition can be 'for the market', where rail companies are awarded public contracts by various levels of government in a Member State to operate a defined set of passenger services. Or it can be 'in the market', when rail companies decide where and when they want to operate trains, either in competition with each other or to meet a particular market demand. While this kind of competition involves formal regulation by an appropriate body, competition for the market is sometimes also referred to, paradoxically, as 'regulated competition'.

History suggests that competition for the market is the model that can allow market entry with sufficient safeguards for business. One of the benefits of rail for the passenger is flexibility of choice of the train used for a journey. The more local and regular the journey, the more this is true. However, this product advantage is not limited to local trains but is driven by demand and service frequency. For now, there are almost no examples of rail companies competing head-on in a free market with the same service (frequency/journey time/service level) on exactly the same route. Infrastructure capacity, as well as service cost, works against this. There is some limited overlap on premium routes, for instance between Brussels and Cologne.

## SETTING THE ROUTE FOR PASSENGER TRANSPORT: MARKET OPENING AND PUBLIC SERVICE CONTRACTS

\* For more details on the British rail transport market please see the latest CER essay by ATOC General Director George Muir: *The Railway in Britain: on the right lines* (February 2006). The essay can be downloaded from the CER website [www.cer.be](http://www.cer.be). A hard copy can be ordered from [cer@cer.be](mailto:cer@cer.be).



As an example, the UK passenger network has operated for almost ten years in a quite strictly specified contract – i.e. franchise – framework. It is less well-known that the UK network is in principle ‘open to all’. In practice, however, market access, even for long-distance services, is carefully controlled by the regulatory body. It must be satisfied that there is a balance between the benefits of a new service to customers and the impact on existing franchise agreements. The upshot, after ten years, has been just one new ‘open access’ train service which successfully offered a regional city a limited number of direct services to London. A second similar service is currently being considered.\*

It would be quite difficult to apply these principles at European level, given the widely varied geographical and demographic conditions in each Member State.

The European Commission proposes opening of international services to competition for passengers boarding only for a national trip on such a train (‘cabotage’). It recognised the need to provide assurance for services operated under a public service contract and it introduced the concept of ‘economic equilibrium’ to address the situation described in the previous example.

CER supported the general thrust of the Commission’s proposal on liberalisation (both in its scope and timing). It only had specific concerns about the extra measures needed to safeguard major investment in this new competitive environment: longer framework agreements for track capacity (train path) allocation can do this. It is less clear how the market will react to the new legal framework: other economic and funding factors are also vital to rail development, as this Annual Report makes clear.

The European Parliament and Council of Ministers pulled in different directions in their 2005 debates. The Parliament voted to accelerate liberalisation, and, more importantly, to extend it in a second phase to national train services. And it sought to shift the emphasis on public service safeguards away from economic equilibrium. The Council’s response in December increased the safeguards for public service contracts by specifying further obligations for the regulatory body. It extended protection for competitively-tendered public service contracts. And it even proposed that a levy could be raised on train services as a contribution towards funding public services – a step too far in CER’s opinion. At the same time, the scope was focussed on services for mainly international passengers, thus restricting opportunistic competition for primarily national business.

Apart from the levy, CER believes that the Council of Ministers’ position gives an opportunity to test the market for open-access international services. This will probably be, at least at first, in niche markets, whether geographical or according to service type. Full market opening would not take account of the very different economic, business and geographical circumstances of the Member States. Railways in the new Member States, in particular, are simply not yet in a position to compete, either on an open basis or for contracts (please see the contribution below on the specific situation in Central and Eastern Europe).

## SETTING THE ROUTE FOR PASSENGER TRANSPORT: MARKET OPENING AND PUBLIC SERVICE CONTRACTS

Market liberalisation does not fit at all easily with aspirations to regulate service levels, such as flexible ticket availability on more than one operator's services, or through-ticketing obligations across Europe. Market forces can take care of that and should be left to do so.

When the customer is not a single passenger but a public authority, other rules need to be applied. Public service transport has traditionally played a crucial role in Member States' transport policy. It was part of governments' social welfare policy: the provision of affordable transport to all citizens has been, and still is, an essential political objective pursued by all governments throughout the EU.

The concept of formal contracting should be applied to services which involve public service obligations set by a public authority. Where to draw the economic line between this approach and open access to the rail infrastructure will vary in practice. CER is convinced that Member States must be free to choose which regime to apply and where, according to national needs and circumstances.

In July 2005, the European Commission issued its revised proposal for overhauling public service transport. This new proposal takes account of the need for more flexibility for public authorities. In the two previous proposals in 2000 and 2002, public service transport was seen as a means for further market opening. The new Commission proposal allows national authorities to decide how to award public service contracts. It aims at creating a transparent and non-discriminatory framework within which these contracts can be awarded. Public funding in the 'general interest' should not lead to distortions via illegal state aid.

All of this is consistent with current market trends. In 2005, CER produced a detailed study of public service contracts across Europe. This study shows that some Member States had already quite successfully opened their public service market to competition before any EU initiatives (in particular, the United Kingdom, Germany and Sweden).



## SETTING THE ROUTE FOR PASSENGER TRANSPORT: MARKET OPENING AND PUBLIC SERVICE CONTRACTS

The CER position paper *Public service transport by rail and road: a new legal framework* and the study *Public service rail transport in the European Union: an overview*, both published in November 2005, can be downloaded from the CER website [www.cer.be](http://www.cer.be). Hard copies can be ordered from [cer@cer.be](mailto:cer@cer.be).



In other countries, the whole question of public service financing has a different dimension. One should remember that, in public service transport, the customer is the national government or a designated decentralised authority. They are the bodies that order services and pay for them. However, in countries where public funding is limited, the situation can sometimes be markedly different. This is particularly the case in the new EU Member States, where public authorities continue to require high levels of public transport, without however paying for such services (or, at least, they do not cover costs plus a reasonable profit, as currently required by EU legislation). On this point, the new European Commission proposal could be strengthened somewhat so as to safeguard the rights of commercial railway companies in an expanding competitive market. CER has made other specific suggestions about how the Regulation could be improved to recognise the characteristics of the rail sector. The text now has to go through the political decision-making process. Its content and objectives could still be significantly changed. CER will follow this process closely because it is of crucial economic and political interest for the rail sector. Developments on this Commission proposal will play an important role in maintaining fair competition in the market and a level playing-field for all operators.

**Chart 3: Towards the revision of the European Public Service Obligation Regulation: an overview of the successive steps**

	Text	Classification number	Date of publication	Title
Current legal framework	Initial Regulation	1191/69		Regulation on action by Member States concerning the obligations inherent in the concept of public service in transport by rail, road and inland waterways
	Amending Regulations	3572/90 and 1893/91	4/12/1990 and 20/06/1991	Regulation on action by Member States concerning the obligations inherent in the concept of public service in transport by rail, road and inland waterways
Revision process underway	1st Commission proposal to revise the entire legal framework	COM(2000) 7	26/07/2000	Proposal on action by Member States concerning the obligations inherent in the concept of public service in transport by rail, road and inland waterways
	Commission amended proposal	COM(2002) 107	21/02/2002	Revised proposal on action by Member States concerning the obligations inherent in the concept of public service in transport by rail, road and inland waterways
	Commission 2nd amended proposal	COM(2005) 319	20/07/2005	Revised proposal for a Regulation of the European Parliament and of the Council on public passenger transport services by rail and by road



## CER book: Reforming Europe's Railways

Following the 2004 *European Railway Legislation Handbook*, in 2005 CER published a unique overview of railway reform throughout Europe. The book *Reforming Europe's Railways – An assessment of progress* summarises experiences of different models of reform at a time when fundamental rail reforms have been implemented for over ten years in some countries and, in others, they have just begun.

CER invited recognised national experts to assess the impact of rail reforms in Sweden, Britain, Germany, France, Italy, the Netherlands, Switzerland, Poland, Estonia and the Czech Republic as well as in the United States, Japan and Latin America.



Three general conclusions can be drawn: firstly, in nearly all cases, the authors argue that reforms have improved rail efficiency, although mistakes have also been made. Secondly, it is striking how much variation there is in 'who does what' in the rail system, even within the broad groupings of separated (infrastructure and operations) and integrated railways. It is doubtful that any one 'off the shelf' model can be applied across Europe. Finally, there is a tendency for politicians to focus on rail reform only and not to tackle the broader question of distortions in competition with other modes. Switzerland is an exception, having taken the lead in reforming railways by applying the user pays principle to roads and by investing in rail infrastructure. In many other countries, the benefits of rail reform have often been smaller than had been hoped for. This final point remains key for those in Europe who want to see a modal shift.

A German version of the book is available: *Eisenbahnreformen in Europa – Eine Standortbestimmung*. Both the English and the German edition can be ordered directly from the publisher:

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## CUSTOMER SERVICE QUALITY: IT COMES FROM WITHIN

The question of service quality is always to the forefront when public opinion turns to rail transport – and for very good reasons the debate on transport policy has reflected these concerns. All railway customers – from major freight forwarders to passengers using the system just once or twice a year – deserve a dependable service, as their own business relies on it. A multi-million Euro freight contract, or simply a good start to a hard-earned annual holiday, may be at stake. The question is: can quality be imposed on the system, or does it come from within the system itself?



CER thinks it is the latter. CER members are committed to maintaining continuous improvement in service quality. They have publicly confirmed this in recent years through two European Quality Charters for freight and passenger customers. This self-commitment was a necessary step: many customers clearly believed that their expectations were not always being met.

Before looking at the results, it is necessary to reflect on what is meant by quality. It is helpful to make the distinction between service quality – the consistent meeting of reasonable customer expectations, and service level – the type of product offered by the railways. Both are vital to competitiveness: but the first is about delivery, the second is about design. Of course the design and development of rail services must be geared to quality delivery: but quality means first and foremost, “if we say we will do something, then we will”. For example, everyone would like all trains to be on time: but in practice the level of punctuality the rail system can deliver will vary. What is important is to deliver on the standards the companies set. This distinction can sometimes be lost in the transport policy debate.

So what can be said about progress on rail service quality?

Two progress reports were published by CER in September 2005 on how quality has developed since the launch of the Quality Charters: one on freight and another on passenger quality.



## Freight quality

The freight report *Rail Freight Quality – Progress in a Competitive Market* was the third in a series since the CER Freight Quality Charter was launched in 2003.

The report charts significant progress on the two most sensitive indicators for freight quality:

- the use of quality contracts between the railways and their customers, and
- the punctuality of freight trains.

The proportion of the intermodal (combined transport) business covered by quality clauses has increased by 18 percentage points (from 40% in 2003 to 58% in 2005). Across all markets, including the least performance-sensitive segments, almost a third of freight contracts now contain quality clauses. One interesting development is the increasing differentiation in contracts offered to customers. Freight customers across large parts of Europe can choose between several different price/quality mixes for rail freight services, instead of being offered just a single 'one-size-fits-all' contract.

At the same time, rail freight performance has continued to improve. For example, 72% of the monitored trains involved in combined road-rail transport in 2004 were punctual, which represents an increase of 22 percentage points compared to 2001. The quality follow-up of these trains has also greatly improved, with nearly 100% of them being monitored in 2005 (compared to 65% in 1999).

Most effort to improve has been focussed on those customers who are most sensitive to performance and on some major corridors where congestion particularly affects freight services. For example, along the transalpine Brenner corridor between Munich and Verona, combined transport punctuality has increased by 26 percentage points in 2004 to an absolute level of 73%.



At national level, some companies have achieved very high punctuality rates: 94% punctuality for VR Cargo in Finland (with a tolerance of only 15 minutes) and 92% for SBB Cargo in Switzerland (with a tolerance margin of 30 minutes). These are just but a few of the quantitative achievements of the European railways in 2005. The report gives numerous illustrations of concrete quality improvement measures on the company level.



In addition to the individual efforts of each company, the railway sector has launched joint initiatives in order to increase the attractiveness of the rail product to the customers. While the 2003 Freight Quality Charter is a self-committing declaration by the railways, the railways have cooperated with the main customer organisation to fix quality standards between business partners. The result were two agreements, one with the two biggest freight forwarders' associations FIATA and CLECAT, and the other with the International Union of combined Road-Rail transport companies UIRR:

- the *Joint Declaration on Quality in international conventional and combined railway freight traffic* signed by CER/UIC and FIATA/CLECAT in April 2005, and
- the *Joint Commitment to develop the quality of scheduled trains operating combined transport services and of contracts covering this quality* signed by UIC railway undertakings and UIRR combined transport operators in June 2005.

## Passenger service quality

The passenger report *Implementation of the Charter on Rail Passenger Services in Europe* was, likewise, the third report since the railways adopted their Charter on Rail Passenger Services in 2002.

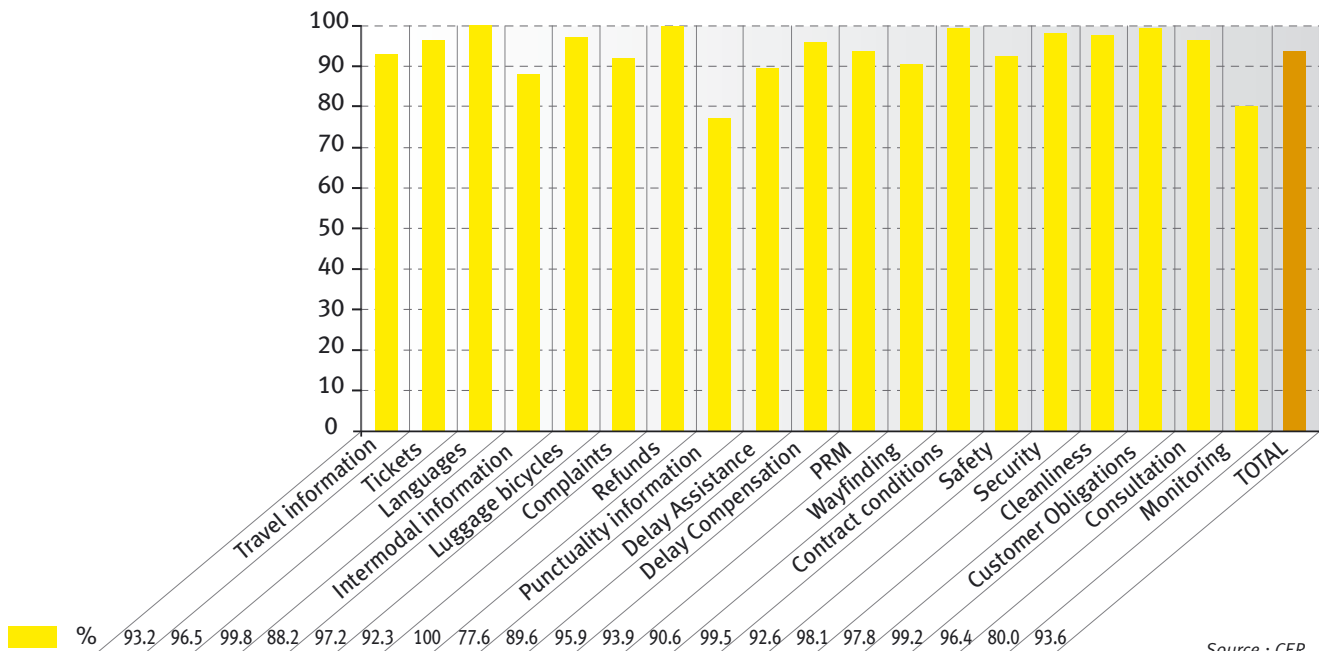
The report demonstrated further good progress since 2004. For example, national delay compensation schemes of various kinds are now widespread across the EU, with only a few exceptions.

