CER
The Voice of European Railways

CER Policy Agenda 2019-2024

Ever better railways for an ever closer Union

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1. Railways: the backbone of mobility

Railways are the **backbone of European mobility** and the European transport system.

Railways play a vital role for society: over the last decade, rail saw a renaissance in Europe and beyond. More than ever, rail contributes to developing the economy and sustainable mobility, and at the same time to protecting the environment and territorial cohesion. Rail is an essential part of the solution to some of the most pressing challenges of our times, which need to be addressed in the next EU policy term.

Railways invest: to meet the needs of passengers and shippers, railways invest in enhancing both the services they offer and the infrastructure that connects the different parts of Europe with each other and with the world.

Railways innovate: they are increasingly digitalised, invest in research and development and contribute to the development of start-ups specialized in new mobility services. They are increasingly energy-efficient and on the path to provide zero emissions transport solutions.

Railways are customer-oriented: they are contributing to door-to-door mobility solutions to passengers and tailor-made transport services to shippers.

Railways are on the move: more than ever, rail delivers and will continue doing so.

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The year **2019 will mark an important milestone for the European Union**, with the renewal of the European Parliament and the appointment of the next College of European Commissioners. This is the moment to take stock of the achievements and developments in European rail and transport policy with a wider perspective.

This is the time to take a close look ahead on the **objectives, priorities and challenges of the new European policy term**.

The **White Paper on transport** adopted by the European Commission in March 2011 provided a comprehensive strategy and vision for tomorrow's transport in Europe.

CER believes that the **modal shift targets** of the 2011 Transport White Paper are central to the delivery of Europe's overall goals of cutting greenhouse gas emissions, achieving energy security, and relieving congestion.

The European mobility and transport system is currently undergoing a shift to a much greener and more digitalized system. Decarbonisation and increased focus on air pollution imply that **these targets are even more valid today**. The rail sector puts forward this Policy Agenda to its institutional interlocutors to contribute to finding together the best way to reach them.

2. The contribution of railways to European society

A stronger European rail sector makes EU mobility economically stronger, more sustainable and safer.

2.1. The most carbon-efficient motorized way to transport

Rail is **the most carbon-efficient motorized way of transport**: CO2 emissions from rail account for less than 3% of CO2 emissions from transport although it carries 17% of freight and 8% of passengers in Europe[1].

The total decarbonisation of rail transport is within reach: in fact, today **four out of five trains are already running on electricity[2]**, which is becoming greener itself[3].

The rail sector is already today beyond the EU's 2030 renewable energy target for transport, with an energy mix that sees **20.7% of energy consumed from renewable sources**. In the Netherlands electric trains are already running 100% on wind energy, in Switzerland 90% and in Sweden 100% on hydropower. As a result, the sector has reduced total CO2 emissions from rail traction by 16.8 million tonnes in 2016 compared to 1990 - equal to almost the entire CO2 emissions of Croatia[4].

2.2. Added value for the whole economy

2.3 million EU citizens are employed by the rail sector[5], with a Gross Value Added of € 149 billion[6]. Between 2003 and 2012 the rail sector showed **an increase of persons hired equal to 21%**, providing long-term job stability to its workers[7].

Rail infrastructure projects have been creating **wider economic impacts** as a result of shorter travel times and increased capacity, by increasing the size of the available labour market to companies, transport facilities for certain industries, enhancing the productivity of companies and improving the reachability of city centres[8].

The International Monetary Fund calculated that **1% of GDP investment in rail brings 1,5% extra GDP over four years**, with a carbon footprint[9] that is about 1/4 of the carbon footprint of road for passenger transport, and 1/9 for freight transport.

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[1] *Put Europe "on track" to achieve climate-neutral transport*, CER 2018.
[2] For instance, Switzerland's railway lines are 100% electrified, while Luxembourg (95%), Belgium (86%), the Netherlands, Sweden, Italy, Bulgaria and Austria are all above 70%. Electrification is however not the only way to decarbonise railways. Alternatively-fueled (e.g. hydrogen) trains are also being considered.
[3] Ibidem.
[4] Ibidem.
[5] 1.06 million directly employed and 1.21 indirectly employed.
[6] 46% of which is direct GVA of railway undertakings and infrastructure managers.
[7] *The economic footprint of railway transport in Europe*, CER 2014.
[8] Ibidem.
[9] The carbon footprint is here calculated as specific CO2 emissions as gCO2/pkm for passenger transport and as gCO2/tkm for freight transport.

2.3. The safest mode for land transportation

The safety record of the rail system is unparalleled and continuously improving, and it is nested in its technology and processes. Especially the high level of automation coupled with the rail safety culture developed over the last century make railways one of the safest mode of transport and certainly the safest mode of land transport[10].

