

EUROPE

# Compromise or defeat?

After several months of stagnation, another push is underway in Brussels to complete the legislative procedures to adopt the Fourth Railway Package (RG 1.15 p26). Speaking at the European Railway Award ceremony hosted by CER and UNIFE on January 21, Latvian transport minister Andrijs Matiss confirmed his intention to push ahead as fast as possible, adding that the package was one of his country's priorities for its presidency of the European Council in the first half of 2015. Nevertheless, EU Transport Commissioner Violeta Bulc accepted that it would probably be the second half of the year before the process could be completed.

Europe's railway operators, suppliers and political institutions are largely in agreement that the technical pillar needs to be implemented as quickly as possible, in order to speed up and reduce the cost of vehicle authorisation. However, there is little sign of any agreement over the governance changes in the market pillar.

In a bid to revitalise the discussions, the Latvian Presidency circulated proposals on January 6 for revisions to the draft PSO Regulation and Governance Directive. These were to be presented at the Council's Land Transport working party on January 22, with the member states asked to submit their responses to the Commission and Presidency by January 30. This would pave the way for a full discussion of the compromise texts in early February.

Among the suggested changes is a move to restrict the amendments to

PSO regulation 1370/2007 to heavy rail services, removing metros, light rail and tram-train operations from its remit. This may go some way to assuaging concerns from UITP, the European Passenger Transport Operators and the association of European Metropolitan Transport Authorities that changes aimed at opening up the rail market risked destabilising the provision of urban and local public transport services.

Whereas the Commission initially envisaged full market opening in 2018, the current proposal for introducing 'limited competitive tendering' in 2019 would be pushed back to 2022. The compromise text would also remove upper limit on the size of a PSO contract, and a new clause would allow direct negotiation with a single bidder if insufficient competitors come forward.

The proposed changes to the Governance Directive are more controversial, with the European Rail Freight Association warning on January 21 that any watering down of the requirements for transparency between operators and infrastructure managers would put at risk the objective of fair competition. Pointing out the need 'to create a rail market that is responsive to the needs of its users and focused on improving the quality of service', ERFA added that 'a rail sector that obstinately refuses to adapt is one that loses market share'.

The compromise text has cut back the definition of 'essential functions' to be undertaken by an infrastructure manager, and has eliminated the requirement for financial independence within vertically-integrated or holding

group structures. It would also permit maintenance and renewals to be outsourced to operators, perhaps along the lines of the unhappy relationship between SNCF and RFF which led to last year's reforms in France.

ERFA wants to see the reinstatement of the so-called 'verification clause' which it says would allow member states to protect their operators from unfair competition. It is also concerned about the proposal to permit 'co-operation agreements' along the lines of the alliances now being trialled in the UK. While closer working between operators and infrastructure managers potentially offers benefits in optimising the use of network capacity, ERFA argues that some incumbents might seek to use such agreements to circumvent the spirit of the liberalisation measures.

Emphasising the reluctance of some member state governments to embrace reform of their rail markets, the Chairman of the European Parliament's Transport Committee Michael Cramer reminded the guests in Brussels that no fewer than 50 infringement procedures against various countries were underway in 2014 for failures to enact or comply with European rail policy. He called for 2015 to be 'a year of transition' which would 'close the chapter of European railway legislation and move into an era of strict implementation'. Insisting that 'nothing works in a market without fair competition' he said it was essential for rail to play a greater role in improving the environmental impact of European transport. ■



The European Railway Award 2015 ceremony hosted by CER and UNIFE in Brussels on January 21 attracted more than 500 guests. As keynote speaker, European Commissioner for transport Violeta Bulc emphasised that 'rail is an essential part of my vision of transport for next five years'. This year's Political Award was presented to former UK Secretary of State for Transport Lord Adonis (inset), for spearheading the development of High Speed 2, reviving plans for main line

electrification and playing a key role in the establishment of the National Skills Academy for Railway Engineering. The Technical Award went to German industrial designer Alexander Neumeister (third from right), who was responsible for the design of the ICE3 trainsets and JR West's Series 500 Shinkansen trains, as well as the Talent and Desiro multiple-unit families and two generations of metro cars for the München U-Bahn.