The progress report covered passenger rail undertakings in 28 countries, and showed that the general level of Charter implementation is now high, with an overall implementation level of over 93% in the EU. Twenty-three companies in 19 countries have either published their own charters (or equivalent publications) for their customers, or have linked the CER Charter with national terms and conditions which offer more generous service-related commitments than conventional 'conditions of carriage'.

## CUSTOMER SERVICE QUALITY: IT COMES FROM WITHIN

This chart from the report shows achievement levels for each of the 19 articles in the Charter. On some specific Charter items, national policies have evolved differently over time. For example, the policy on publication of complaints and quality indicators (such as train punctuality) varies between CER members.

**Chart 4: Survey results on the implementation of the Charter on Rail Passenger Services in Europe (achievement levels in %) (EU and EFTA railways)**



Source : CER

It is now two years since ten more countries became members of the European Union. Before May 2004, railways in these countries were already committed to the CER Charter on Rail Passenger Services. These railways face fundamental challenges on backlog investment funding and in some cases on the institutional framework. This affects the speed at which they can adjust to transport policy expectations and quality commitments. However, the September 2005 report showed that this is not stopping progress on customer service improvement, as illustrated by this quote from one of these railway companies:

“Anyway, it is more than self-explanatory that only a customer-oriented approach has the power to attract passengers: it is our task to know the needs of our customers and try to meet them in the maximum possible way, to make the train the favourite transport mode of the general public.”

2005 was the first year of operation for a new delay compensation scheme for international rail passenger services. Passengers can now receive 20% compensation in case of more than one hour delay caused by the railway company. This is the first scheme of its kind for any mode of transport.

## Service quality and the Third Railway Package

The proposed Third Railway Package contained two texts aimed at service quality – the Passenger Rights Regulation and the Freight Quality Regulation.

As far as freight is concerned, CER considers the initiative being unnecessary and even in contradiction to its members' own commitment to quality: imposing a system of penalties on rail freight services is inconsistent both with market liberalisation and with the entrepreneurial responsibility of railway companies. In general, economists have shown that, in a liberalised freight market, quality is best managed by the market actors themselves, whether through the natural functioning of competition, or within the framework of contractual relations. A single European Regulation cannot reflect the highly differentiated market conditions found across Europe.

The progress with the freight legislation in 2005/06 has properly reflected CER's position. The European Parliament and the Council of Ministers voted to reject the freight proposal in September 2005. In so doing, legislators recognised that quality improvement must come from within, stimulated by the overall legal framework for a competitive rail freight market.

On passenger rights, CER believes that the proposal will not make a significant contribution to the long-term prospects for rail, and that introducing legal passenger rights is very unlikely to drive quality improvement. However, CER recognises the legitimacy of consumer rights and reasonable protection for the rail passenger: the Regulation needs to be proportionate and consistent with railway system and market realities.

Political progress has been made on this in 2005, in particular with the Council Political Agreement of December 2005: existing legislation (the COTIF-CIV) has been respected, and some other obligations have been made more proportionate and realistic. CER is ready to lead the way on delay compensation: remember that no other transport mode today compensates 20% of the fare, just because it arrives late at its destination.

CER's remaining concerns lie with provisions in the Regulation for service level (rather than quality). For example, CER accepts that a good coordination of international travel arrangements is needed for Persons with Reduced Mobility (PRM); and that the railways must provide good information on travel opportunities and conditions. But it is unfortunate that, while legislating for better PRM service coordination, practical rail system problems have not yet been recognised: providing assistance at many stations – and indeed during the journey on the train – cannot physically be guaranteed in all circumstances. And is it really the task of EU legislation to insist that bicycles must be carried on all trains, at all times? The Parliament seems to think so. CER does not.

The Quality Progress reports, as well as the Quality Charters are available on the CER website at [www.cer.be](http://www.cer.be). For a hard copy please write to [cer@cer.be](mailto:cer@cer.be).





## Telematic applications for rail freight

In the field of information technology for rail, the year 2005 has been crucial for the rail freight sector due to the completion of the legislative procedure on the Technical Specifications for Interoperability on Telematic Applications for Freight (TAF TSI). This very technical Regulation was adopted at the end of 2004 and, after translation, was finally published more than one year later, on 18 January 2006, in the Official Journal of the European Communities.

Now, the complex and challenging task of railway undertakings and infrastructure managers – as the addressees of the TAF TSI – is to organise the migration from their existing IT to telematic applications in accordance with the TSI requirements. To do this in a coordinated way the railway sector has been given the possibility to develop a Strategic European Deployment Plan (SEDP). The main challenge of this SEDP will be to propose a pragmatic way to synchronise individual company plans to achieve a timely and efficient migration throughout the whole industry, as the US rail freight companies have done 30 years ago with introducing the 'Railinc' system.

CER and UIC work closely together in this process. The implementation of the TAF TSI requires important, high-level decisions in each company. The challenge is to prepare the transition from current systems in a specific timescale, so that the legal deadline for delivery of the SEDP to the European Commission by 18 January 2007 can be met.



## Rail transport security

The safety record of rail transport has always been very good compared to other transport modes. However, transport security has become an increasing political concern following terrorist attacks on Spanish and British transport systems in 2004 and 2005. In this context, CER is responding to the European Commission on several initiatives aimed at increasing the security level of transport and infrastructure.

These initiatives originated in different Directorate-Generals of the European Commission, but were all mainly driven by a political concern to improve anti-terrorism measures.

- For instance, the Directorate-General for Freedom, Security and Justice published a Green Paper on Critical Infrastructure Protection (covering transport and other sectors) in November 2005. The Green Paper gives options on how the Commission might respond to the Council of Ministers' request to establish a European Programme for Critical Infrastructure Protection and a Critical Infrastructure Warning Information Network (CIWIN). A Communication from the Commission for all sectors is expected by summer 2006.
- The Directorate-General for Taxation and Customs Union adopted security amendments to the Community Customs Code in April 2005. These amendments require traders to provide customs authorities with information on goods before import to or export from the European Union (pre-arrival / pre-departure declarations). They also introduce the concept of an 'authorised economic operator' which offers certain trade facilitation measures to companies that comply with security measures.
- At the end of February 2006, the Directorate-General for Energy and Transport proposed a further measure for freight transport within Europe on freight supply chain security. The proposal requires Member States to voluntarily introduce schemes for 'secure operator' accreditation. According to the European Commission, this would allow participating operators to benefit from simplified security controls and thereby improve their commercial standing.

Further new initiatives in the field of security are expected this year. The Directorate-General for Energy and Transport plans to publish its own views on critical infrastructure protection before the end of 2006, building on the principles established by the Directorate-General for Freedom, Security and Justice. A Communication is expected on public transport security.

Rail transport security concerns go well beyond the recent terrorism risks. The railways already have security high on their agenda and several measures and instruments are already in place to prevent sabotage and other attacks. For instance, the rules on the transport of dangerous goods, the *Règlement concernant le Transport International*

*Ferroviaire des Marchandises Dangereuses* (RID) has a specific chapter on security measures. And many railway lines are fenced off: which not only improves safety but also increases the security of these lines. European railways cooperate very closely on security matters.

CER, therefore, proposes that any upcoming legislative proposals must respect subsidiarity and must be based on extended cost-benefit analysis considering the specific risks of each mode of transport. Existing security measures and management processes have to be taken into account in order to avoid unnecessary financial burdens and obstacles for transport flows. Furthermore the initiatives from the European Commission itself have to avoid overlapping security initiatives. In particular, the proposed Regulation on freight security needs to be rethought to take account of the realities of the rail freight system and of the freight supply chain as a whole.



## THE TEN-T BUDGET: DIFFICULT CHOICES AHEAD



In his book *A Life of Our Times*, J.K. Galbraith, the well-known American economist, writes: “In public administration, good sense would seem to require that public expectation be kept at the lowest possible level in order to minimise eventual disappointment”.

This point is relevant to the current discussions on the European Union’s budget. In the spring of 2004, the European Commission proposed a budget of €20 billion for the period 2007 to 2013 to develop the trans-European Transport Network (TEN-T) – a four-fold increase on the previous financial period. Expectations grew over the subsequent 18 months. At the end of 2005 however, Member States in effect rejected this proposal. It is now likely that the TEN-T budget, after the European Council has significantly cut the budget and the European Parliament achieved a slight increase in the TEN-T budget, the amount left will be close to €7.2 billion, some 60% less than the Commission’s proposal.

This is a big disappointment to the rail sector, particularly in Western Europe. The prospects for funding rail infrastructure are somewhat different for the new Member States as they qualify for funding under the Structural and Cohesion Funds. As these issues are discussed elsewhere (see chapter on Rail in Central and Eastern Europe) this article focuses only on the TEN-T budget.

In order to understand why the Commission made its proposal for additional funds, the central aims of the TEN-T policy are briefly reviewed here. This is then compared to the recent Interinstitutional Agreement (IAA) between the European Parliament, the Council and the Commission and explanation is given what this decision might mean for the future of the TEN-T policy. Two particular aspects are highlighted: the role of the Corridor Coordinators and the prospects for attracting additional private financing of rail infrastructure.



## THE TEN-T BUDGET: DIFFICULT CHOICES AHEAD

### Developing a European network of modern, interoperable rail corridors – a brief history of TEN-T policy

Left to their own devices, Member States have been only partially successful in developing a core European network of international rail corridors. In general, there is a natural temptation for each country to invest in the core of its own national network, with relatively little concern for the needs of international traffic. There are also a host of legal, political and financial considerations which mean that, even where two or more Member States agree in principle on developing an international route, it is unlikely to be developed simultaneously. The end result may be more akin to a ‘patchwork’ of national networks than one coherent European system.

This is a particular danger, of course, for European rail freight traffic where demand is increasingly international, although it is also relevant to international passenger services. For instance, whilst the Dutch have just completed a new dedicated rail freight link from the port of Rotterdam to the German border (the Betuwe line), the German government has consistently postponed investing in developing the links on the German side of the border.

The European Union can help to coordinate Member States’ investment decisions. This realisation led to a discussion in the early 1990s on developing a commonly defined trans-European Transport Network (TEN-T). In particular, the European Commission was given specific resources to provide financial incentives for development of the network. Fourteen priority projects were approved in 1994 (the so-called ‘Essen list’). The aim was to complete them by 2010.

By 2003, it was clear that only three of the projects had been completed<sup>2</sup> and the remainder had little or no chance of being completed on time. Hence in 2004, a second attempt was made. The European Union, now also facing the prospect of eastward enlargement, extended the list of priority projects to 30, with some 22 related to rail.<sup>3</sup> The date for completion of these projects was revised to 2020, even for the original Essen projects.

At the same time, the European Commission launched its proposal to significantly increase the TEN-T budget. It proposed approximately €20 billion (around 15% of the total cost of the priority projects) – this would have been a four-fold increase in the current budget for 2000 to 2006. This was an ambitious attempt by the European Commission to stimulate development of the TEN-T network and was entirely consistent with the so-called Lisbon agenda – policies designed to stimulate economic growth in Europe. According to a 2005 European Commission study, the completion of the 30 priority projects will increase the EU’s GDP by around 0.25% by 2020, mainly by reducing travel times and congestion.<sup>4</sup>

2. Priority Project 9: a rail link in Ireland (Cork-Dublin-Belfast-Stranraer); Project 10: the Malpensa airport in Milan; and, finally, Project 11, the Øresund fixed rail link.
3. Decision 884/2004.
4. European Commission: *The economic cost of non-Lisbon* (2005), Occasional Papers, no16.



## Implications of the recent EU budget decision for TEN-T funding

In December 2005, under the British presidency, the European Council agreed to fund the EU budget for the period 2007 to 2013 at 1.045% of EU Gross National Income (GNI) – equivalent to €862 billion. This can be compared to the initial proposal by the European Commission, launched in the spring of 2004, for a budget equal to 1.24% of EU GNI.<sup>5</sup> This reduction was not really a surprise. When the issue was first discussed in the summer of 2005, a core of ‘old’ EU Member States had argued for a 1% of GNI limit.



Since several aspects – for instance, agricultural spending – were from the offset already largely fixed, the necessary reduction in the overall budget has to be distributed across the remaining budget items, most of which concern long-term investments. This is similar to

a national government facing a budget crisis: short-term commitments have to be met, but long-term investments are cut. It is no surprise, therefore, that the general crisis in European funding has led to an over-proportionate cut in the TEN-T budget, probably to a final figure of about €7.2 billion.

Faced with a substantially smaller budget for TEN-T development than expected, it is clear that the European Commission cannot fund all 30 priority projects. Rather, it is inevitable that hard choices have to be made between TEN-T projects, either explicitly or implicitly. It is likely that European funding will be focused to an even greater extent on cross-border sections of projects that Member States on both sides of the border are prepared to finance. The challenge for the rail sector and for the Commission is to convince the relevant Member States to make firm financial commitments.

The cut in the TEN-T budget will undoubtedly have serious consequences. Two of them will be briefly discussed. The first argument is that it will make the work of the new European Coordinators more difficult. The second argument is that it is likely to reduce private financing opportunities in the sector rather than increase them, as is so often heard.

5. European Commission: *Building our common future: Policy challenges and budgetary means of the Enlarged Union 2007-2013* (February 2004), COM (2004) 101 final.

### Corridor Coordinators – promoting international rail corridors

During the revision of the TEN-T projects, the European Union decided to designate a number of European Coordinators: people who could help coordinate the actions of different Member States along an international corridor. In the summer of 2005, six Coordinators were nominated.

They are:

Pavel Telicka	Priority Project No. 27 of the Railway axis: Warsaw-Kaunas-Riga-Tallinn-Helsinki
Péter Balázs	Priority Project No. 17 of the Railway axis: Paris-Strasbourg-Stuttgart-Vienna-Bratislava
Viconte Etienne Davignon	Priority Project No. 3 of the High-speed railway axis of South-West Europe, Lisbon-Tours
Loyola de Palacio	Priority Project No. 6 of the Railway axis: Lyon-Trieste-Divača/ Koper-Divača-Ljubljana-Budapest-Ukrainian border
Karel Van Miert	Priority Project No. 1 of the Railway axis: Berlin-Verona/Milan- Bologna-Napels-Messina-Palermo
Karel Vinck	European Rail Traffic Management System (ERTMS)

This is a positive development. CER had been actively advocating the designation of such Coordinators for several years. Such high-profile individuals can help generate political support from the relevant national Ministers. Indeed, there is probably even a case for a permanent management structure to supervise the development of each corridor – one such body is now being set up for the Rotterdam-Genoa corridor.

Each Coordinator's potential influence depends on being able to mobilise the necessary financial resources. Without this, there is a real worry that the impact of the new Coordinators will be limited.

## Using private funds

The reduction in public funding for rail infrastructure has reopened discussions on alternative sources of funding. In particular, there has been recent political interest in whether private financing can ‘replace’ dwindling public funds. In reality, just the reverse is true: less public funding restricts the possibilities for leveraging in additional private financing.