3. Our vision

3.1. The cornerstones

The vision that CER has for the future European mobility is the one where railways

- are a competitive and viable **first-choice transport mode** in terms of price and service quality for both passengers and freight customers;
- are central to the delivery of Europe's goals of **cutting greenhouse gas emissions**, reducing air pollution, achieving energy security, and relieving congestion;
- are the backbone of a **seamless and integrated transport system** in close cooperation with the other transport modes, in particular by linking major urban centres with high speed connections and connecting peripheral urban areas with city centres;
- are an enabling factor for the **competitiveness of the European economy**, supporting economic growth and job creation;
- contribute to **an inclusive EU society** by paying special attention to the needs of vulnerable segments of the population such as the elderly and citizens with reduced mobility;
- are an attractive, diverse and **socially responsible employer**, offering a wide range of professions, stimulating job creation at the local level, nationally and Europe-wide, and attracting talents;
- continue (and improve on) being **the safest mode** for land transportation, with an increased focus also on security;
- **embrace digitalisation** and exploit the opportunities linked to it for both infrastructure management and train operations.

To achieve its vision, CER will continue to bridge the rail business community with the EU institutions, thereby promoting **a dialogue that will put the European customers at its centre**, be it the individual user of passenger services or buyer of freight transport.

[10] https://ec.europa.eu/eurostat/web/transport/data/database

3.2. Modern services for passengers

Railways remain dedicated to offer their **best possible services to their traditional customers**: commuter passengers and long-distance intercity travellers.

However, **future passengers will differ from today's**: demographic, economic and political trends will shape new ways of moving in urban and non-urban areas, and railways reckon that it will be imperative to adapt to be able to integrate itself into a multimodal, ever more digitalized transport chain.

An increasing number of elderly people may be led to use trains more frequently both in urban areas and for long distance journeys, especially if new needs in terms of comfort and accessibility are even more going to be taken care of by the railways. As a matter of fact, railways have decided to make substantial investments in infrastructure and innovative solutions to deliver **barrier-free traveling, in particular for passengers with reduced mobility**.

At the same time a **tech-savvy generation of customers** will rely much less on private transport, over which shared mobility and public transport solutions will be preferred. Levels of comfort and on-board connectivity will have to follow this trend, offering the possibility of an enhanced, seamless travel experience[11].

3.3. New freight services

On the freight side, ports and terminal operators as well as container shippers will have to be able to find in railways ever more **logistic partners able to forward semi-finished and higher-added-value products in a seamless logistic chain**.

In fact, the changes in the distribution over the globe of different portions of the industrial production chain are reducing the share of raw material for heavy manufacturing that will be treated over European routes. Instead, the proportion of markets where rail transport has traditionally been less present than other modes will increase. Railways will also continue adapting their services to accommodate the needs of shippers in an increasingly efficient manner, e.g. by maximising the use of available train capacity and mixing different types of freight services (full trainload, single wagonload, multimodal).

In this context **reliable transit times and attractive rail and multimodal transport solutions** will continue being developed by rail freight operators in order to meet customers' needs and benefit of still increasing globalized freight flows. Digital freight trains made of wagons communicating with each other thanks to a common standard will allow more efficient operations and sharing of relevant data (including track and

[11] For further details on the technical enablers on which the rail operating community is currently working see also UIC Rail Technical Strategy Europe 2019 at https://europe.uic.org/IMG/pdf/2019_uic_railway_technical_strategy_europe.pdf

trace and ETA[12], status of wagons and goods) between the relevant actors[13].

3.4. Digital infrastructure management

Infrastructure managers will get increasingly digital too, in order to improve their operational performance in terms of better punctuality and increased capacity. A strong push in this direction will arrive from rolling out the automatic train control system ERTMS[14] (which continuously ensures that the train will not exceed safe speed and distance)[15].

The **digitalisation of control and supervision of infrastructure components and their management** (e.g. through enhanced ERTMS functionalities, fibre-optic sensing technology and intelligent trackside components) will foster predictive maintenance, which is one of the ways to tackle the challenge of infrastructure managers' cost reductions. The digitalisation of infrastructure, stations and terminal managers will also contribute to a better integration of the different transport modes, in view of easing the provision of multimodal mobility services[16].

4. The status of the EU rail *acquis*

Over the past 30 years the European rail sector has provided valuable input to the work of the EU institutions on major pieces of legislation that profoundly shaped the **regulatory environment** of the **Single European Rail Area** (SERA) in which infrastructure managers operate and rail undertakings provide services to European citizens and companies.

Much has been done in order to enable the vision of the sector for its future. However, much still needs to be done on policy fronts that affect transportation as a whole as well as the competitive conditions all European players in the mobility market are subject to.

