

Rail Freight Corridors: Creating Harmonised Approaches and Unified Services for the Customer

Potential Revision of the Rail Freight Regulation 913/2010/EU

Sector Input Paper - CER, EIM, RFCs

3 December 2015

1. Introduction

Looking back at the two years since the implementation of the first rail freight corridors, as defined under Regulation (EU) 913/2010 and as amended in the Annex II of Regulation (EU) 1316/2013, some important experiences can be observed. Six corridors have been implemented in November 2013, three more did follow on 10th November 2015, and prolongations of those corridors will be developed until 2020¹. The European Commission has submitted a report on the application of the Regulation (EU) 913/2010 to the European Parliament and the Council by 10 November 2015², and is considering a revision of the Regulation in 2017, taking into consideration the results of the reports presented by the Executive Boards of the so far operational corridors every two years³. Supported by CER, (Community of European Railway and Infrastructure Companies), and EIM (European Rail Infrastructure Managers), we, the Railway Undertakings (RUs), the Rail Freight Corridors (RFCs)⁴ and their related Infrastructure Managers (IMs) and Allocation Bodies (ABs), would like to give some food for thought based on our experiences at an early stage of the discussion.

Although we see that some processes are beginning to stabilise in the already established corridors, fundamental discussions still take place in all areas of our cooperation on how best to develop international services in the RFCs. As a result of the experience gathered so far, the corridors are beginning to coordinate their discussions in order to develop harmonized approaches and unified services for our customers. To do so, the ECCO Project (joint platform of Railway Advisory Groups), the RFC Talks as well as a broad range of corridor working groups at RailNetEurope (RNE) were established.

¹ In case of RFC8, the routing was changed on the basis of the Letter of Intent which was accepted by the Commission before RFC8 is established.

² Article 23 of Regulation (EU) 913/2010

³ Article 22 of Regulation (EU) 213/2010

⁴ Prepared by the Management Boards of the Rail Freight Corridors.

We fully agree with the idea behind the Regulation and see the strong need to improve infrastructure services for international rail freight. The establishment of the rail freight corridors is expected to improve the efficiency of rail freight transport, lead to increased rail freight performance along the corridors, and contribute to Europe's economic growth.

In some cases, however, it is a challenge to fulfil the provisions of the Regulation, while in other cases the provisions do not fit well with the market needs, leaving too little room for improvements. Therefore, as outlined in this paper, the rail sector is currently in the process of developing market oriented solutions for the corridor aspects which need improvement, including governance, product definition, operational provisions, investment planning, and terminals.

2. Governance

2.1. With the establishment of the ECCO Project, the RFC Talks and the development of joint approaches via RNE, we have found a suitable answer to the requirement of **harmonisation**. We do not see the need to prescribe this coordination by law, nor do we see the need for a consolidation into one single RFC organisation. On the contrary, the **RFC level** allows moving faster and being closer to specific market requirements - of course within a harmonised framework. Effective coordination has been initiated by the sector itself at all levels:

- Corridors among themselves in the RFC Talks (see also letter of the chairmen to former Director General Machado of 14 October 2014) supported by RNE with guidelines and IT systems.
- Customers in the ECCO project consisting of the speakers of all RAGs.
- Ministries of all Executive Boards in regular work meetings about the Framework Capacity Allocation (FCA).

In addition, the European Commission invites representatives of transport ministries and IMs to participate in EU working groups for rail freight corridors at regular intervals.

Furthermore, we believe that in many cases, the Regulation is necessary to change traditional processes and to achieve real coordination. One should not forget that a large part of the international trains run on more than one corridor successively. Therefore we need to achieve harmonisation of corridor processes in close cooperation with the RUs

Within the established coordination mechanisms of the RFCs, the Management Boards of the RFCs support and participate in the initiatives of the Executive Boards to define a **common FCA**, a harmonised **Corridor Information Document (CID)** at the level of the RFC Talks with common sections where appropriate, and **commonly applied RNE guidelines** for our corridors. Furthermore, the Management Boards are committed to define, in cooperation with the RUs, a harmonised and user-friendly approach of providing all relevant information for applicants, for

example through common websites and interfaces. The RFCs are committed to standardise the “corridor regime” more systematically in the RFC Talks with the help of RNE and in the FCA with the support of the ministries.