Without substantial reform of transport pricing, and in particular road taxation, it is difficult to see how large-scale rail infrastructure projects can be financed solely by private investors. This is partly the lesson from the Channel Tunnel between the UK and France. For the same reason, it has proven difficult, or prohibitively expensive, to find private sector partners in the rail sector willing to take genuine revenue risk. The Perpignan-Figueras project is an interesting example of this.

The current interest in public private partnership solutions is, of course, beneficial, although it is often more useful to consider it as promoting best practice in public procurement. For high-speed lines, there are a significant number of case studies in which the private sector has taken the risk to complete construction on time and budget and maintains the infrastructure afterwards. One such example is the new link between Amsterdam and the Belgian border. However, even this has its limits. If the engineering is sufficiently complex, it can be prohibitively expensive to ask the private sector to take the risk of delivery on time. This has been the experience, for instance, in constructing tunnels deep under the Alps.

CER remains generally positive about the role of ‘innovative’ financing mechanisms. In several cases, private capital has allowed rail projects to be developed which would not have been funded otherwise. Several new initiatives – such as the EIB Guarantee Fund – increase the possibilities for attracting private funds, especially when the existing financing package is close to viable and an element of debt financing is involved.

But, as recently stated by EIB President Philip Maystadt in an address to the European Parliament’s Budget Committee, private financing solutions are not an alternative to public funds. In fact, just the contrary: the more public funds, the easier it is to leverage in private funds. Turning this around, the reduction in the TEN-T budget will most likely reduce the probability of attracting private funds, particularly if private investors perceive the budget reduction as a lack of political support.

To sum up: the cut in the TEN-T budget is disappointing. It will reduce the number of projects financed by the EU and could significantly reduce the power of the newly-appointed Coordinators to generate support and interest from Member States. However, it also illustrates the general trend of declining public funding of transport infrastructure in Europe. As discussed above, this underlines the huge importance of designing the framework conditions in the transport sector such that the customer – and not the taxpayer – takes an increasing share of the responsibility for financing infrastructure. In any case, there is no alternative in the long run.

The CER position paper *Tolls for trucks on Europe’s motorways – why the Eurovignette Directive is key to keeping Europe’s growth in freight traffic sustainable* can be downloaded from the CER website [www.cer.be](http://www.cer.be). A hard copy can be ordered from [cer@cer.be](mailto:cer@cer.be).



## ERTMS: THINKING CORRIDORS

The standardised European Rail Traffic Management System (ERTMS), developed by the European railway sector, will become the signalling system for Europe in the future, as the technology advances and the national systems become increasingly outdated and expensive. This is the easy part. The difficult part is defining a sensible transition to it – one which ensures that conventional rail operations become more competitive with other transport modes.

The need to reduce equipment cost and enhance performance has two immediate consequences. Firstly, a genuinely European-wide market in ERTMS equipment must develop, allowing economies of scale to significantly reduce product prices. Secondly, the discussion on ERTMS should take place in the context of a wider debate on improving European rail corridors. It makes little sense to invest in a new expensive signalling system if afterwards it is still necessary for locomotives to stop at the border for several hours to transfer data, in contrast to trucks. Nor does it make much sense to invest in ERTMS if a single capacity constraint at one or another node prevents extra trains from running.

The discussions on ERTMS have been going on for many years. But last year, two significant developments took place. Firstly, there is now a 'European boss', that is a European Coordinator for ERTMS – an idea that CER had proposed so that this extremely important issue could be managed properly. Karel Vinck has already made several direct improvements (they are discussed in more detail below). Secondly, six international rail corridor studies have been completed recently under the Memorandum of Understanding (MoU) agreed upon by the rail sector and the European Commission in the spring of 2005. As a result, the current discussions on ERTMS have become more concrete.

Karel Vinck began work in the summer of 2005. As Chairman of the Steering Group set up under the MoU, he has been managing the deployment process at the European level. In particular, his work has led to three developments: consistent and timely completion of the above mentioned six corridor studies; consolidation of the technical specifications, with a clear process and timetable for developing further versions; and, finally, greater clarity on the structure of financial support for ERTMS from the European Union.



### The six international rail corridor studies

Chart 5 shows the six corridors that have been analysed. The corridors were chosen on the basis of either existing international freight flows or potential flows. For each corridor, a study team was appointed, consisting of representatives from each infrastructure manager along the corridor as well as the key railway undertakings. Representatives from the Union of European Railway Industries (UNIFE) were also present.

Under the guidance of a team leader, each team has prepared a report outlining the broad measures needed to improve the competitiveness of rail freight along each corridor. A particular technical solution for migrating to ERTMS has been proposed, along with a detailed cost estimate, including the need to retrofit rolling stock, which is foreseen for operation on the corridors.

**Chart 5: The six European corridors analysed under the Memorandum of Understanding on ERTMS**



### Summary of the corridor studies

Concerning infrastructure elements, the extreme variability of unit costs does not allow establishing reliable cost estimates. The addition of the gross data from the corridor studies results in an investment of about €1 billion for the six corridors in the period 2007-2013.

Concerning rolling stock, there is an estimate of the fleet to be retrofitted in the period 2007-2013 in order to run on the corridors, with a margin of 400 supplementary locomotives. Calculations are based on harmonised unit costs. Including the prototyping, the investment needed ranges from about €450 million and €620 million.

All corridors present solutions alternating level 1 and level 2. The usual balance is to use level 2 for new or upgraded lines and level 1 for existing lines.<sup>6</sup>

As regards specifications, the version 2.3.0 was respected, even if several sections of corridors are presented with requests for national changes or specificities at longer term. The five years stabilisation period of version 2.3.0 and the entry into force of version 3.0.0 by 2010 is envisaged.

Finally the corridor teams have been asked to start follow-up activities, mainly:

- on the basis of the corridor study, establish a detailed deployment;
- refine costs assessments;
- study the possibility to establish common procurement structures, at least for significant sections of corridors, in order to realise economies of scale;
- prepare common pre-tendering documents, common testing and validation provisions and joint tenders;
- prepare joint applications for EU support in the context of the 2007-2013 TEN budget, both for infrastructure and rolling stock.

These studies are important for several reasons. Firstly, in many cases the studies are the first step towards creating a concrete investment plan for the corridor as a whole. Given the very different starting points of infrastructure and signalling along the corridors, different technical levels of ERTMS are being proposed in different countries. This is justified. But it is also equally important to ask whether the solutions proposed at national level are best for the international corridor as a whole – does it best meet the needs of international freight operators? This is the next step in the analysis.

6. ERTMS level 1 is a spot based transmission Automatic Train Protection System. Signalling information provided by trackside signaling is coded and data are transmitted to a train via balizes. Onboard system supervises the train speed on this basis. ERTMS level 2 is an Automatic Train Protection System based on the bidirectional continuous transmission between track and train via GSM-R.

Secondly, the costs of deployment have become much clearer, for both track-side and rolling stock. It is very useful to be able to compare the costs of the different technical solutions being proposed across Europe. And it begs the question why they vary so much. This type of 'benchmarking' exercise will, inevitably, force relatively high-cost corridors to revisit their cost structures and see if lower cost alternatives are available.

Thirdly, there are broader benefits from deepening the concept of international rail freight corridors. For instance, there are growing signs that infrastructure managers along the corridors now undertake better coordination of the administrative, procedural and technical measures applied to cross-border operators. Current developments among the infrastructure managers of the Netherlands, Germany, Switzerland and Italy can be taken as best practice for the rest of Europe. In a recent Letter of Intent signed by the Transport Ministers of the four countries on 3 March 2006, agreement was reached to set up a single, permanent management structure to run the corridor development project. Furthermore, there is an agreement between the four safety authorities to streamline the safety approval process. Finally, this is all backed up with a firm commitment to fund the non-signalling related investments needed in the corridor.

The international corridor studies are, therefore, an extremely useful first step. In such a complex area, the studies naturally raise as many questions as they answer, particularly when compared against one another. This is normal and probably healthy. It will force current plans to be scrutinised again and adjusted, as people are able to learn from one another.



### **The search for economies of scale: specification 2.3.0 and beyond**

One of Karel Vinck's first tasks as European Coordinator for ERTMS has been to consolidate the technical specifications for ERTMS, by working closely with the European Railway Agency. This was needed to ensure that it is actually technically interoperable. Version 2.3.0 does just this, and was approved by Member States in the so-called Article 21 Committee in December 2005.

This was a necessary and valuable step. But it is also not the end of this process, as several additional system features are needed to meet the business needs of railway companies. However, there is a clear and transparent process in place for the European Railway Agency to develop a new version (known as version 3.0.0) over the next few years, based on an explicit examination of the costs and benefits of any changes. This is an extremely positive step. CER will play an active role in ensuring a cost-effective development of the specifications.

The technical specifications for ERTMS are the key to developing a commercially viable product in Europe. International freight operators will quickly invest in a single ERTMS 'black-box' – one that can be used along the main corridors in Europe. Only once the same product can be installed, certificated and operated across the core of Europe, will there be sufficient economies of scale to make the product commercially viable. This is not yet the case today.

### **European funding for ERTMS**

Once the technical specifications have been finalised, the crucial issue left to be resolved will be the question of how to finance implementation of ERTMS along the corridors. As mentioned in the article on the TEN-T budget, the European Union budget for 2007 to 2013 is under general pressure and this is particularly the case for rail infrastructure funding in Western Europe. However, even with the TEN-T budget reduced to around €7.2 billion, there will be a specific budget line for ERTMS funding of €0.5 billion. For the new Member States, Structural and Cohesion Funds are an opportunity to finance ERTMS projects. In addition to this European funding, the implementation of ERTMS will require significant contributions from national budgets and investments from the rail sector. The success of the ERTMS will largely depend on how fast and to what extent these funds will be made available.

### **Conclusions**

The migration to ERTMS remains an extremely important challenge for the rail sector. If done well, rail will increase its competitiveness compared to other modes, with significantly lower signalling costs. But if care is not taken, the process may have serious negative impacts on the rail sector's profitability. The test of success will be when international freight operators choose to install ERTMS at its market price. Given these important stakes, CER is particularly pleased to see the steady progress made by Karel Vinck in managing this process over the last year.





## The European Railway Agency

The opening of the European Railway Agency (ERA) in the summer of 2005 was an important date for the whole railway sector – operators, infrastructure managers and suppliers. The Agency’s tasks cover safety and the definition of Technical Specifications for Interoperability (TSIs) for several subsystems of the railway system, such as infrastructure, energy or rolling stock. Its work can have a crucial economic impact on rail companies. Even if the Agency has no power of decision and only submits proposals for legislation to the European Commission, this technical preparatory work is vital to the final legislation.



One example of the impact of decisions in the field of technical interoperability is the European Rail Traffic Management System (ERTMS) which is defined in a TSI. Its implementation will be one of the biggest investments in decades for the infrastructure companies and even more so for operating companies, and it will mean a lot of new business for the supply industry.

The TSIs for ERTMS, one for high speed traffic and one for conventional rail, as well as eight other TSIs, had already been written before the Agency started its work. Those TSIs had been prepared by the rail sector itself, following a request by the European Commission. However, this organisation of the sector within the European Association for Railway Interoperability (AEIF), was only supposed to be a temporary measure.

Thus, when the European Railway Agency finally became operational, it was important to make the companies’ technical expertise available to Agency’s new staff. By mid 2006, the ERA will have recruited about one hundred employees – given its work programme, the need to cooperate closely with the sector is all too obvious. This close cooperation was also foreseen in the Regulation establishing the Agency – it refers to a ‘representative participation’ of the sector.

The European Commission, therefore, nominated representative bodies from the sector. CER is one of them: it set up the process through which its members’ experts are designated to the ERA and it created a Coordination Committee between the organisations which nominate their experts to the ERA. In the transition phase from the AEIF to the ERA, close communication among all stakeholders was of vital importance. The work which AEIF began has now been transferred to the ERA. The working groups for the TSIs on Infrastructure and Energy, on Certification of Maintenance Workshops, on Registration of Rolling Stock and on ERTMS Change Control Management are making progress. Activities of the ERA safety unit have been launched as well – Common Safety Methods, Common Targets and Common Safety Requirements for Safety Certificates are to be developed there. Experts from CER make a key contribution to this work – the Agency cannot operate successfully without them.

The Agency’s work programme can be found on its website: [www.era.eu.int](http://www.era.eu.int).





## Homologation of rolling stock

Under current EU law, traction units have to be homologated in each Member State. During this homologation process, a check on all national safety provisions is made. As of today, this check covers neither conformity with Technical Specifications for Interoperability nor technical and safety-related compatibility with the relevant network. The different requirements are a result of historical differences in safety philosophies. One Member State, for instance, specifies red indicators for the compressed air gauge, whereas in other Member States they have to be black.

Obtaining homologation for a traction unit to run in another Member State is a laborious, unpredictable and disproportionately expensive process for the railway company applying. The procedures lack transparency. The criteria are apt to change in the middle of the process without any protection for the aspects that have already been approved. Finally, there are no clear and consistent decision-making deadlines that national safety authorities have to respect and there is no provision for arbitration or recourse to legal proceedings in the event of disputes.

The existing arrangements, therefore, need to be changed. The procedure for homologation should be significantly simplified via the principle of mutual recognition. Requirements from a national safety authority which are additional to the mutually-recognised criteria shall in future be limited to the key interfaces between vehicle and infrastructure. Simplification of the homologation procedure will remove a persistent administrative barrier to market access and make a key contribution towards a single European railway market.

CER very much welcomes the European Commission's recent efforts to simplify the homologation procedures. These activities were initiated by a joint letter of CER and UNIFE to Transport Commissioner Jacques Barrot in 2005. The railway community will actively support the process of creating a sound and practical solution.



## HUMAN RESOURCES: MANAGING CHANGE

The European transport sector employs over 7.5 million people. About 1.2 million work for CER members (see statistics in the Annex). Rail transport is not only about technology and infrastructure, but also about people: about passengers and staff.

Human resource issues in an integrated European rail market have always been very important to CER. Train drivers and conductors need to be prepared for international operations. Staff productivity has to be competitive. Both are essential prerequisites for sustainable rail transport in Europe.