4.1. A fully open market

Rail freight markets have been fully liberalised since the approval of the Second Railway Package in 2004. In 2007 the Third Railway Package liberalised international passenger routes and the Fourth Railway Package, approved in 2016, has been another important step towards **market liberalisation**, since it provided for a set of regulatory checks and balances that grant equal access for all passenger operators to all

[12] Expected Time of Arrival.
[13] See also Rail Technical Strategy Europe, UIC 2019.
[14] European Rail Traffic Control System. ERTMS is a major industrial project developed by the rail supply industry in close cooperation with the European Union, railway stakeholders and the GSM-R industry.
[15] For example, in Germany, the estimated network capacity increase linked to full ERTMS deployment would be up to 20%.
[16] See also Rail Technical Strategy Europe, UIC 2019.

domestic markets, on commercial routes as well as on non-commercial routes covered by public service contracts.

National regulatory bodies have been empowered with market oversight power in view of ensuring a correct enforcement of the legislation.

4.2. A technically harmonized system

Considerable progress has been made in fostering **technical integration and harmonization of rail markets** of all Member States, with a more active role of the central EU Agency for Railways (ERA), a higher degree of technical harmonization and lighter administrative burdens for multi-country interoperability authorizations and safety certifications. This has been a fundamental achievement on the path towards the Single European Rail Area.

4.3. EU-wide rail corridors

A forward-looking approach was taken by the EU institutions to create a comprehensive **Trans-European Network for Transport** and cross border **Rail Freight Corridors** in order to serve and boost the major traffic flows in Europe.

While the purpose of the TEN-T network is to target investments on EU-relevant infrastructure sections, Rail Freight Corridors are customer-oriented bodies that play an increasingly important role in facilitating cross-border rail freight operations.

4.4. Better funding for sustainable transport

The sector has been making its case as the backbone of sustainable transportation: as a consequence, much attention has been dedicated to rail among the investment priorities of the Union through the **Connecting Europe Facility**, the **Cohesion Fund**, and the **European Structural and Investment funds**. The case for an ever more sustainable European economy has been made shoulder to shoulder with the European Commission and the European Parliament, and it will continue in the years to come.

4.5. A good place to work

The licensing scheme for **locomotive drivers** and the provisions on professional competences for **other staff categories** accompany and complement technical interoperability. Moreover, they lay the basis for an increased professional mobility of rail staff between companies in the sector. Following the adoption of the Fourth Railway Package, ERA has also started new work aimed at integrating safety culture and human and organizational factors in the rail technical panorama.

CER and its members have been analysing employment market evolutions, in order to identify common challenges and ensure that the

sector provides **gender-balanced employment opportunities** which are appealing to **younger generations**.

One fundamental forum for discussing staff-related aspects of rail legislation is the **EU Sectoral Social Dialogue Committee for Railways**. The Committee was subject to a process of relaunch over the past three years which endowed it with more effective working methods and programming.

4.6. Support for Research & Innovation

Rail **technological research** found resources in the Horizon2020 program. The establishment of the joint undertaking Shift2Rail (S2R) represents a major success for the sector R&I activities, although the weight of the rail operating community in its governance is still too small.

4.7. A more secure rail system

The issue of **security in the rail sector** is being addressed in particular by promoting the exchange and cooperation between Member State authorities and companies. In this context a recent EU action plan inter alia sets up an **EU rail passenger security platform**.

5. The enablers we need to achieve our vision

5.1. Five sectorial commitments

5.1.1. Further digitalization

European railways know that *status quo* is not an option: **change is imperative** in the way rail services are offered, marketed and performed.

Logistic chains will mutate as **new technology** will provide easier digital integration of different modes, a denser flow of information on traffic and tracking, easier access to services and information to passengers, a more efficient use of infrastructure capacity and a higher degree of predictability on timing.

Digitalization will also increase the amount of data available to rail undertakings: the use of these data, in full compliance with rules on privacy and data ownership, will create **opportunities for new business initiatives**, either by developing in-house new functions or by outsourcing certain activities or by reaching agreements with new players.

Railways embrace technological innovation and the implementation of **new digital solutions** for providing better services and attract new customers.

Railways commit to

- investing in **ERTMS enhanced functionalities**, including the integration of ERTMS with automated train operation (ATO), digital interlockings, satellite based geo-localisation and future rail mobile communication system;

- implementing advance sensor systems and modelling of infrastructure and rolling stock conditions based on traffic volumes, to **shift from preventive to predictive maintenance** of both infrastructure and rolling stock;
- implementing **e-ticketing** for all their passenger services and start a reflection on how to best provide dynamic travel information;
- encourage the **implementation of the Full Service Model** (FSM) specifications. FSM delivers exhaustive specifications for an open, plug-and-play IT framework for the distribution of rail tickets. It is a voluntary industry initiative between railways and third-party ticket vendors;
- fostering the acceptance of **electronic exchange of information for freight**;
- improving information flows for freight customers with **ETA information** and effective tracking solutions.

