

Despite the creation of the Shift<sup>2</sup>Rail Joint Undertaking, the European rail industry faces major challenges with tough international competition and difficulties in European interoperability

## A defining moment

**I**N addition to being a year of transition for the European institutions, 2014 proved to be an eventful year for the European rail industry. For the first time ever, a large scale, multiannual public private partnership for rail research (Shift<sup>2</sup>Rail) was approved by the EU, amounting to a budget of no less than €920m. Such an investment from the EU and the rail industry could not come at a more critical period for the sector, which is facing unprecedented, twofold competition. Not only must rail compete for passenger/freight forwarder share with other heavily subsidised modes of transport such as road and air, it also faces a considerable competitive threat from industry abroad, namely Asia.

The European rail supply industry has long been the leader of the global market, accounting for nearly half of all rail products. To maintain this leadership, UNIFE – the Association of the European Rail Industry – and its members believe that the rail sector must become even more efficient, whilst also taking steps to make rail transport more attractive to end-users. Boosting the competitiveness of the European rail industry should continue to be a priority for European decision makers, to both maintain jobs and ensure sustainable mobility within Europe but also to promote EU industrial leadership abroad.

While UNIFE is very active in the field of international trade and especially in advocating a level playing field for the European rail industry in the on-going trade negotiations throughout the world, at present there are key domestic priorities for European rail transport that will complement and magnify the impacts of the Shift<sup>2</sup>Rail Joint Undertaking (JU). These



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priorities include the streamlining of authorisation procedures, the promotion of, and investment in, an interoperable single European railway area, and the reinforcement of political commitments to energy and environmental targets in transport.

### Time is money

Time-consuming and costly authorisation processes are a major impediment to the European rail industry. It can take as long as two years for a locomotive to receive authorisation to operate within a national rail system. Moreover, when the rolling stock is destined to operate across borders, these time lags are multiplied even further still. As it stands, there is billions of euros worth of immobilised rolling stock awaiting authorisation.

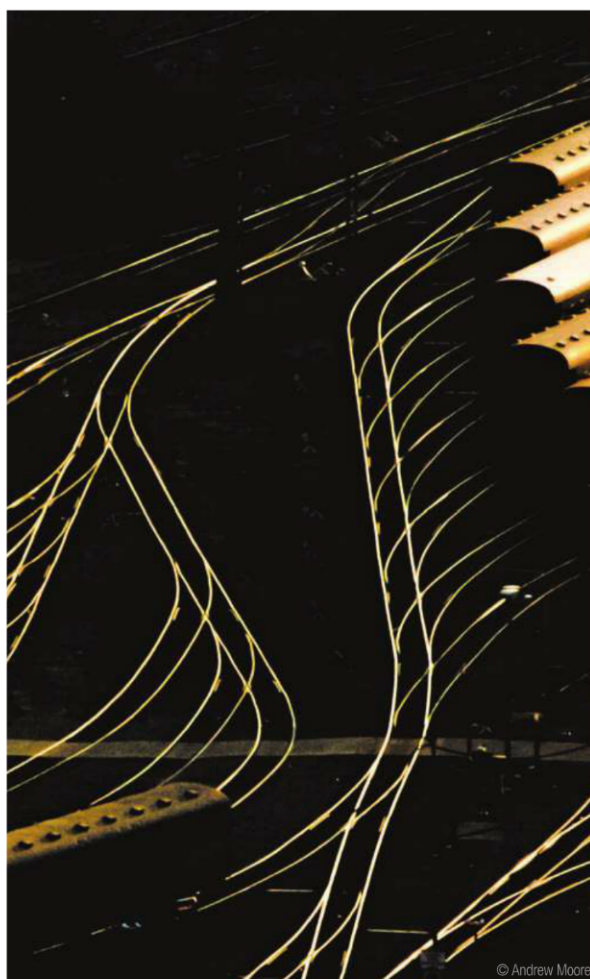
The Technical Pillar of the Fourth Railway Package takes aim at this major challenge, and there has been broad political consensus throughout the EU institutions on its contents for nearly a year. The Technical Pillar would streamline cross-border authorisation procedures, allowing rolling stock to enter into service more quickly and making the European Railway Agency the 'one stop shop' for rolling stock authorisation for cross-border journeys in the EU. This would improve the competitiveness of the industry by not only reducing administrative costs and the opportunity cost of immobilised rolling stock but also allowing newer rolling stock to enter into service more quickly, improving the quality and capacity of rail travel. As agreement on the Technical Pillar has been reached, UNIFE strongly urges the European institutions to split the Technical Pillar from the more controversial Political Pillar (where there is no consensus in the Transport Council) and swiftly adopt and implement it.