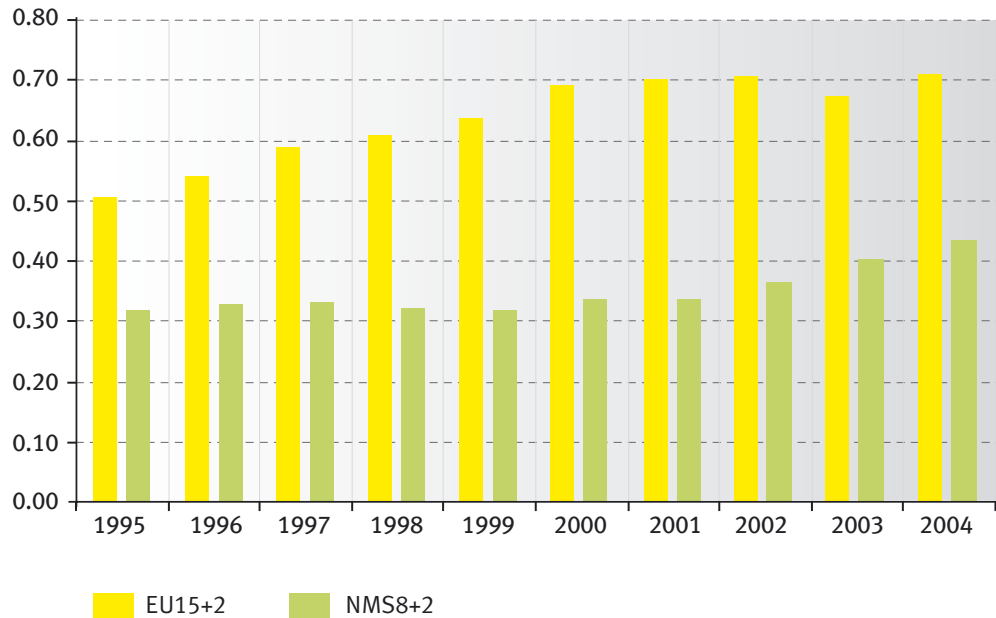
### Human Resources and efficiency

The competitiveness of rail companies vis-à-vis other transport modes depends on their adaptation to future challenges, including management of costs. Given the number of staff, the salary total is certainly an important part of these costs. This is why, in the 2001 *Joint Strategy for European Rail Research*, stakeholders in the rail sector agreed on a trebling of staff productivity by 2020.

Since then, the sector has made significant productivity gains. The productivity increase in rail companies was 39% in the 'old' EU countries and 34% in the new Member States between 1995 and 2004. During this period, the number of employees fell by 21% in the 'old' EU countries and by 44% in the new Member States. And transport units increased by 11% in the former but decreased by 23% in the latter (transport units are a sum of transported passenger- and tonne-kilometres).<sup>7</sup>

7. Source: National Economic Research Association: *Study of the Financing of and Public Budget Contributions to Railways*, (December 2003) and CER Database.

**Chart 6: Development of labour productivity 1995 - 2004  
(million rail traffic units/ railway staff)**



Source: for 1995-2001: National Economic Research Association: *Study of the Financing of and Public Budget Contributions to Railways* (December 2003) and for 2002-2004: CER Database. EU15+2 includes CFL, CIE, CP, DB, FS, NS, NSB, ÖBB, RENFE, SBB, SNCF, VR; NMS8+2 includes BDZ, CFR, CD, LG, MAV, PKP, SZ.

## Successful cooperation between the social partners

The creation of an integrated and competitive railway industry in Europe requires effective interoperability rules and common technical standards. These common standards must include minimum working conditions for staff operating cross-border services.

Directive 2000/34/EC extended the general Directive on Working Time (93/104/EC) to the transport sector. It was applied to land transport apart from some staff who came under special rules via collective agreements or legislation. Because each country could make exceptions for mobile railway staff, its translation into national laws led to different legal situation. Thus, competition between companies can take place because of different working conditions. There is a risk of 'social dumping' of a similar kind to the road sector. Railways are also the only transport mode where mobile staff's working time is not regulated by European legislation.

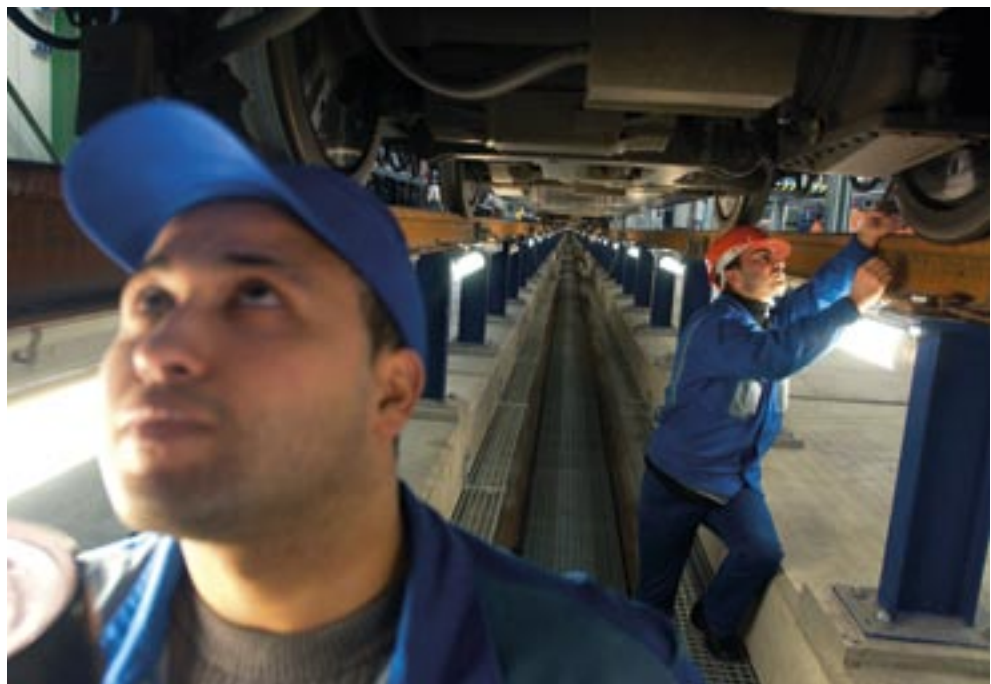
## HUMAN RESOURCES: MANAGING CHANGE

Against this background, CER and the European Transport Workers' Federation (ETF) concluded agreements: the first is their proposal for a European driving licence for locomotive drivers in international services. This is about mutual recognition of health and competence requirements for drivers when they work abroad. This agreement of January 2004 formed the basis of the draft Directive on certification of train crews proposed by the European Commission in the framework of the Third Railway Package. The annexes on staff health and competence in this latter proposal are taken in entirety from the 2004 agreement.

The second agreement addressed working conditions of mobile staff in cross-border services. At the official signing of the agreement in January 2004, Anna Diamantopoulou, European Commissioner for Employment and Social Affairs, called it "a building block for a safe and interoperable European railway system and an excellent example of an agreement which strikes the balance between flexibility and safety". It was another example for constructive cooperation by the European social partners in the railway sector. They can set minimum social standards for their own sector. The agreement was turned into the European Directive 2005/47/EC by a Council of Ministers Decision in July 2005.

CER and ETF agreed on several reviews. The first is planned for two years after the signature. It will involve a possible renegotiation of the clause about rests away from home as well as an evaluation of the agreement. The second one has to take place two years after the final implementation date, i.e. August 2010 – the whole agreement will then be reviewed.

While it is probably too early to make a thorough evaluation of an agreement which has only been in force since August 2005, CER intends to renegotiate some clauses, asking for more flexibility and making it possible to have national or company-based agreements on compensation. A first meeting on this issue has already been held with ETF and negotiations could start before the end of the year.



### Promoting women

Apart from these two agreements which were the main results of CER/ETF cooperation in recent years, the European Social Dialogue Committee for Railways deals with several other important human resources issues.

In 2005 the social partners produced a joint study on better representation of women in the professions of the railway sector.<sup>8</sup> This study was supported by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities. It gives a very detailed account of the position of women in European rail companies, a sector which has traditionally been dominated by men. It contains a number of proposals and suggestions for policies and actions to improve and develop equal opportunities. The study shows how to generate change in the work environment and contributes to raise awareness and provide examples of good practice to decision makers.



### Life-long employability

Another joint study by CER and ETF is under way. It addresses the concept of 'employability' and its benefits for human resources policy in rail companies. Focussing on areas of activity that are relevant to rail safety, the aim is to examine whether the 'employability' can be a guiding principle for staff development policies.

The individual should be responsible for maintaining his or her own employability. Every person must learn to adapt to technological and organisational change. Efforts to maintain and improve employability also enhance each person's individual freedom to change and to shape his or her own career. The acquisition and continuous maintenance of skills benefit both the individual and the company. The CER/ETF study also examines the question of establishing employability as one of the guiding principles of corporate policy.

Joint information seminars on employer/trade union relations are also to be held in June 2006. They will be aimed at the Baltic countries and the EU candidate countries (Bulgaria and Romania). They will be based on the same model as those already organised in 2004 for the other new Member States (in Budapest for Hungary and Slovenia and in Bratislava for Slovakia, Poland and Czech Republic).<sup>9</sup>

8. The CER-ETF study on *Better representation of women in the professions of the railway sector* can be downloaded from the CER website [www.cer.be](http://www.cer.be).

9. A brochure *Breaking new ground - Social dialogue for the railways* was published for these events and can be downloaded at the CER website [www.cer.be](http://www.cer.be). It is available in English, French, Czech, Hungarian, Slovenian and Slovak language.

## Crossing language borders

The question of the language used in railway operations is a complex issue and is key to the interoperability of staff. Drivers and other railway staff who have to communicate for train movements and safety purposes must do so in the 'operating' language chosen by the host infrastructure manager.

This is why CER decided to launch a project to facilitate staff interoperability and create a common basis for teaching languages. In this way, training costs can be reduced. The project is in three parts:

### 1. Common and recognised levels

This part defines the minimum language competence needed by staff involved in cross-border rail operation, so that safety and interoperability requirements are met.

### 2. Assessment of the language level

The objective here is to agree on an assessment for staff with safety responsibilities that can be used by any rail company and accepted by infrastructure managers and national safety authorities.

### 3. Creating a formal language

This project defines identical messages and language for drivers and ground staff in charge of traffic management in the language specified by the infrastructure managers. For each specific situation on a list of 'risk situations', a 'key message' to be exchanged will be set out. An equivalent message will be put into other languages, but not merely through a direct translation.

Both the European Commission and the European Railway Agency have shown their interest in this project. CER hopes that they will contribute to the funding so that rapid solutions to these important issues can be found.





## Research on sustainable rail systems in Europe

In its Seventh Framework Programme for research and technological development and demonstration activities 2007 – 2013, the European Commission has recognised the importance of rail as supporting mobility in Europe as well as environmental and economic sustainability.

In this context, the European Rail Research Advisory Council (ERRAC) aims at creating consensus on European research priorities and it tries to channel research by the individual partners into a common strategy. Its main objective is efficiency CER is one of the partners within this cooperation. ERRAC brings together railway and infrastructure companies, the public transport

operators, manufacturers, representatives of the EU Member States and European Commission, customer groups, consultants and academic institutions.

Over recent months, ERRAC's partners have focussed on defining and implementing a European research strategy, the Strategic Rail Research Agenda (SRRRA). And they have tried to strengthen collaborative research, for example, by pooling resources and exploiting synergies between disparate research activities.

In its brochure *Rail21 – Sustainable rail systems for a connected Europe*, published in February 2006, ERRAC defined five broad research areas:

1. excellence in operations,
2. attractive urban transport,
3. personal security,
4. environmental gains and
5. worldwide competitiveness of the rail industry.

ERRAC not only brings together stakeholders, but also informs the public about rail research activities. For instance, it held an information seminar called 'Rail research: driving competitiveness, moving society' in Brussels on 12 October 2005. It was attended by over one hundred participants, including European Commission and European Parliament officials, rail research experts, industry representatives, consultants and academics.

More information on ERRAC partners, activities and the Rail21 brochure can be found at [www.errac.org](http://www.errac.org).





## RAIL IN CENTRAL AND EASTERN EUROPE: TRANSITIONAL SUPPORT NEEDED

Economic growth in the European Union is based on the free movement of people and goods to ensure that production takes place where it can be done best and most economically. This makes a sustainable transport system a basic prerequisite for growth and prosperity. The larger the European Union becomes, the more important an efficient infrastructure is to overcome geographic distances within the Single Market effectively and at low cost. The success of EU enlargement largely depends on whether the economies in the new Member States can be connected to each other and to the 'old' Member States by a transport system that is efficient as well as economically and environmentally sustainable.

'Sustainable' means at the lowest possible cost to society. Transport stimulates economic growth but also has negative effects: congestion, high energy prices, pollution and safety risks are problems linked to growing transport demand. Compared to other transport modes, rail has a relatively high energy efficiency and generates low external costs for the society. This record makes it an important pillar of a sustainable transport system. The basis of the European Union's policy is thus to give high priority to rail transport investment in the new Member States.



## RAIL IN CENTRAL AND EASTERN EUROPE: TRANSITIONAL SUPPORT NEEDED



The European Union can use financial as well as legislative policy instruments to achieve its transport policy objectives in Central and Eastern Europe. An important lever is its Cohesion Policy with substantial funding possibilities also for the transport sector. Alongside this, it has established a legal framework which applies to all Member States. The legislative framework is aimed at introducing competition in the rail sector, giving it a strong incentive for improving efficiency.

However, some governments in Central and Eastern Europe are still reluctant to follow too closely the principle of EU transport policy with its emphasis on a modal shift towards rail. In the negotiations on the use of EU Cohesion Funds for regional development, the European Commission is pushing governments to ensure that these funds effectively support the implementation of EU transport policy. There are serious concerns about the tendency in Central and Eastern Europe to give priority to road investment. The Commission believes that the following rule of thumb should apply: for every Euro invested in roads there should also be one Euro invested in rail.

In the implementation of European law too, the rail sector suffers from some troublesome inconsistencies, even if, two years after EU enlargement, the new Member States have already transposed European legislation into national law. There is, in particular, a practice of cross-subsidising passenger services with revenues from freight and attempts to cover all costs from operating national rail networks by increasing track access charges for freight trains. When the economies in Central and Eastern Europe were centrally planned, there was a systematic compensation scheme for passenger operations from freight revenue. Although current EU legislation specifies that losses from public service obligations should be compensated for, railway companies in the new Member States are still obliged to continue cross-subsidisation, rather than being compensated for their public service obligations. With the ongoing liberalisation of the freight sector the situation is seriously deteriorating. It is clear that railway companies, which have to use a substantial share of their revenues for loss-making passenger services, will be unable to compete with new entrants to the freight market.

In addition to the compensation requirement within railway companies, cross-subsidisation also takes place through very high track access charges for freight trains (see Chart 7). These high track access charges seriously undermine the competitive position of rail freight vis-à-vis road transport. This is likely to have a detrimental effect on achieving the objectives of EU transport policy and liberalisation of the rail sector in the new EU Member States.

Such inconsistencies in the implementation of EU legislation in Central and Eastern Europe are now acknowledged by the European Commission, even if some of these issues have not yet been adequately addressed. The European Commission has agreed to support investment in railway rolling stock with EU funds (see box below on the financing of rolling stock). This support is a good opportunity to tackle some of the inconsistencies and prepare the rail sector in Central and Eastern Europe for a liberalised market.

The November 2005 CER position paper *Developing coherent rail services in Central and Eastern Europe : Making use of the European Union's Structural and Cohesion Funds* is available on the CER website [www.cer.be](http://www.cer.be) or can be ordered at [cer@cer.be](mailto:cer@cer.be).