To meet these commitments and reach the goals, **information and technology security** will also have to be taken into consideration in all initiatives[17].

5.1.2. A more personalized service

Also thanks to the opportunities offered by a denser use of technology and a wide application of digitalization and artificial intelligence, railways are more **customer-oriented** and more capable of addressing specific expectations of customers, offering predictive technology-based applications for passengers and a more reliable flow of information on freight services to freight shippers and receivers.

Regarding passengers, railways will use all their potential to accompany the passenger all along the customer journey, for example by providing **tailor-made information** through mobile applications or offering self-check-in and **personalized service** on board of the train[18].

5.1.3. Sustainability as a driver for modal choice

Rail is **the most sustainable mode of motorized transport**[19], and on this basis, railways have been considered fundamental in the path towards a more sustainable European mobility and economy at large.

[17] See also Rail Technical Strategy Europe, UIC 2019 (see footnote 11 for the link to download the document).
[18] Ibid.
[19] Rail is 6 times more energy-efficient than road transport due to physical advantages such as lower rolling and air resistance (CER calculation based on Eurostat data and EC Statistical Pocketbook for Transport 2018). 4 out of 5 trains are already running on electricity. Whereas in 1990 only 6,1% of electricity consumed by rail came from renewable sources, in 2015 this figure rose to 20.7% - much beyond the EU overall transport target of 14% by 2030.

Yet, **railways commit to reduce their CO_2 footprint further**: by 2030 railways want their total CO_2 emissions from rail operations to be 30% less than what it was in 1990 (and this notwithstanding the expected modal shift goals of the 2011 Transport White Paper).

More extensively, the sector has established its own sustainable mobility strategy with the aim of **achieving carbon-free rail operations by 2050**[20].

These targets are to be achieved with the sector accompanying the right EU policy initiatives with proactive actions: the sector will demand an increasing share of **energy from renewable sources**, it will invest in major **fleet renewals**, it will implement new technology able to recover **energy from braking**, new technology towards **automated train operations** and will invest in further training of and technology for its drivers and infrastructure staff for **efficient energy consumption**[21].

5.1.4. Sustainable financing models for railways

In the years to come railways will be able to count on the strong support of the **EU budget**, and not only for its infrastructure.

The **Connecting Europe Facility** in particular provided so far and must continue to provide a huge boost for the rail system.

Given the budgetary situations of many Member States, however, **EU and national funding sometimes cannot cover all funding needs** of tomorrow's rail system, and therefore policy-makers' attention has recently been devoted to investigating and foster the possibility of private investors for participating in rail projects.

If on the one hand it is extremely unlikely that rail infrastructure projects – due to their low and slow return on investments – will be able to attract full funding from private sources, on the other hand there could be other portions of the rail system around which innovative schemes (such as the InvestEU guarantee fund) could be engineered in order to carve a role for long-term private investors.

Therefore, **railways will reflect deeper upon what role private money can play in rail financing**, and to what extent portions of the rail system can more easily attract private investors and what kind of private investors could be the best partners for the sector.

Nevertheless, it remains undisputed that **the funding for maintenance and further expansion of railway infrastructure as such is a public task**.

[20] *Moving towards sustainable mobility*, CER and UIC, 2012. The targets have been updated in 2015 (see Rail Transport and Environment Facts & Figures, CER and UIC, 2015).
[21] See also Rail Technical Strategy Europe, UIC 2019 (see footnote 11 for the link to download the document).

Railways will in particular reflect upon how the concept of **green financing**[22] can apply to rail investment projects (both for infrastructure and rolling stock) and how the competitive advantage of rail in terms of sustainability can be turned into easier access to funding and private financing.

5.1.5. Embracing new market opportunities

Freight volumes between Europe and Asia on the Eurasian corridor and via the Silk Road are **rising quickly**. Rail transport plays an important role due to its short transport times and sustainability. Customers benefit through comprehensive transportation from a single source as well as shorter transport times.

Railways aim to further **strengthen their Eurasian transport operations** and implement **high-frequency connections between Europe and Asia**. Through complementing westbound rail services once rail freight has arrived on the European rail network, this shall contribute to increasing traffic on the entire European rail network.

In passenger rail, railways will explore ways to increase their share in the **tourism market**. According to a survey conducted to Eurobarometer, 58% of the respondents said that the most frequent travel purpose were holidays (23%) or other leisure activities (35%). At the same time, though, tourism has only a marginal weight on the rail system's EU annual turnover. Better rail services, more digitalized ticketing systems and innovative marketing solutions will have to target this market segment with great determination. Further than that, the European rail sector - thanks to its extended network and low-carbon footprint - can concretely contribute to mitigate tourism negative impacts on natural resources, pollution and social systems.