Interoperability is a fundamental concept of the as yet unestablished single European railway

2014 saw the start of the first ever European public private partnership dedicated to the railway sector



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area, and a modern European rail system capable of swiftly moving passengers and goods across EU borders and beyond without hindrance is keenly anticipated. Only by technically and legally overcoming the variations in national rail systems can rail truly unleash its full potential over long distances and relieve congestion on the European road system whilst also reducing pollution and carbon emissions. At present, there are over 16,000 national rules throughout Europe that result in major delays and costs when crossing EU borders. Just as the EU rail sector is now coming together for future innovation in the rail system with Shift<sup>2</sup>Rail, the EU (along with the other major European signalling suppliers) is also facilitating the development of the European Rail Traffic Management System (ERTMS).

The aim of the ERTMS is to replace national train control and command systems in Europe and allow for seamless rail travel across the

**On the tracks ahead: these are exciting but also competitive times for the European rail industry, says UNIFE's John Harcus**

continent. Since its development and initial deployment during the past decade, the ERTMS has been internationally heralded as one of the most cutting-edge signalling technologies. Yet paradoxically, the ERTMS is currently being deployed more quickly outside of the EU than within, with 43% of all ERTMS-fitted kilometres of track located outside of the EU – and this figure is growing. The benefits of its deployment are apparent, and many EU member states (such as Belgium, Italy, Denmark and Austria) have taken significant efforts to deploy the system throughout their networks. However, to unleash the true intended benefit the ERTMS needs to be deployed throughout the entire European rail system. Consequently, UNIFE is calling for increased political pressure and funding to equip all of the TEN-T (Trans-European Transport Network) corridors. This includes encouraging EU member states to take advantage of funds available in the new Connecting Europe Facility fund as well as the EU's Structural Funds for less developed member states in order to invest in the development of rail infrastructure equipped with the ERTMS.

### Shifting ahead

Improving the efficiency and attractiveness of rail transport could substantially contribute to reaching the EU's post 2020 climate and energy goals. The EU is the world leader on climate and energy issues and has committed to reducing its carbon footprint in transport and decreasing dependence on fossil fuels. This is why UNIFE is encouraging policy makers to formally confirm in EU legislation a 60% reduction in transport emissions by 2050, as outlined in the 2011 White Paper on Transport. It is also important to take steps to reform the EU Emissions Trading System so as to ensure fair treatment between all transport modes, as well as to introduce measures to incentivise a shift to less polluting modes of transport and vehicles.

The Shift<sup>2</sup>Rail JU will take many steps to level the playing field for both the rail transport mode within Europe and the European rail industry in the global marketplace. Through collaborative, sector-wide, system-focused and market-driven innovation outlined by Shift<sup>2</sup>Rail, the rail system will become more attractive, capable of handling higher capacities, and less costly, all whilst delivering the environmental advantages of rail transport. Legislation such as the Technical Pillar of the Fourth Railway Package, confirmed transport emission targets, and proper investment of EU funds into interoperable rail transport infrastructure are indispensable supplements to the innovations that will emerge from Shift<sup>2</sup>Rail. UNIFE is looking forward to working with the new European Commission to reaffirm the importance of rail to the future of mobility by bolstering the competitiveness of both the transport mode and the European industry.

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