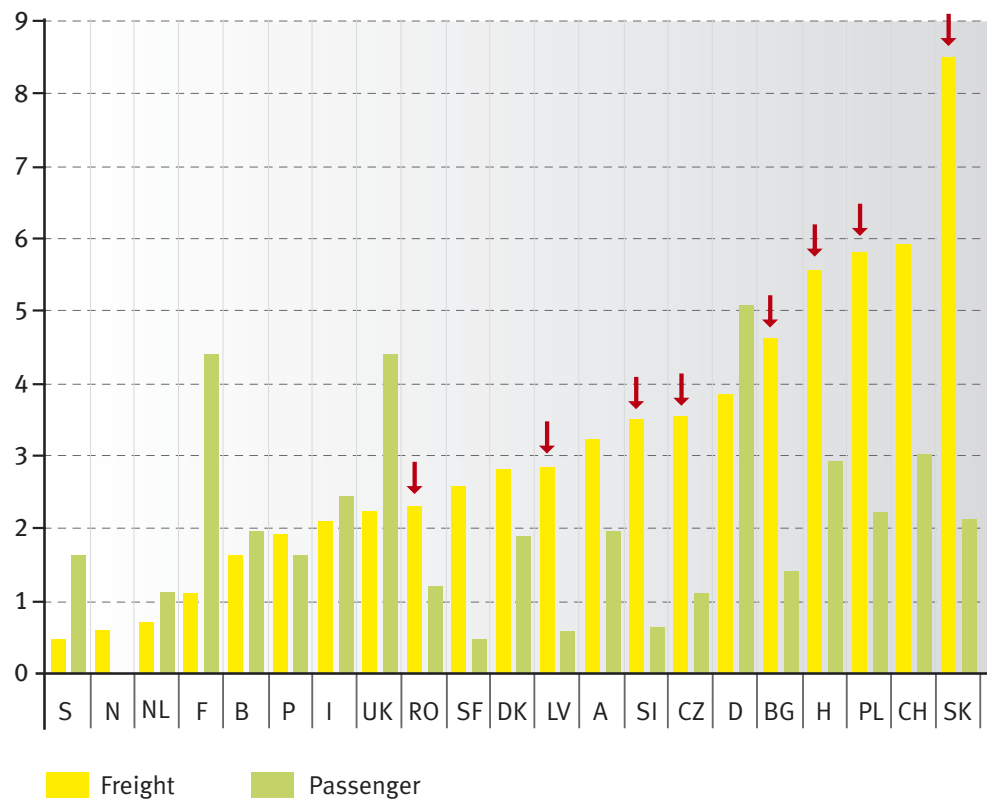


## RAIL IN CENTRAL AND EASTERN EUROPE: TRANSITIONAL SUPPORT NEEDED

The rolling stock investment backlog is most severe for regional passenger services. Therefore EU support will target this sector first. It is crucial that EU support is accompanied by valid, multi-annual public service contracts. In most new Member States the public service contracts run for only one year, so this is not a basis for making changes to services or for attracting finance for much-needed investment in rolling stock. But there are now grounds for optimism because the draft text of the new Regulation on this issue takes it as a matter of fact that contracts have a multi-annual duration and clarifies the conditions for such contracts. They would put an end to the practice of cross-subsidisation, allow the rail companies to attract private finance for its rolling stock and give increased leverage to EU funds.

The EU-funded projects must contribute to a financially stable and competitive rail sector. All projects must be embedded in a comprehensive national plan for the rail sector. A balanced policy on pricing both rail and road infrastructure is an essential part of such a plan. In this way, EU funds will give the rail sector a stable basis for its development and help countries towards more sustainable transport systems.

**Chart 7: Average track access charges in Europe (€/train-km)  
(arrows indicate CEEC)**



Source: European Conference of Ministers of Transport, Committee of deputies, *Charges for the use of infrastructure in ECMT railways*, January 2005.



## Financing rolling stock modernisation

Over the last twenty years, investment in rolling stock by railway companies in Central and Eastern Europe has been very low. The average age of the fleets is approaching or already over 30 years. In 2004, CER estimated that around €10 billion of investment in passenger and traction rolling stock would be needed before 2013, if a system failure is to be avoided.

So far, Central and Eastern European railway companies have not been able to fund rolling stock on their own (neither on the strength of their balance sheets nor on expected future cash flows or profitability). Moreover, railway companies in the new Member States have been exposed to a liberalised market, while the conditions allowing them to operate as normal, commercial enterprises have not yet been adequately implemented. Therefore, CER concluded that rail operators in the Central and Eastern Europe, which carry a historic burden of underinvestment, need to receive state and/or EU support for their rolling stock investment for a limited period of time.

At a workshop on rolling stock financing organised by the European Commission on 30 September 2005 in Brussels, it was announced that rolling stock investment could be supported by EU funds. It was indicated that such support would be targeted on particular investments in rolling stock for regional passenger operations.



## CER: AN EVER GROWING COMMUNITY

Today CER represents 53 European railway and infrastructure companies. The enlargement of Europe as well as structural changes in the rail sector have significantly increased and diversified CER's membership since its foundation in 1988.

It is almost impossible to find a common description for the companies under the CER umbrella. Its current members are all either railway operators or railway infrastructure managers or both. Some of them are publicly-owned, others privately; some operate only nationally, some also internationally; some focus exclusively on freight, others on passenger services; there are independent infrastructure managers that do not themselves operate trains whilst some others are 'integrated' (that is, they have different departments dealing with freight, passenger and infrastructure businesses).

Geographically too, their background varies; companies come from all EU Member States, from Switzerland and Norway, the EU Accession States as well as from countries that are aspirant EU members.

In the rail market of Europe today, it is interesting to observe that both countries and companies find very individual structure and operating models. One example for a type of company that is increasingly emerging, but is not on the forefront of most observers minds' are regional integrated companies, such as the Salzburger Lokalbahnen, or – on a slightly larger scale the cross-border operator GySEV. Operating mostly regional traffic, they also own and manage their own infrastructure network.

While some CER members have little or no contact with each other in their day-to-day business, others are in direct competition with each other. However, CER members are united by their keen interest to follow and actively help shape EU railway policy and legislation that they all have to implement.

CER ensures that its large and diverse membership speaks with one voice. CER members believe that there is one common interest for the railway sector that should be presented to EU decision makers. The rail system is so complex and interrelated that the disadvantage of one part of the system will rarely be the benefit of another. CER usually reaches a consensus without having to resort to voting, and members come to unanimous decisions on key issues. With this principle, CER also ensures that all interests are catered to, and none is over- or underrepresented.





## CER's history and developments since the last Annual Report

CER was created by the national railway companies from the then 12 EU Member States. They were then joined by companies from Switzerland, Norway, Finland, Austria and Sweden. In 2006 CER has a diverse membership that represents all areas of today's European rail market.

The new organisations that have joined CER since mid-2005 illustrate the different backgrounds of members:

**ŽRS**, the railways of the Republica Srpska, and **RFYROM**, the railways of the Former Yugoslav Republic of Macedonia, joined CER at a time when CER is actively trying to support companies in the South Eastern European region. At the end of 2005, CER established a separate working group to deal with the special circumstances and challenges faced by this region. CER is cooperating closely with other organisations in this, such as the World Bank, the European Commission, the South East Europe Transport Observatory (SEETO) and SEECP, the ministerial conference of South Eastern Europe.

**CFR Marfa** (rail freight) and **CFR Calatori** (rail passenger) are both companies that emerged after the rail reform in Romania at the end of the 1990s. They had previously been represented in CER by CFR S.A. (the Romanian rail infrastructure manager). But since Romania's advance towards EU membership, both companies decided to become independent members alongside CFR S.A..

**ADIF**, the Spanish infrastructure manager, decided to join CER in late 2005 after a period of close cooperation and participation in the relevant CER working groups.

**RailPolska** and the Hungarian **CER** are both newly-founded rail freight companies that have only been in operation for a short time. They are establishing themselves as 'new comers' in a rail freight market that is being liberalised.

CER was approached by the **Georgian Railways** (GR) because of their interest in EU political issues. CER subsequently created a new membership category of 'associate membership'. GR became the first such member of CER.

As membership has developed, CER's agenda has also changed considerably. When it was founded, for example, CER did not consider rail infrastructure pricing as one of its work issues, whilst today, it is a core item on CER's agenda. Similarly, the national framework conditions for rail companies were not a topic for CER in the 1990s. But today, following requests by its members, CER engages in a lively debate about the structure and efficiency of railway systems with national ministries in a number of countries at the demand of its members.



### **CER cooperation with UIC**

CER and UIC are closely linked to each other, historically as well as institutionally. This relationship was described in the UIC/CER Charter of 1997. While CER is the political voice of the railway sector in Brussels, UIC deals with all technical railway issues. There are many links between both organisations in their day-to-day business as a lot of technical issues are increasingly of political concern.

In recent months therefore, UIC and CER have cooperated closely on a number of issues. Here are just a few examples:

- joint organisation of the ERA railway support structure;
- common work in the steering committee for the implementation of the European Rail Traffic Management System (ERTMS) and for the optimisation of European rail freight corridors;
- organisation of the Strategic European Deployment Plan process under the TAF TSI: steered by CER and project-managed by UIC;
- CER's reliance on UIC's environmental expertise, for example regarding energy efficiency, noise reduction and diesel emissions;
- a position paper on critical rail infrastructure protection by the UIC Security Group, consulting closely with CER;
- a report on implementation of the CER/UIC/CIT passenger Charter and compensation scheme prepared by the UIC Passenger Charter Working Group (an input to CER's work on the Third Railway Package);
- a negotiated agreement between UIC and UIRR on a joint commitment on quality of combined transport services by the UIC Combined Transport Group. This was also an input into CER's work on the Third Railway Package.





## POLITICAL EVENTS

### 2005

Date	Event
11 May	Bulgaria ratifies the EU Accession Treaty.
12 May	The European Commission publishes a report on the consultation on public-private partnerships (PPP) launched in April 2004.
17 May	The two legislative chambers of the Romanian Parliament unanimously ratify the EU Accession Treaty.
26 May	The European Parliament adopts an own initiative report on the proposal for a Directive on the CER-ETF Agreement on working conditions for cross-border staff.
29 May	In a referendum, 54.68% of French people vote against the ratification of the Constitutional Treaty.
1 June	In a referendum, 61.6% of Dutch people vote against the ratification of the Constitutional Treaty.
7 June	The European Commission unveils a comprehensive reform of the state aid policy to refocus aid on improving the competitiveness of EU industry and promoting growth and cohesion.
8 June	The European Parliament adopts a Resolution on policy challenges and budgetary means of the enlarged Union 2007-2013.
16 June	Official inauguration of the European Railway Agency (ERA) in Valenciennes, France.
16-17 June	The European Council fails to reach an agreement on the Financial Perspective 2007-2013.
22 June	The European Commission publishes a Green Paper on energy efficiency.
27-28 June	The Council of EU Transport Ministers meets in Luxemburg to discuss the Third Railway Package and expresses its opposition to the Commission proposal for a Regulation on rail freight quality.
28 June	The European Commission organises the first meeting of an informal network of railway training centres.
1 July	The United Kingdom takes over the Presidency of the Council.
4 July	The European Commission adopts a Communication on the deployment of the European rail signalling system ERTMS/ETCS (European Rail Traffic Management System/European Train Control System) on the major priority routes of the trans-European Transport Network.
5 July	The European Commission presents a Communication on the Community Strategic Guidelines on economic, social and territorial cohesion establishing priorities for the next generation of cohesion policy programmes.

## 2005

Date	Event
18 July	The Council of the EU adopts the Directive implementing the agreement concluded in 2004 between CER and ETF on Certain Aspects of the Working Conditions of Mobile Workers Engaged in Interoperable Cross-Border Services in the Railway Sector.
20 July	The European Commission designates six European coordinators for certain Trans-European Transport Network projects. The European Commission approves a Draft Decision establishing the Trans-European Transport Network Executive Agency. The European Commission adopts a revised proposal for a Regulation on public service transport by road and rail.
16-22 September	The European Mobility Week takes place across Europe; the theme is 'Clever commuting'.
21 September	The European Commission proposes a Thematic Strategy to improve air quality across Europe.
27 September	The European Commission announces that it will withdraw around 70 legislative proposals as part of its 'better regulation' strategy.
27-28 September	The European Parliament debates and votes in first reading on all four proposals of the Third Railway Package; it rejects the European Commission proposal for a Regulation on rail freight quality.
3 October	The European Union opens accession negotiations with Turkey and Croatia.
25 October	The European Commission adopts its legislative and work programme for 2006. Jacques Barrot, Vice-President of the Commission in charge of transport, appoints Karel Van Miert as facilitator for the Galileo programme. The European Parliament debates and votes in first reading on the revision of the Regulation determining the general rules for the granting of Community financial aid in the field of the trans-European Transport and Energy Networks.
26 October	The European Commission adopts a comprehensive plan of EU-wide taxation and customs measures to help the EU achieve its Lisbon objectives.
9 November	The European Commission adopts an overall enlargement strategy for the candidate countries Croatia and Turkey, and for the potential candidate countries in the Western Balkans.
14 November	The TRAN Committee of the European Parliament votes on the revision of the Eurovignette Directive and decides in favour of the internalisation of external costs.

## 2005

Date	Event
17 November	The European Commission issues a Communication outlining new policy options on Public-Private Partnerships.
21 November	The Council of EU Foreign Ministers agrees to start negotiations on a 'stabilisation and association agreement' to prepare Bosnia for EU membership.
23 November	The European Commission publishes the Third Maritime Safety Package, a list of seven new legislative proposals to improve maritime safety.
30 November	The European Commission adopts two legislative proposals to modernise the EU Customs Code and to introduce an electronic, paper-free customs environment in the EU.
1 December	The European Commission organises a hearing with all stakeholders in the transport sector to discuss the mid-term review of its 2001 White Paper on European transport policy.
5 December	The Council of EU Transport Ministers reaches a political agreement on the three remaining texts in the Third Railway Package.
7 December	The High Level Group set up by the Commission to examine transport connections between the newly enlarged EU and its 26 neighbouring countries publishes its final report.
15 December	The European Parliament plenary endorses a weak compromise reached with Council on the revision of the Eurovignette Directive.
16 December	The European Council reaches an agreement on the multiannual financial framework for 2007-2013. The European Council grants the EU candidate status to the Former Yugoslav Republic of Macedonia.
21 December	European Commission adopts new regional aid guidelines for the period 2007-2013. The European Commission proposes a Directive on the promotion of clean road transport vehicles.

## 2006

Date	Event
1 January	Austria takes over the Presidency of the Council. Matthias Ruete, formerly Director in DG Enlargement, replaces François Lamoureux as the Director General of DG TREN.
10 January	The European Court of Justice confirms the validity of the Regulation establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights.
17 January	The European Commission proposes a multi-annual action programme to foster transport by inland waterways in Europe.
18 January	The European Parliament rejects the agreement on financial perspectives 2007-2013 reached by the European Council in December 2005. European Parliament rejects for the second time the legislative proposal on market access to port services.
24 January	The TRAN Committee of the European Parliament holds a public hearing on ERTMS.
1 February	European Commission presents its White Paper on a European Communication Policy.
2 February	The European Parliament endorses a compromise reached with the Council on the Regulation on driving times and rest periods for professional drivers as well as checks on lorries.
10 February	DG TREN publishes a study reviewing progress towards the goals of the 2001 White Paper: modal shift is unlikely to occur unless additional progress is made in the difficult areas, notably transport pricing.
20 February	The 'European Year of Workers' Mobility' is officially inaugurated.
27 February	The European Commission publishes a Communication and proposal for a Regulation on enhancing supply chain security.
11 March	The Foreign Ministers of the 25 EU member states, the 3 candidate countries (Turkey, Croatia and Macedonia) and the other Western Balkan countries hoping to join the European Union (Serbia and Montenegro, Bosnia and Herzegovina and Albania) sign in Salzburg a statement that recognizes the "EU membership as ultimate goal" for the Western Balkan countries.
14 March	The Council of EU Transport, Telecommunications and Energy ministers debates the Commission's Green Paper 'A European Strategy for Sustainable, Competitive and Secure Energy'.
23-24 March	The annual spring summit of the EU Heads of State and Government focuses on the European energy policy. While the participants back enhanced cooperation on energy policy, they take very prudent steps with regard to the Commission's wish to further deregulate the energy market.