5.2. Railways as commercial companies

5.2.1. The provisions of Directive 91/440: railways become independent companies

The approval of Directive 91/440 of July 1991 marked a profound change for European railways.

According to this Directive, 'Member States shall take the measures necessary to ensure that […] **independent status** in accordance with which they will hold, in particular, assets, budgets and accounts which are separate from those of the State'[23].

[22] Green finance refers to any financial instrument or investment – including equity, debt, grant, purchase & sale or risk management tool (for example: investment guarantee, insurance product or commodity, credit or interest rate derivative, etc.) – issued under contract to a firm, facility, person, project or agency, public or private, in exchange for the delivery of positive environmental externalities that are real, verified and additional to business as usual.

[23] Directive 91/440, article 4.

In addition 'Member States shall […] enable railway undertakings to **adjust their activities to the market** and to manage those activities under the responsibility of their management bodies, in the interests of providing efficient and appropriate services at the lowest possible cost for the quality of service required'[24]. Especially, rail undertakings 'shall be managed according to the principles which apply to **commercial companies**; this shall also apply to their public services obligations imposed by the State and to public services contracts which they conclude with the competent authorities of the Member State'[25].

This means that rail undertakings shall be able to 'determine their business plans, including their investment and financing programmes'[26] and that such plans 'shall be designed to achieve the undertakings' **financial equilibrium** and the other technical, **commercial and financial management objectives**'[27].

European railways accepted the challenge: today, railways look nothing as they did in the past. Being **responsible for their own performances and balance sheets**, railways - under persistent intermodal and increasing intramodal competitive pressure – have been able to change corporate culture, applying new business models and developing an effective commercial mindset to better meet the evolving customers' needs as well as intercept new customers.

5.2.2. EU future policy-making must uphold the principles set by the legislation

Today railways strive for success, and by doing so they constantly **innovate their services** for passengers, freight forwarders and shippers; develop new commercial ideas; invest in Research & Innovation; explore new markets.

However, policy-makers treat them often as if they were not bestowed with the **obligations and opportunities** that stem from the independence granted by Directive 91/440 and never put into question by more recent pieces of legislation.

For example, **PSO compensations are often considered as subsidies, but they are not**: instead, they are the price that the competent authority has agreed to pay to the mobility provider for servicing an otherwise not commercially viable route. This is why rail undertakings – regardless of whether they are public or private – should receive all due payments as foreseen by the contracts they sign with public authorities for the provision of their services: they should be treated as any other private external provider of goods and/or services to the public authority.

Further, certain policy-makers would like to **impose on railways integrated ticketing services** while disregarding the fact that ticket integration can work only when it still allows undertakings the necessary flexibility for yield management. Rail undertakings should be able to

[24] Directive 91/440, article 5.
[25] Directive 91/440, article 5.
[26] Directive 91/440, article 5.
[27] Directive 91/440, article 5.

integrate their ticketing with other business partners on a **commercial basis,** supported by an open, plug-and-play IT framework for the distribution of rail tickets as for example in the framework of **FSM**. They should have the commercial freedom to choose how to sell their tickets and how to find the most economically efficient match between demand and supply of rail services.

As well, railways should be granted with all **ownership rights on the data they collect** from managing the rail system and from the provision of their services: this will be a fundamental resource in an ever more competitive digitalized European economy.

5.3. The next policy agenda

In the new policy term, the significance of rail for the society, the economy and the environment should be emphasized. The important role of railways as employers, investors, drivers for economic growth and cohesion, and as an important tool in the fight against climate change in Europe should be mirrored in the future policy agenda of the Union and supported at national level with concrete actions of implementation and enforcement.

The focus of the next policy period from 2019 onwards should not lie on adding another layer of sector-specific rail regulation, before the existing rules have not had the time to prove their practical effectiveness.

Instead attention should be put on those policy areas and initiatives that help enable rail achieving the vision described above.

5.3.1. Ensuring a stable regulatory environment in the rail sector

As set out above, the **sector-specific EU legislation for market governance** has reached a sufficiently high degree of density and level of detail.

In the coming years, the existing rail *acquis communautaire* should be fully transposed into national law, implemented in practice and controlled by the regulatory bodies before an assessment of its effectiveness can be performed. For the time being, there is **no need for a Fifth Railway Package**.

5.3.2. Promoting digitalisation and innovation

The implementation of the **technical pillar of the Fourth Railway Package**, for example as regards the rules for an effective vehicle authorization process, and a close cooperation with the European Union Agency for Railways, are of key importance for the sector.