## POLITICAL EVENTS

### 2006

Date	Event
27 March	The Council of EU Transport Ministers meets in Brussels to discuss Public Service Obligations and the review of the EU Sustainable Development Strategy. The Council also adopts the amended Eurovignette Directive, approving all of the amendments passed by the European Parliament at second reading in December 2005, thus putting a formal end to the procedure.
4 April	In a fourth trilogue meeting, the European Parliament, Commission and Council reach a political agreement on the Financial Perspective for 2007-2013. The agreement covers both the overall level of resources and the role of the institutions in the budgetary procedure.
4 April	The European Commission adopts an amended Directive on services in the European single market (the so-called 'Bolkestein Directive').



Corien Wortmann-Kool MEP and Hubert Linssen of IRU at the Eurovignette Public Debate on 25 May 2005.



Aad Veenman and Benedikt Weibel signing the EurailFreight Declaration on 30 May 2005 in Munich.



Jean-Marie Bertrand (RFF), László Mosóczy (MÁV), Jan Komarek (SZDC, CER), Johannes Ludewig (CER), György Tabori (MÁV), Karel Vinck at the High Level Infrastructure Meeting in Budapest, 1 July 2005.



High level meeting of CER Management Committee members and the CER Executive Director with Vice-President and Commissioner Jacques Barrot on 7 July 2005.



Meeting of the CEOs of the railway and infrastructure companies in Central and Eastern Europe with General Director of DG TREN, François Lamoureux 8 July 2005.

## CER EVENTS

### 2005

Date	Event
4 May	CER meets the Bulgarian Deputy Minister of Transport and Communications, Aneliya Krushkova, Sofia.
10 May	CER meeting of International Affairs Directors, Utrecht.
11-12 May	CER Annual Customs Meeting with European Commission and national customs authorities, Ljubljana.
25 May	Public Debate on 'Eurovignette : setting the charges for trucks on Europe's motorways' Brussels.
29-31 May	CER, UIC, UNIFE and Stinnes organise jointly the EurailFreight Conference 2005 in the framework of the transport logistic fair - with a special forum on 'innovative solutions for the railways : the Czech experience' in Munich.
8 June	CER attends the EC Workshop on Track Access Charges, Brussels.
10 June	CER participates in the UIC Executive Board meeting in Frankfurt.
10 June	CER Management Committee, Frankfurt.
13 June	CER attends the EC Workshop on contractual issues regarding access to infrastructure within the framework of the First Railway Package, Brussels.
14 June	Seminar on Cohesion Funds and rail construction, Warsaw.
16 June	CER Briefing Day on TAF TSI for railway undertakings and infrastructure managers, Brussels.
16-17 June	DG TREN/EIB/CER Workshop on Rail Project Appraisal, Vilnius.
17 June	CER participates in the Meeting of Finance Ministers on Trade and Transport Facilitation in South East Europe organised by the World Bank, Zagreb.
28 June	CER General Assembly, Paris.
28 June	CER participates in the UIC Executive Board meeting, Paris.
29 June	CER organises a second TAF TSI SEDP Briefing day, Brussels.
30 June	Special meeting of CEOs of Infrastructure companies of the CEEC, Budapest.
1 July	CER/EIM High level European Rail Infrastructure Meeting, Budapest.
7 July	High level meeting of CER Management Committee members and the CER Executive Director with Vice-President and Commissioner Jacques Barrot, Brussels.
8 July	Meeting of the CEOs of the railway and infrastructure companies in Central and Eastern Europe with General Director of DG TREN, François Lamoureux, Brussels.



The General Directors of the European Railways in St. Petersburg on 2 September 2005.



Danuta Hübner, Regional Policy Commissioner and Johannes Ludewig on 13 September 2005.



Colin Hall at the launch of 'Implementation of the Charter on Rail Passenger Services in Europe – Progress Report' at the European Parliament, Brussels 13 September 2005.



Visit of a TGV maintenance workshop during the International Affairs Directors' meeting in Paris, on 20 September 2005.



Bjame Lindberg Bak (DSB), Carl-Henrik Lundstrøm (DSB), Keld Sengeløv (DSB), Johannes Ludewig (CER), Colin Hall (CER) at the CER High level meeting of European Rail Passenger Companies in Copenhagen on 23 September 2005.

## CER EVENTS

### 2005

Date	Event
8 July	Special meeting of the CEOs of the Baltic railway companies and François Lamoureux, Brussels.
11 July	CER participates in the first meeting of the ERTMS MoU Steering Committee, Brussels.
14 July	CER meets State Secretary of the Ministry of Transport, Post and Telecommunications of the Slovak Republic, Ján Kotula, Bratislava.
21 July	Meeting with the Slovenian Transport Minister Janez Božič, Ljubljana.
25-29 July	CER Executive Director visits North American rail freight companies and the Association of American Railroads (AAR), Washington DC.
23 August	CER meets the Political State Secretary of the Ministry of Transport and Communications of Finland, Perttu Puro, Helsinki.
24 August	CER holds the first ad hoc working group on the use of Cohesion and Structural Funds, Prague.
2 September	CER Executive Director participates at the 5th Conference of the General Directors of the European Railways, St. Petersburg.
9 September	CER organises a second ad hoc working group meeting on the use of Cohesion and Structural Funds, Warsaw.
13 September	CER Executive Director meets with Danuta Hübner, Commissioner responsible for Regional Policy.
13 September	CER launches its Progress Reports on passenger and freight services: <i>Implementation of the Charter on Rail Passenger Services in Europe</i> and <i>Rail Freight Quality: Progress in a Competitive Market</i> at the European Parliament, Brussels.
16 September	CER Management Committee, Frankfurt.
16 September	CER participates in the UIC Executive Board meeting, Frankfurt.
20 September	CER meeting of International Affairs Directors, Paris.
23 September	CER High level meeting of European Rail Passenger Companies, Copenhagen.
30 September	CER participates in the DG TREN Workshop on railway rolling stock financing.
30 September	CER organises the 12th Liaison Meeting with Rail Customer Organisations, Brussels.
5 October	Launch of the CER book <i>Reforming Europe's Railways – An Assessment of Progress</i> for DG TREN staff of the European Commission.



Johannes Ludewig, Georg Jarzembowski, Karel Van Miert, Enrico Grillo Pasquarelli at the Public launch of the CER book 'Reforming Europe's Railways – An Assessment of Progress' on 11 October 2005.



Professor Christian Kirchner at the launch of the German version of the CER book in Berlin on 17 October 2005.



CER General Assembly held on 8 November 2005 in Milan



Corien Wortmann-Kool MEP, Adriana Cerretelli (moderator), Marc Ivaldi (University of Toulouse), Christoph Wolff (McKinsey) at the launch of the McKinsey study on the future of the European rail freight market at the European Parliament on 9 November 2005.



Roman Veselka (ZSR), Davorin Kobak (HZ) and Johannes Ludewig during the G4 meeting on 16 November 2005 in Croatia.

## CER EVENTS

### 2005

Date	Event
10 October	CER participates in the meeting of transport ministers from Western Balkan for the signature of the MOU for the establishment of SEETO, Skopje.
11 October	Public launch of the CER book <i>Reforming Europe's Railways – An Assessment of Progress</i> and discussion on the announced mid-term review of the 2001 White Paper <i>European Transport Policy for 2010 – Time to decide</i> , Brussels.
12 October	CER as one of the stakeholders of the European Rail Research Advisory Council (ERRAC) organises in cooperation with the other partners an ERRAC information seminar with the theme 'Rail research: driving competitiveness, moving society', Brussels.
17 October	Launch of German version of the CER book <i>Eisenbahnreformen in Europa – Eine Standortbestimmung</i> , Berlin.
18-19 October	CER welcomes members of the board of management responsible for rail passenger and rail freight traffic of the Association of German Transport Undertakings (VDV) in Brussels.
20-21 October	CER Executive Director participates in the UIC World Executive Council meeting in Delhi, India.
25 October	First UIC/CER Workshop on rail freight noise abatement in Europe, Paris.
26 October	CER participates in the DG TREN Workshop on wagon use issues.
26-28 October	CER participates in UIC/PKP training seminar on infrastructure management, Warsaw.
7 November	CER meets the Transport Minister of Lithuania, Petras Cesna, Brussels.
8 November	CER Management Committee meeting, Milan.
8 November	CER General Assembly, Milan.
9 November	Public presentation of the deliverables of a study by McKinsey consultants on the future of the European rail freight market at the European Parliament, Brussels.
16 November	CER participates in CEO meeting of G4 Group (railways from Croatia, Hungary, Slovakia, Slovenia, Austria and Bosnia Herzegovina), Opatija/Croatia.
17 November	Expert meeting organised by CER Infrastructure Working group on investment planning, Warsaw.
21 November	CER Human Resources Directors agree on the CER mandate on evaluation and re-negotiation of the CER-ETF agreement on working conditions, Brussels.
22 November	CER participates in the UIC Executive Board meeting and the UIC General Assembly, Paris.





First meeting of CER South East Europe group on 2 December 2005, Ljubljana.



Eddy Hartog Head of Unit DG REGIO, Ad Toet, CER Adviser for Central and Eastern Europe, Tilman Seibert, Deputy Director at EIB at the Joint European Rail Circle/CER lunch seminar on the use of EU cohesion and structural funds on 11 January 2006.



Mladjan Dinkihć, Serbian Minister of Finance, Aleksander Popović, Serbian Minister of Science and Environment, Johannes Ludewig, and Milanko Šarančić, Director General of ŽS on 18 January 2006 in Belgrade.



Photo exhibition on female train conductors in Europe at the CER Annual Reception on 30 January 2006.



Aad Veenman (CER, NS) and Vice-President Jacques Barrot at the CER Annual Reception on 30 January 2006.

## CER EVENTS

### 2005

Date	Event
25 November	CER meets the State Secretary of the Austrian Ministry of Transport, Innovation and Technology, Helmut Kukacka, in preparation for the Austrian EU presidency, Vienna.
1 December	CER participates in the EC hearing on the mid-term review of the White Paper on European transport policy, Brussels.
2 December	First meeting of CER South East Europe group, Ljubljana.
9 December	CER meeting of International Affairs Directors, Prague.
15 December	CER participates in meeting of CEOs of SERG group (South East Europe region), Bucharest.
15 December	CER meets the Romanian Minister of Transport, Construction & Tourism, Gheorghe Dobre, and the State Secretary, Constantin Dascălu, Bucharest.

### 2006

10 January	CER, CIT, EIM, ERFA, RNE and UIC meeting on general terms and conditions for the use of infrastructure, Paris.
11 January	Joint European Rail Circle/CER lunch seminar on the use of EU Cohesion and Structural Funds, Brussels.
17 January	UIC/CER High-level workshop on ERTMS, Paris.
18 January	CER participates in a special meeting of CER Directors General in Western Balkan, Belgrade.
19 January	CER meets the Serbian Minister of Capital Investments (Transport Minister), Velimir Ilic, and the Minister of Finances, Mladjan Dinikic, Belgrade.
24 January	CER attends Public Hearing on ERTMS deployment in Europe in the TRAN Committee of the European Parliament, Brussels.
27 January	CER Executive Director participates in a Meeting of the Ministers of Transport of the SEECP Member States, Athens.
27 January	CER Executive Director meets the Greek Minister of Transport, Michalis Liapis, Athens.
30 January	CER Management Committee, Brussels.
30 January	High level Meeting of Management Committee members with Vice-President Jacques Barrot, Brussels.
30 January	Meeting of International Affairs Directors from CEEC railways on Wider Europe, Brussels.
30 January	CER Annual Reception, Brussels.



Johannes Ludewig and Research Commissioner Janez Potočnik at the launch of the Rail21 brochure on 8 March 2006.



Javier Casañas (Italcontainer), Daniela Ackmann (Rail Euro Concept), Rainer Mertel (KomConsult), Eric Peetermans (SNCB), Tiziano Croce (Rail Traction Company) and Igor Hribar (SŽ) at the joint conference 'TREND/REORIENT' on 9 March 2006.



Michael Cramer MEP meeting a Turkish railway delegation at CER on 20 March 2006.



Drewin Nieuwenhuis (UNIFE), Ivan Pilip (EIB), Johannes Ludewig on 22 March 2006.



CER/EC/World Bank Workshop on rail border crossing issues on 22 March 2006.

## CER EVENTS

### 2006

Date	Event
31 January	CER General Assembly with special guest: the new General Director of DG TREN, Matthias Ruete, Brussels.
2 February	CER meets the Polish Minister of Transport, Jerzy Polaczek, Warsaw.
3 February	CER Executive Director meets the new General Director of DG TREN, Matthias Ruete, Brussels.
20 February	Second meeting of CER South East EU working group, Zagreb.
21 February	Meeting with the Board of the European Transport Workers' Federation (ETF), Brussels.
2 March	CER organises a 'Railway Community Lunch', and invites the Austrian Presidency, Brussels.
8 March	Launch of the brochure Rail21 – <i>Sustainable Rail Systems for a Connected Europe</i> by ERRAC, the European Rail Research Advisory Council, Brussels.
9 March	Joint Conference 'TREND/REORIENT - Implementation of change in the European railway system', Brussels.
10 March	Joint Seminar of the CER team with staff of DG TREN, Rail transport and interoperability unit, Brussels.
13 March	CER meets the Minister of Transport and Communications of Macedonia, Xhemali Mehazi, Skopje.
16 March	CER participates in the meeting of CER Freight CEOs on TAF TSI, Frankfurt.
16 March	CER organises in cooperation with UIC a workshop on 'Reducing Rail Diesel Exhaust Emission - Presentation and Discussion of the International Rail Diesel Study' at UIC in Paris.
17 March	CER organises the 13th Liaison Meeting with Rail Customer Organisations, Brussels.
20 March	CER receives high level delegation from Turkish Government and Turkish State Railways, Brussels.
22-23 March	CER/EC/World Bank Workshop on rail border crossing issues in South East Europe, Sofia
22 March	CER and UNIFE meet the Vice President of the European Investment Bank, Ivan Pilip, on TEN financing questions, Luxembourg.
23 March	CER presents its view on the AEIF heritage to members of the Article 21 Committee, Brussels.
24 March	CER Management Committee, Paris.
24 March	CER participates in the UIC Executive Board meeting, Paris.



RZD President Yakunin and Johannes Ludewig on 28 March 2006.



CER International Affairs Directors at the evening event of their meeting in Lisbon, 7 April 2006.



Johannes Ludewig with the German Minister of Transport Wolfgang Tiefensee on 12 April 2006 in Berlin.



CER meeting of Freight CEOs on 26 April 2006.