The **deployment of ERTMS** should be a centrepiece of the technical EU-strategy in order to let its advantages materialise (e.g. technical and operational harmonisation, increased capacity on the network, improved reliability, reduced costs of maintenance).

Further to that, developing **the technical and legal framework for the increasing levels of automatic train operation**, improved data connectivity along train routes (e.g. through the rollout of 5G technology) as well as further digital developments relevant for rail should be on top of the agenda.

In the policy period as of 2019, EU support to boost innovation in the rail sector is also needed, in particular regarding the **continuation of the Joint Undertaking Shift2Rail**. The renewed joint undertaking should however be able to count on a governance system that gives more consideration to **the needs of the rail operating community** and their customers.

Continuing on the path of progressive digitalization will also enable **better multimodal cooperation** with more efficient logistic chains for both passengers and freight.

5.3.3. Ensuring adequate funding

Adequate support from **EU and national funds** should be guaranteed for all portions of the rail system and for the completion of an effective European rail network including bridging of missing links and upgrade of existing infrastructure.

The **Connecting Europe Facility needs to be continued and increased beyond 2020**. In fact, CEF provided so far and must continue to provide a huge boost for the rail system: for studies and works related to new lines and existing lines to be upgraded, for ERTMS, noise-abatement measures, as well as for improving access to rail services for persons with reduced mobility. EU co-funding helps also secure the much-needed financial contributions at national level, which make up the lion's share of rail investment in Europe.

It must be underlined how CEF should put a focus on digitalisation issues such as **ERTMS** trackside and onboard.

A strong EU budgetary commitment on this regard should also be matched by a concrete **support from Member States' budget**.

More in general, the Commission should put a **funding priority on digital projects** as well as measures to increase efficiency and to decrease cost of cross-border rail services. Financing schemes to incorporate private capital (e.g. blending) should be explored where appropriate.

5.3.4. Guaranteeing fair intermodal competitive conditions

In order to unlock its full potential, rail needs to operate in an environment of fair and comparable rules between the different modes.

A **European Master Plan for Rail Freight**, based on the existing examples in some Member States, should be developed.

Operational obstacles such as **language requirements for train drivers** need to be adapted to a changing technical environment and the actual needs.

The internalisation of external cost as addressed in the revision of the **Eurovignette Directive** should contribute to rebalancing the intermodal framework conditions of access to the infrastructure.

The need for fair framework conditions also applies to **rail passenger services**, for example in the revision of passenger rights or the issue of value added tax for cross border rail passenger services.

5.3.5. Promoting environmental sustainability

The ambitious **CO2 reduction targets** of the European Union will not be achieved without a substantial contribution of the transport sector. Rail is a key factor in this regard. Decarbonisation of transport should be on top of the agenda in the new policy period as of 2019, putting rail at the heart of the EU decarbonisation strategy.

As a part of the strategy to achieve such CO2 reduction targets, the European Union should also work in view of evaluating the actual societal costs of CO2 emission and of identifying **adequate levels of pricing for such emissions**.

The environmental agenda should also include the **reduction of transport noise** with each mode of transport contributing fairly to reaching this goal. Measures to improve the energy efficiency of rail are to be promoted, too.

Pro-sustainability policies at EU level should also be match by **consistent actions at Member States' level**.

5.3.6. Promoting transport security

The sector is willing to invest further in order to guarantee the **maximum level of security for its passengers and the freight transported**, provided that such measures are proportionate and take into account the diversity of the possible threats to the rail system.

More in general, any additional measure should be able to **defend the openness of the rail system**: ease of access to train ticketing service, train stations, trains and other portions of the rail system is a positive aspect of rail travelling and a feature of rail journeys that should be preserved. Any non-rail-specific solution, taken abruptly from other transport sector such as aviation, would not fit railways nor would bring additional benefit to the end customer.

5.3.7. Ensuring efficient and sustainable connectivity between Europe and Asia

There is increasing attention from policy-makers and corporate stakeholders on improving transport links between the EU and Asia. For example, the EU Trans-European Transport Networks (TEN-T) are being

extended to non-EU countries towards Asia. At the same time Chinese investments in rail corridors on EU as well as non-EU territory are increasing as part of China's One Belt One Road policy. **While denser rail connections with Asia should be fostered, CER calls on the EU institutions to insist on the necessity that the European regulatory and technical framework is promoted.** Such position will be reiterated by CER as sector representative in the EU-China Connectivity Platform. Specifically, European policy makers should ensure that any new rail corridor and terminal is well connected with existing TEN-T EU rail freight corridors.

Increasing investment in rail infrastructure such as **cross-border bottlenecks** is also important, especially given the expected future increase in rail transport volume. Upgrade and extension of terminals as well as, when possible, development of alternative change-overs would be desirable.

Investing in rail infrastructure means investing in the most sustainable among all motorized land transport modes. **The rail component of China's "One Belt and One Road" must be enhanced**, so to mitigate negative modal-shift effects due to the large investments in road transport.

In general, **EU-China relationship should be further explored based on fair market conditions and transparent regulatory principles**.

5.3.8. Brexit: a close future relationship

To ensure that cross-border rail transports between the UK and the EU can continue smoothly post-Brexit, policies to ensure **technical interoperability** are necessary. These include issues such as mutual recognition of train driver and operator licences. This could be drawn up in a transitional land transport agreement whilst negotiations are ongoing. Also, a clear process on how the UK can be involved in the developing and applying TSIs should be established.

An alignment of the regulatory and legal framework is necessary to **ensure reciprocal market access**, including fair and transparent procedures for obtaining and recognising licenses on both sides by both sides.

With regard to cross-border trade, it is important to take into account the complexity any **customs arrangement** could bring about for rail freight going directly via the Channel Tunnel or crossing the Irish-UK border on facilities at the border and other places in the EU for processing declarations.

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In the **Annex** to this document, CER lists the specific and targeted policy initiatives that would represent concrete proposals for steps to be taken in each of the areas listed above.

6. Our next steps

This policy agenda is the proposal of the rail sector to the EU policy-making community for a better future.

We do believe that a better rail system can make the Union closer, stronger, more sustainable, a better place to live for its citizens, and a better place to work for its employees.

As described in this policy agenda, achieving this goal requires the right policies.

Railway undertakings and infrastructure managers in turn commit to matching the ambitions of such policies by improving themselves and the services they provide. Further customer-orientation and integration into multimodal mobility and logistics chains will remain the sector's compass.

On the basis of this agenda, CER will start engaging with its institutional interlocutors as of March 2019. We look forward to starting off this dialogue.

Annex: Targeted policy initiatives

Road legislation

- The Commission proposal for a **Directive on Charging of heavy goods vehicles** for the use of certain infrastructures amending Directive 1999/62/EC (a.k.a. Eurovignette Directive), currently discussed by the legislators, must go towards the widest possible application of the user- and polluter-pays principles, and adopt direct-cost charging a minimum condition for the calculation of road infrastructure charges.

Environmental legislation

- An **8th General Union Environment Action Programme** should be promoted, with a time-span of at least 5 years and including
  - A revision of **Directive 2003/87 establishing a scheme for greenhouse gas emission allowance trading (ETS)** (amended by Directive 2018/410). The revision should phase out free ETS allowances for aviation; should propose a way to make carbon pricing applicable also to the road sector by for example including fuel producing companies into the scheme; the revision should foresee as transitory measures a compensation for the allowances indirectly paid by rail for the energy that is bought by operators and infrastructure managers.
  - A revision of **Regulation 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030** where binding annual greenhouse gas emission reduction goals should be set at sectoral level, with therefore transport-specific targets.
- Regarding external environmental externalities of transport, costs related to CO2 emissions should be **internalised at an adequate price** and corresponding legislation should be promoted.
- Furthermore, CER will continue monitoring the issue **micro-plastics from tyres** as new scientific evidence emerges, in view of possible legislation to be promoted.

Energy and taxation

- The **Energy Taxation Directive (2003/96/EC)** should be amended
  - to remove mandatory energy tax exemptions for aviation and maritime shipping (Article 14(1) (b) and (c)) and
  - maintain optional energy tax exemption in Art. 15(1)(e) for energy products and electricity used for goods and passenger transport by rail, metro, tram and trolley bus

- **Council Directive 2006/112/EC on the common system of value added tax** should change: today all Member States apply VAT exemption of cross-border travel to aviation but not rail; instead, rail should enjoy a level playing field with aviation – and the directive should allow all Member States to set VAT rates accordingly.

Digital economy

- In April 2018, the European Commission released its **recast of the Directive on the re-use of Public Sector Information (PSI) 2003/98/EC**. CER has a positive view on re-using data and supports the distribution of public data by open data based on voluntary contracts with terms and conditions. Open service ensures that partners, external developers and service providers can enrich customer-oriented offers. However, CER recognizes that public and private transport companies compete for the same service contracts, and an unbalanced handling of their data can distort competition.

  CER is strongly recommending keeping the transport sector out of the scope of the recast of the PSI Directive and, instead, continue regulating it by means of sectorial legislation.

Rail Interoperability, Safety & Security

- CER wishes **no further primary legislation on interoperability & safety**: instead, all efforts should be dedicated to a swift and effective implementation of the provision of the Technical Pillar of the Fourth Railway Package.
- Nevertheless, interoperability-related investments should be supported by the next CEF, with a particular focus on ERTMS trackside and onboard. More in general, the next CEF should put a funding priority on digital projects as well as measures to increase efficiency and to decrease costs of cross-border services.
- CER will closely monitor on-going and new initiatives in the field of **security**, such as the EU rail passenger security platform, and will involve and engage member companies in the work needed to further improve railway security.