## CER EVENTS

### 2006

Date	Event
28 March	CER Executive Director meets the President of the Joint Stock Company Russian Railways (RZD), Vladimir Yakunin, Moscow.
31 March	CER participates in the Transport Forum 2006 of the World Bank and meets World Bank staff, Washington DC.
31 March	CER Executive Director meets the Vice President of the Association of American Railroads (AAR), Craig F. Rockey, Washington DC.
31 March	CER Executive Director meets the US Deputy Finance Secretary of State, Robert M. Kimmitt, Washington DC.
4 April	Second UIC/CER High-level workshop on ERTMS in the course of the ERTMS conference, Budapest
7 April	CER meeting of International Affairs Directors, Lisbon
10 April	CER meets the OSShD President, Tadeusz Szozda, Warsaw.
11 April	CER Executive Director meets General Director of DG TREN, Matthias Ruete, Brussels.
12 April	CER Executive Director meets German Minister of Transport, Building and Urban Affairs, Wolfgang Tiefensee, Berlin.
25 April	CER participates in CIT/OSShD seminar on common CIM/SMGS consignment note, Berne.
26 April	CER meeting of Freight CEOs, Brussels
2 May	CER and UNIFE jointly organise a conference on the 2001 Transport White Paper midterm review, Brussels.

## MEMBER RAILWAY UNDERTAKINGS AND INFRASTRUCTURE COMPANIES

COUNTRY	Logo	NAME	ENGLISH NAME	ABBREVIATION	WEBSITE
Austria		Österreichische Bundesbahnen	Austrian Federal Railways	ÖBB	www.oebb.at
Austria		Salzburger Lokalbahn	Salzburg Regional Railway	SLB	www.lokalbahn.info
Belgium		Société Nationale des Chemins de Fer Belges/Nationale Maatschappij der Belgische Spoorwegen	Belgian National Railways	SNCB/NMBS HOLDING	www.b-rail.be
Belgium/France		Thalys International	Thalys International	Thalys	www.thalys.com
Bosnia-Herzegovina		Željeznice Federacije Bosne i Hercegovine	Railways of the Federation of Bosnia-Herzegovina	ŽFBH	
Bosnia-Herzegovina		Željeznice Republike Srpska	Railways of the Republic of Srpska	ŽRS	
Bulgaria		Nacionalna Kompania Železopatna Infrastruktura	Bulgarian National Railway Infrastructure Company	NRIC	www.rail-infra.bg
Bulgaria		Balgarski Daržavni Železnitsi	Bulgarian State Railways	BDŽ	www.bdz.bg
Croatia		Hrvatske Željeznice	Croatian Railway Company	HŽ	www.hznet.hr
Czech Republic		Správa Železniční Dopravní Cesty	Czech Railway Infrastructure Administration	SŽDC	www.szdc.cz
Czech Republic		České Dráhy	Czech Railways	ČD	www.cd.cz
Denmark		Danske Statsbaner	Danish State Railways	DSB	www.dsb.dk
Denmark		Railion Danmark	Railion Denmark	Railion	www.railion.dk
Estonia		Aktsiaselts Eesti Raudtee	Estonian Railways	EVR	www.evr.ee
Finland		VR-Yhtymä Oy	VR-Group – Finnish Railways	VR	www.vr.fi
France		Société Nationale des Chemins de Fer Français	French National Railway Company	SNCF	www.sncf.fr
France		Veolia Transport	Veolia Transport	Veolia	www.veolia-transport.com
France /UK		Eurotunnel	Eurotunnel	Eurotunnel	www.eurotunnel.com
Georgia		Saqartvelos Rkinigza	Georgian Railway (Associate member)	GR	www.railway.ge
Germany		Deutsche Bahn	German Railway Group	DB	www.bahn.de
Greece		Organismos Siderodromôn Elladas	Hellenic Railways Organisation	OSE	www.ose.gr
Hungary		Magyar Államvasutak Rt.	Hungarian State Railways	MÁV	www.mav.hu
Hungary		Vasúti Pályakapacitás-Elosztó	Hungarian Railway Capacity Allocator	VPE	www.vpe.hu
Hungary		Central-European Railway	Central-European Railway	CER	
Hungary/Austria		Győr-Sopron-Ebenfurti Vasút	Győr-Sopron-Ebenfurth Railway Company	GySEV/RoeEE	www.gysev.hu

COUNTRY	Logo	NAME	ENGLISH NAME	ABBREVIATION	WEBSITE
Ireland		Córas Iompair Éireann	Irish Transport Group	CIE	www.irishrail.ie
Italy		Ferrovie dello Stato	Italian Railway Group	FS	www.ferroviedellostato.it
Latvia		Latvijas Dzelzceļš	Latvian Railways	LDZ	www.ldz.lv
Lithuania		Lietuvos Geležinkeliai	Lithuanian Railways	LG	www.litrail.lt
Luxembourg		Société Nationale des Chemins de Fer Luxembourgeois	Luxembourg National Railway Company	CFL	www.cfl.lu
Macedonia		Makedonski Železnici	Railways of the Former Yugoslav Republic Of Macedonia	RFYROM	www.mz.com.mk
Netherlands		Nederlandse Spoorwegen	Dutch Railways	NS	www.ns.nl
Netherlands		Railion Nederland	Railion Netherlands	Railion	www.railion.nl
Norway		Norges Statsbaner	Norwegian State Railways	NSB	www.nsb.no
Poland		Polskie Koleje Państwowe	Polish State Railways	PKP	www.pkp.com.pl
Poland		Rail Polska	Rail Poland	Rail Polska	www.railpolska.pl
Portugal		Caminhos de Ferro Portugueses	Portuguese Railway Company	CP	www.cp.pt
Romania		Compania Nationala de Cai Ferate	Romanian National Railway Company	CFR	www.cfr.ro
Romania		Societatea Nationala de Transport Feroviar de Marfă	Romanian national freight train operating company	CFR Marfa	www.cfrmarfa.cfr.ro
Romania		Societatea Natională de Transport Feroviar de Călători	Romanian national train operating company for passenger transport	CFR Calatori	www.cfr.ro/calatori
Serbia-Montenegro		Železnice Crne Gore	Railways of Montenegro	ŽCG	
Serbia-Montenegro		Železnice Srbije	Serbian Railways	ŽS	www.yurail.co.yu
Slovakia		Železnice Slovenskej Republiky	Slovak Infrastructure Company	ŽSR	www.zsr.sk
Slovakia		Železničná Spoločnosť Slovensko	Slovak Railway Operator	ZSSK	www.slovakrail.sk
Slovakia		Železničná Spoločnosť Cargo Slovakia	Slovak Rail Freight Company	ZSSK Cargo	www.slovakrail.sk
Slovenia		Slovenske Železnice	Slovenian Railways	SŽ	www.slo-zeleznice.si
Spain		RENFE Operadora	National Spanish Railway Operator	RENFE Operadora	www.renfe.es
Spain		Administrador de Infraestructuras Ferroviarias	Spanish Railway Infrastructure Manager	ADIF	www.adif.es
Sweden		Sveriges Branschföreningen Tågoperatörerna	Association of Swedish Train Operators	ASTOC	www.tagoperatorerna.se
Switzerland		Schweizerische Bundesbahnen/ Chemins de Fer Fédéraux Suisses/ Ferrovie Federali Svizzere	Swiss Federal Railways	SBB/CFF/FFS	www.sbb.ch
Switzerland		BLS Lötschbergbahn	Lötschberg Railway Company	BLS	www.bls.ch
United Kingdom		Association of Train Operating Companies	Association of Train Operating Companies	ATOC	www.atoc.org
United Kingdom		English, Welsh and Scottish Railways	English, Welsh and Scottish Railways	EWS	www.ews-railway.co.uk

## CER GOVERNANCE

CER Presidency (2005 to 2006)				
Aad	VEENMAN	CER Chairman Chief Executive Officer	NS	Nederlandse Spoorwegen
Elio	CATANIA	CER Vice-Chairman Chairman and Chief Executive Officer	FS	Ferrovie dello Stato
Jan	KOMÁREK	CER Vice-Chairman Director General	SŽDC	Správa železnicí dopravní cesty
Adrian	SHOOTER	CER Vice-Chairman* Deputy Chairman	ATOC	Association of Train Operating Companies
Louis	GALLOIS	CER Vice-Chairman** Chairman of the Board and Chief Executive Officer	SNCF	Société Nationale des Chemins de Fer Français

\* Until November 2005

\*\* From November 2005

Members of the CER Management Committee (2005 to 2006)				
Aad	VEENMAN	CER Chairman Chief Executive Officer	NS	Nederlandse Spoorwegen
Elio	CATANIA	CER Vice-Chairman Chairman and Chief Executive Officer	FS	Ferrovie dello Stato
Louis	GALLOIS	CER Vice-Chairman** Chairman of the Board and Chief Executive Officer	SNCF	Société Nationale des Chemins de Fer Français
Jan	KOMÁREK	CER Vice-Chairman Director General	SŽDC	Správa železnicí dopravní cesty
Antoine	HUREL	Deputy Chief Executive Officer	Veolia Transport	Veolia Transport
Hartmut	MEHDORN	Chief Executive Officer	DB	Deutsche Bahn
Andrzej	WACH	President and Chief Executive Officer	PKP	Polskie Koleje Panstwowe
Benedikt	WEIBEL	UIC President Chief Executive Officer	SBB - CFF – FFS	Chemins de Fer Fédéraux Suisses
Henri	KUITUNEN	President and Chief Executive Officer	VR	VR-Yhtymä Oy
Zoltán	MÁNDOKI	Director General	MÁV	Magyar Államvasutak Rt.
Adrian	SHOOTER	CER Vice-Chairman* Deputy Chairman	ATOC	Association of Train Operating Companies
Roger	COBBE**	Member of the Board	ATOC	Association of Train Operating Companies
Christopher	AADNESEN**	Chairman of the Management Board and Managing Director	EVR	Aktsiaselts Eesti Raudtee
António	RAMALHO**	President of the Board of Directors	CP	Caminhos de Ferro Portugueses

\* Until November 2005

\*\* From November 2005

Members of the CER General Assembly (as of 25 April 2006)				
Christopher	AADNESEN	Chairman of the Management Board and Managing Director	EVR	Aktsiaselts Eesti Raudtee
Dionisios	CHIONIS	Managing Director	OSE	Organismos Siderodromôn Elladas
István	BÁRÁNY	General Director	CER	Central-European-Railway Co.
Josef	BAZALA	Chairman of the Board of Directors and Chief Executive Officer	ČD	České Dráhy
Stasys	DAILYDKA	Director General	LG	Lietuvos Geležinkeliai
Liviu	BOBAR	General Director	CFR Marfă	Societatea Nationala de Transport Feroviar de Marfă
Elio	CATANIA	Chairman and Chief Executive Officer	FS	Ferrovie dello Stato
Roger	COBBE	Member of the Board	ATOC	Association of Train Operating Companies
Jean-Michel	DANCOISNE	Director General	Thalys	Thalys International
Narcis	DŽUMHUR	General Manager	ŽFBH	Željeznice Federacije Bosne i Hercegovine
Einar	ENGER	President and Chief Executive Officer	NSB	Norges Statsbaner
Irakli	EZUGBAYA	Director General	GR	Saqartvelos Rkinigza
Richard	FEARN	Chief Executive Officer	CIE	Córas Iompair Éireann
Dimitar	GAIDAROV	Director General	NRIC	Nacionalna Kompania Železopatna Infrastruktura
Louis	GALLOIS	Chairman of the Board and Chief Executive Officer	SNCF	Société Nationale des Chemins de Fer Français
Antonio	GONZÁLEZ MARÍN	President	ADIF	Administrador de Infraestructuras Ferroviarias
Jannie	HAEK	Chief Executive Officer	SNCB Holding	Société Nationale des Chemins de Fer Belges Holding
István	HEINCZINGER	Chief Operating Officer and Member of the Board	MÁV	Magyar Államvasutak
Keith	HELLER	Chief Executive Officer	EWS	English Welsh & Scottish Railway
Timothy	HOLLAWAY	President of the Board and Chief Executive Officer	Rail Polska	Rail Polska
Martin	HUBER	Chief Executive Officer	ÖBB	Österreichische Bundesbahnen

Members of the CER General Assembly (as of 25 April 2006)				
Antoine	HUREL	Deputy Chief Executive Officer	Veolia Transport	Veolia Transport
Jože	JURKOVÍŽ	President of the Managing Board and Director General	SŽ	Slovenske Železnice
Davorin	KOBAK	President of the Board	HŽ	Hrvatske Željeznice
Jan	KOMÁREK	Director General	SŽDC	Správa Železnižní dopravní cesty
Alex	KREMER	Director General and President of Committee of Directors	CFL	Société Nationale des Chemins de Fer Luxembourgeois
Henri	KUITUNEN	President and Chief Executive Officer	VR	VR-Yhtymä Oy
Pavol	KUŽMA	Director General and Chairman of the Board of Directors	ZSSK Cargo	Železnižná Spoločnosť Cargo Slovakia
Gunter	MACKINGER	Chief Executive Officer	SLB	Salzburger Lokalbahn
Užis	MAGONIS	Chairman of the Board	LDZ	Latvijas Dzelzceļš
Ondrej	MATEJ	Chairman of the Board of Directors and Director General	ZSSK	Železnižná spoločnosť Slovensko
Mersad	MUJEVIC	Acting President of Board Director of Directors	ZCG	Železnice Crne Gore
Hartmut	MEHDORN	Chief Executive Officer	DB	Deutsche Bahn
Milco	SMILEVSKI	Director General	RFYROM	Makedonski Železnici
Sven-Olof	NEHRER	Chairman	ASTOC	Association of Swedish Train Operating Companies
Alexandru	NOAPTES	General Director	CFR Călători	Societatea Națională de Transport Feroviar de Călători
Oleg	PETKOV	Executive Director	BDZ	Balgarski Daržavni Železnitsi
Traian	PREOTEASA	Director General and Chairman of the Board of Directors	CFR	Compania Națională de Cai Ferate
António	RAMALHO	President of the Board of Directors	CP	Caminhos de Ferro Portugueses
Carel	ROBBESON	Managing Director	Railion Nederland	Railion Nederland
János	SALAVECZ	Managing Director	VPE	Vasúti Pályakapacitás-Elosztó