Rail infrastructure

- An evaluation of the **TEN-T Regulation 1315/2013** is foreseen to be completed by early 2020. A revision of the Regulation would provide with the opportunity to revisit the TEN-T concept and its physical definition.
- A revision of **Regulation 913/2010 concerning a European Rail Network for Competitive Freight** will likely be launched in parallel to the TEN-T revision. Such a revision will be an opportunity for the sector to choose the geographic scope of Rail

Freight Corridors regardless of the alignment of the TEN-T Core Network Corridors.

- The full implementation of the RailNetEurope (RNE) & Forum Train Europe (FTE) 'Redesign of International timetabling (TTR)' project will require to change the **Annex VII of Directive 2012/34/EU** on the schedule for capacity allocation.

Rail financing

- The budget for the **Connecting Europe Facility** should be increased. Priority should be given to rail on the basis of its sustainability performance. CEF should in particular finance infrastructure aspects of the railway system (studies and work for new lines and upgrades of existing ones), ERTMS deployment and progressive digitalization of all portions of the rail system, noise-abatement measures and investments for improving access to rail services for persons with reduced mobility.
- **European Structural and Investment (ESI) Funds** should also contribute to rail system funding, and the investment priorities of such funds should include both investments in rail infrastructure as well as on rolling stock for both commercial and PSO services.

Rail social legislation

- **Directive 2007/59/EC on the certification of train drivers operating locomotives and trains on the railway system in the Community** (a.k.a. Train Drivers Directive) should change to correct the shortcomings of the current text and make progress towards greater harmonisation of the certification scheme.

  Especially, CER considers it necessary to better define the language requirement in the Directive, in order to:

  - limit the language requirement to what is necessary for safe operations;
  - avoid any unnecessary regulatory burden that hamper the ability of railways to offer a reliable service and compete with a much less regulated road sector;

- Policy makers should give due consideration to the **content and effective enforcement of social legislation** in the different transport modes, as an important factor for a fair inter-modal competition.
- The **EU Sectoral Social Dialogue Committee for Railways** is recognised as one of the most productive social dialogue committees in terms of joint deliverables. The rail social partners have never failed to show their commitment to their role. CER calls upon the Commission to keep on valuing the added-value and consequently supporting EU-level social dialogue: more flexibility to finance additional meetings of the SSD Railways should be allowed, when such a request is based on concrete needs linked to the implementation of the social dialogue work programme.

Rail passenger services

- The Commission proposal on the revision of **Regulation 1371/2007 on rail passengers' rights and obligations** should be dealt with by the legislators in view of establishing comparable rights for passengers across all modes of transport.
- The current proposal for **Directive on collective redress (COM/2018/0184 final)** must be amended in order to exclude the Railway Passenger Rights Regulation (1371/2007) from the scope of the proposed Directive and to correct overall deficiencies of the Directive: the proposed text in fact gives the possibility to professional litigators to misrepresent rail customers by foreseeing that in case a collective claim is triggered, the single customer loses his right to ask for the application of its rights as granted by Regulation 1371/2007 until (s)he opts out of the collective claim. The Regulation on rail passenger rights is considered the best device to defend passengers' rights.

Rail freight services

- Revision of the **Regulation 952/2013 laying down the Union Customs Code** in order to remove the obligation of the holder of the rail transit procedure to provide a guarantee, namely, to include in the Union Customs Code a provision allowing for a guarantee waiver for the railway transport.
- **Commission Delegated Regulation 2015/2446, as amended by the Commission Delegated Regulation 2016/341** supplementing Regulation 952/2013 as regards transitional rules for certain provisions of the Union Customs Code where the relevant electronic systems are not yet operational, shall be amended in order to ensure that NCTS Phase 4 transit procedure is fully digital in practice and does not require any print outs.
- Further, various international provisions should be adjusted in order to ensure **digitalization of all accompanying transport and customs documents** (phytosanitary and veterinary documents, invoices, certificates of origin, movement certificate EUR.1, loading and packing lists, bill of lading etc.).
- Without prejudice to the charging principles set by Directive 2012/34, the European Commission should push Member States to **waive part of track access charges** to compensate railways for the unpaid environmental, accident and infrastructure costs of competing transport modes in so far as these costs exceed the equivalent costs of rail.
- The European Commission should encourage spatial planning and industrial policies at Member State level that encourage grouping of industries in order to allow **cargo bundling with limited last mile operations**. This could be done via special provisions linked to the European Structural and Investment Funds or by any other mean of hard or soft legislation that would serve the same purpose.