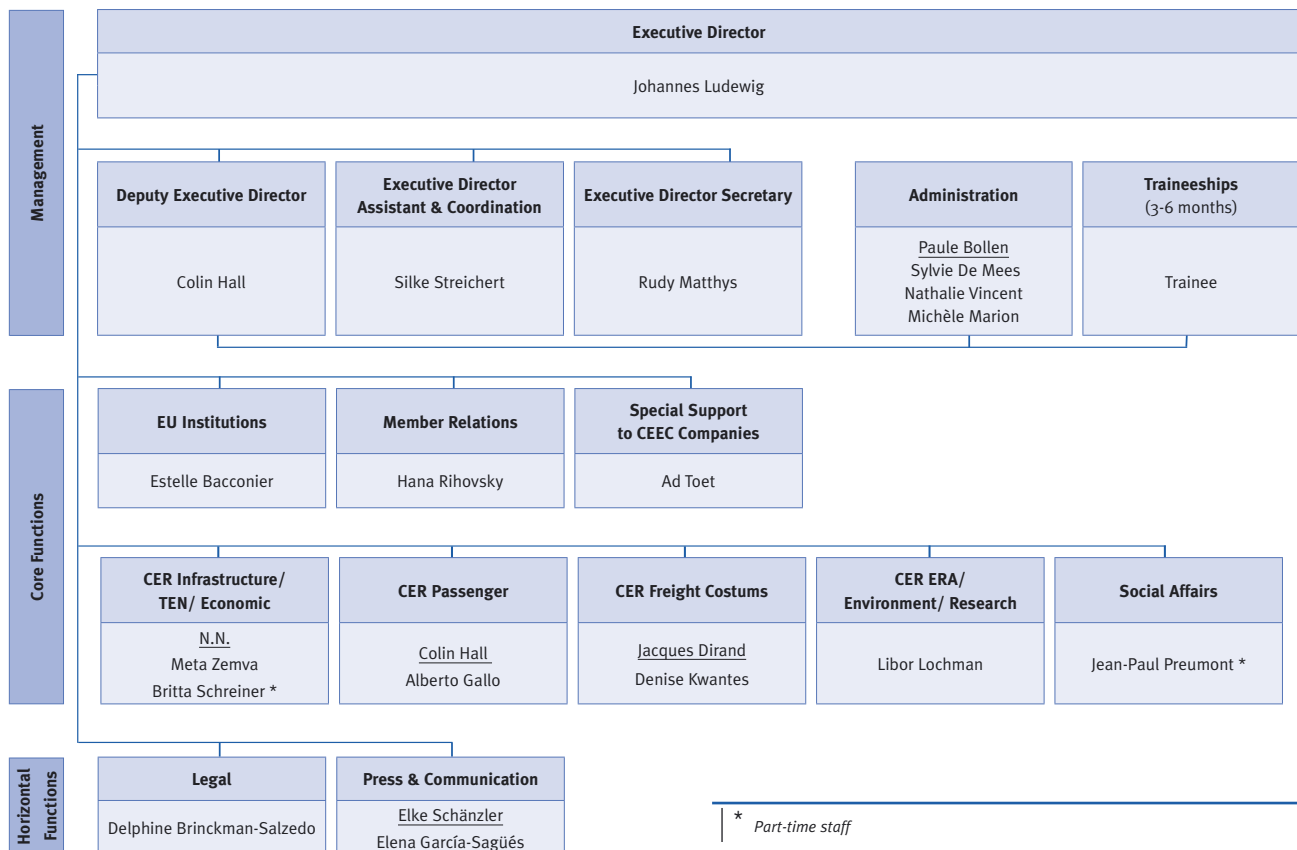


Members of the CER General Assembly (as of 25 April 2006)				
José	SALGUEIRO CARMONA	President of the Board of Directors	RENFE	RENFE Operadora
Milanko	ŽARANŽIŽ	Director General	ŽS	Železnice Srbije
Keld	SENGELØV	Chief Executive Officer	DSB	Danske Statsbaner
Csaba	SIKLÓS	General Director	GySEV	Győr-Sopron-Ebenfurth Railway Corp.
Sreten	TELEBAK	Chief Executive Officer	ŽRS	Željeznice Republike Srpske
Christian	THING	Managing Director	Railion Danmark	Railion Danmark
Mathias	TROMP	Chief Executive Officer	BLS	BLS Lötschbergbahn
Jean-Pierre	TROTIGNON	Chief Operating Officer	Euro- tunnel	Eurotunnel
Aad	VEENMAN	Chief Executive Officer	NS	Nederlandse Spoorwegen
Roman	VESELKA	General Director	ZSR	Železnice Slovenskej Republiky
Andrzej	WACH	President and Chief Executive Officer	PKP	Polskie Koleje Panstwowe
Benedikt	WEIBEL	UIC President Chief Executive Officer	SBB - CFF - FFS	Chemins de Fer Fédéraux Suisses

# CER TEAM



Front row: Jacques Dirand, Alberto Gallo, Michal Vitez (stagiaire), Johannes Ludewig, Michèle Marion, Paule Bollen, Libor Lochman, Nathalie Vincent  
 Middle row: Rudy Matthys, Colin Hall, Peter Cauwenberghs, Edward Calthrop, Britta Schreiner, Denise Kwantes  
 Back row: Sylvie De Mees, Meta Zemva, Hana Rihovsky, Estelle Bacconnier, Silke Streichert, Delphine Brinkman-Salzedo, Elke Schänzler, Ad Toet, Jean-Paul Preumont, Elena García Sagüés



\* Part-time staff



## CER PUBLICATIONS

### BOOKS

- CER (ed.): Reforming Europe's Railways – An assessment of progress, September 2005 (Eurailpress)
- CER (Hg.): Eisenbahnreformen in Europa – Eine Standortbestimmung, Oktober 2005 (Eurailpress)

### CER ESSAY SERIES

- George Muir: The Railway in Britain - on the right lines, February 2006
- Jan Sundling: Developing rail logistic operation in Europe - perspectives from Sweden, September 2005

### CER POSITION PAPERS

- Public service transport by rail and road: a new legal framework, November 2005
- Developing coherent rail services in Central and Eastern Europe, November 2005
- Tolls for trucks on Europe's motorways – why the Eurovignette Directive is key to keeping Europe's growth in freight traffic sustainable, June 2005

### CER STUDIES AND REPORTS

- Public service rail transport in the European Union: an overview, November 2005
- Rail Freight Quality: Progress in a Competitive Market, September 2005
- Passenger Progress Report: Implementation of the Charter on Rail Passenger Services in Europe, September 2005

For further documents such as press releases or fact sheets and older publications please check the CER website [www.cer.be](http://www.cer.be).

## RAILWAY STATISTICS 2005

CER Member	Country	Length of lines	Staff number	Passengers carried	Passenger-kilometres	Freight tonnes carried	Freight Tonne-km	Turnover	Profit
		in km		millions	millions	millions	millions	million €	million €
ADIF	Spain	12 824	15 000	–	–	–	–	1778.0 <sup>p</sup>	-100.0 <sup>p</sup>
ASTOC	Sweden	–	10 700	n/a	9 000	n/a	15 800	n/a	n/a
ATOC	United Kingdom	16 116 <sup>a</sup>	n/a	1 078.0 <sup>b</sup>	43 <sup>b</sup>	–	–	6 367.2	n/a
BDZ	Bulgaria	–	17 979	33.7	2 388	20.3	5 163	n/a	n/a
BLS	Switzerland	241	2 053	29.0	447	12.9	2 823	387.1	9.0
ČD	Czech Republic	6 <sup>c</sup>	65 232	178.2	6 631	83.4	15 973	1 520.5 <sup>p</sup>	-19.8 <sup>p</sup>
CER	Hungary	–	5	–	–	0.4	26	0.941	0.016
CFL	Luxembourg	275	3 042	14.1	272	11.5	414	424.0	-2.0
CFR Călători	Romania	–	17 068	91.5	7 960	–	–	362.2 <sup>p</sup>	-53.2 <sup>p</sup>
CFR Marfă	Romania	–	19 318	–	–	55.3	12 930	506.2	18.5
CFR S.A.	Romania	10 781	28 733	–	–	–	–	311.7	-40.1
CIÉ	Ireland	1 713 <sup>d</sup>	5 376	37.7 <sup>e</sup>	1 781	1.8	303	222.3	n/a
CP	Portugal	–	4 572	130.6	3 412	9.6	2 422	244.8	-196.8
DB AG	Germany	34 218	216 389	1 785.4	72 554	266.5	83 111	25 055.0	611.0
DSB	Denmark	2 323	9 407	162.0	5 737	–	–	1 254.0 <sup>f</sup>	99.3 <sup>g</sup>
Eurotunnel <sup>h</sup>	Great Britain/ France	58	2 590	–	–	–	–	n/a	n/a
EVR	Estonia	1 280	2 459	–	–	44.5	19 156	115.2	4.0
EWS (ATOC)	UK	–	5 034	–	–	83.6	14 748	n/a	n/a
FS	Italy	16 225	99 057	516.0	46 144	75.0	22 199	n/a	n/a
GR	Georgia	1 336	15 808	3.6	720	19.0	6 127	98.8	26.1
GySEV	Hungary	220	1 795	4.0	182	6.3	657	117.8	0.1
HZ	Croatia	2 726	14 152	39.8	1 266	15.8	3 106	528.1	6.8
LDZ	Latvia	2 270	14 603	25.9	894	54.9	17 921	243.4	n/a
LG	Lithuania	1 771	11 327	6.7	428	49.3	12 457	331.3	28.1
MÁV Co.	Hungary	7 729	44 553	120.0	6 952	44.0	8 537	896.5	-312.6
NRIC	Bulgaria	4 153	15 663	–	–	–	–	111.7	-42.7
NS	Netherlands	2 806	17 528	321.0	14 730	–	–	2 240.0	92.0
NSB AS	Norway	4 087	3 263	47.0	2 440	–	–	440.0	51.0
ÖBB	Austria	5 690	46 059	191.6	8 470	88.0	18 012	5 034 <sup>m</sup>	13.0 <sup>n</sup>
OSE	Greece	2 576	7 930	10.0	1 854	3.1	613	95.6	-596.2
PKP	Poland	19 507	127 745 <sup>i</sup>	218.0 <sup>i</sup>	16 742 <sup>i</sup>	155.1	45 438	4,347.5 <sup>j</sup>	152.9 <sup>j</sup>
Railion Danmark A/S	Denmark	–	476	–	–	7.5	2 029	74.0	-3.1
Railion Nederland	Netherlands	–	1 071	–	–	29.1	4 153	182.0	n/a
Rail Polska	Poland	–	239	–	–	0.978	249	n/a	n/a

CER Member	Country	Length of lines	Staff number	Passengers carried	Passenger-kilometres	Freight tonnes carried	Freight Tonne-km	Turnover	Profit
		in km		millions	millions	millions	millions	million €	million €
RENFE Operadora	Spain	–	14 916	505.4	19 809	25.5	11 070	1 885.6	87.1
RFYROM	Macedonia	699	2 921	0.9	94	3.1	530	33.9	-2.3
SBB/CFF/FFS	Switzerland	3 163	25 943	275.9	13 830	56	11 482	4 557.9	-106.7
SLB	Austria	35	70	4.5	75	0.4	8	n/a	n/a
SNCB	Belgium	3 536	37 832	187.0	9 176	58.4	7 975	2 592.0	-116.7
SNCF	France	–	166 630	961.7	76 146	107.5	40 700	16 009.0	1 334.0
ŠZ	Slovenia	1 228	8 075	15.7	777	18.1	3 579	286.2	-10.9
ŠZDC	Czech Republic	9 506	598	–	–	–	–	0.2	0.1
Thalys	France/ Belgium	–	105	6 186.0	2 179	–	–	335.0	n/a
Veolia Transport <sup>k</sup>	France	–	n/a	100.0	1 060	8.1	565	n/a	n/a
VPE	Hungary	–	13	–	–	–	–	1.1	0.07
VR	Finland	5 732	10 305	63.5	3 478	40.7	9 706	1 197.0	46.0
ZCG	Serbia and Montenegro	248	1 840	1.1	122	1.2	133	1.2	n/a
ŽFBH	Bosnia- Herzegovina	609	3 738	0.3	23	6.7	762	50.2	n/a
ŽRS <sup>p</sup>	Bosnia- Herzegovina	n/a	n/a	0.8	343	5.3	411	n/a	n/a
ZS	Serbia and Montenegro	3 590	22 271	13.5	852	12.6	3 482	237.7	-191.7
ŽSR	Slovakia	3 658	19 663	–	–	–	–	499.5	-7.3
ZSSK	Slovakia	–	4 774	49.1	2 166	–	–	215.6	-13.7 <sup>l</sup>
ZSSK Cargo	Slovakia	–	12 109	-	-	47.8	9 326	420.4	-18.1

– Not applicable

n/a Not available

<sup>p</sup> Provisional

<sup>a</sup> Position stated is at 31 March 2005. This figure should not be compared with any previous figures, due to a change in methodology.

<sup>b</sup> Due to a change in the travel patterns of customers using certain types of multi-journey tickets, data for 2004 has been revised. (Journeys on the same basis for 2004 would have been 1 019.)

<sup>c</sup> ČD operates 9,513 km of lines, of which it owns 6 km. The remaining lines operated by ČD are owned by ŠZDC.

<sup>d</sup> Refers to active lines only

<sup>e</sup> Total Iarnród Éireann journeys in 2005 amounted to 37.7 million. Significant engineering works were undertaken on the DART commuter lines in Dublin, with no weekend services being operated for a large part of the year. The impact of these DART closures is estimated to be 1.7 million journeys, which would bring the adjusted total to 39.4 million journeys.

<sup>f</sup> Net turnover

<sup>g</sup> Profits before tax

<sup>h</sup> Eurotunnel calculates passenger and freight figures in terms of vehicles.

<sup>i</sup> Excludes the company Koleje Mazowieckie (passenger regional services in Mazowiecki Voivodship) as of 2005.

<sup>j</sup> Profit and turnover data for PKP covers the year 2004. All other data presented by PKP is for 2005.

<sup>k</sup> Data for 2004

<sup>l</sup> Profit before tax

<sup>m</sup> Turnover: 'Gesamterträge'

<sup>n</sup> Profit: 'Ergebnis der gewöhnlichen Geschäftstätigkeit'

## LIST OF ABBREVIATIONS

List of Abbreviations	
AAR	Association of American Railroads
AEIF	Association Européenne pour l'Interopérabilité Ferroviaire / European Association for Railway Interoperability
CIT	Comité international des transports ferroviaires / International Rail Transport Committee
CIWIN	Critical Infrastructure Warning Information Network
CLECAT	European Association for Forwarding, Transport, Logistic and Customs Services
COTIF-CIV	International Convention concerning the Carriage of Passengers and Luggage by Rail
DG TREN	Directorate-General for Energy and Transport
EC	European Commission
EIB	European Investment Bank
EP	European Parliament
ERA	European Railway Agency
ERRAC	European Rail Research Advisory Council
ERTMS	European Rail Traffic Management System
ETCS	European Train Control System
ETF	European Transport Workers' Federation
FIATA	Fédération Internationale des Associations de Transitaires et Assimiliés / International Federation of Freight Forwarders Associations
GDP	Gross Domestic Product
GNI	Gross National Income
IAA	Interinstitutional Agreement between the European Parliament, the Council and the Commission
IRU	International Road Transport Union
MoU	Memorandum of Understanding
OSShD	Organisation for the Combined Operations of Railways
PRM	Persons with Reduced Mobility
RID	Le Règlement concernant le Transport International Ferroviaire des Marchandises Dangereuses / The Rules on the International Transport of Dangerous Goods
RNE	RailNetEurope
SEDP	Strategic European Deployment Plan
SEDP	Strategic European Deployment Plan
SEECF	South-East European Cooperation Process
SEETO	South-East Europe Transport Observatory
SRRA	Strategic Rail Research Agenda
TAF	Telematic/Telepathic Applications for Freight
TEN-T	Trans-European Transport Network
TRAN	Committee on Transport and Tourism/Transport and Tourism in the European Parliament
TSI	Technical Specifications for Interoperability
UIC	Union Internationale des Chemins de fer / International Union of Railways
UIRR	Union Internationale des sociétés de transport combiné Rail-Route / International Union of Combined Road-Rail Transport Companies
UNIFE	Union of European Railway Industries



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