- 2.2. In addition, we shall keep the principle of **unanimous decisions** in the RFC Management Boards to ensure that the development is supported by all Board members. Experience has shown that a common decision can always be found and will be more sustainable because we have to work carefully with minority concerns until everybody is convinced. All given implementation timelines have been kept.
- 2.3. From the **Executive Boards** of the RFCs and the related Ministries, we would appreciate more support regarding the harmonisation/standardisation of national laws which are relevant for rail freight transport, the financing of infrastructure development, as well as the interaction with and support from NSAs and RBs in the corridors. The creation of a level playing field with other modes is not only important but is a necessary pre-condition for the future success of international rail freight.
- 2.4. With regard to the **Advisory Groups**, Advisory Group of Railway Undertakings (RAGs) and Advisory Group of Terminal Owners/Managers (TAGs), we recognise their importance in strengthening rail freight on the European corridors, and would like to reinforce their role in this process. This would include a timely participation of RUs and terminals, allowing them to provide feedback in decision processes, and an intensified dialogue of Speakers with Directors, Chairs, Management and Executive Boards. In terms of the composition and structure of advisory groups, the Management Board of every RFC should be free to invite additional parties other than those mandated by the Regulation, as resulting from the needs of the particular RFC.

3. Product Definition

- 3.1. Our product starts with decisions regarding the **corridor routes**. Most of these decisions have been taken by EU member states prior to the implementation of the RFCs based on the transport market studies (TMS). In the decision process of prolongation of existing RFCs or additional freight corridors, the IMs and RUs concerned should be closely consulted, the market studies should be duly considered and the consent of the IM(s) on whose network(s) the corridor is to be prolonged or altered should be duly sought for. Such additions should also be eligible to EU co-funding. The Management Board of each RFC should be able to initiate modifications in the geographic scope of its freight corridor.
- 3.2. The scope and content of the **TMS** as a basis for our product development should be discussed and refined, also in connection with the studies carried out for the Core Network Corridors (CNC). For example, a European wide approach to TMS, such as a single TMS or a TMS consisting of common parts and individual modules for each

corridor, or extending the scope of the studies to focus on specific topics in the transport market, could be considered. In this respect, the RFCs intent to carry out a European-wide analysis of European freight traffic flows of all transportation modes with relevance for RFCs and based on a logic of origins & destinations which could be mandated to RNE. Thus we would appreciate more flexibility regarding the transport market studies. Furthermore, the design of future TMS should be submitted to RAGs and TAGs for feedback before they are launched.

- 3.3. **Capacity Management** of RFCs should focus on satisfying customer demand for corridor products in international rail freight. Potential shortages can be addressed in Advisory Groups by customers or identified by IMs in the Management Boards. The latter will enter into a dialogue with customers and IMs about future market requirements on the one hand and capacity opportunities on the other hand, by developing an indicative medium to long-term offer planning for corridor products as foreseen in the Regulation 913/2010. Complementary to this, it is important to recall that each IM bears responsibility for satisfying the legitimate demands of all customer groups, i.e. long-distance national and international passenger, regional passenger, national and international freight traffic, and to optimise the use of scarce capacity. This also implies the management of the capacity split for these different segments.
- 3.4. With regard to the **capacity products** that are promoted via the C-OSS, we are still searching for the best offer. Both, IMs and RUs, need flexibility in the offer and in the request. However, our first experiences with PaPs, Reserve Capacity, FlexPaPs and NetworkPaPs show that we have not yet found the final and ultimate formula, because transportation requirements of shippers are volatile and cannot be committed so far in advance. As a consequence, most paths have to be modified again and again after the final allocation.

RUs make requests in the annual timetable process mainly to secure access to high quality paths. Regarding the capacity offered via the C-OSS, a more appropriate and attractive product than PaPs could potentially be a guaranteed access to capacity for paths of a defined quality which would be constructed at a later point of time closer to the needs of a volatile market. The sector is still in the process of reflecting on a relevant proposal. In any case, over the next few years we need room for refining the products on the corridor in an iterative process with our customers. This process shall aim at satisfying RUs' needs (e.g. specific haul stops and margins). The wording used in the Regulation ("path") should be rephrased in order to gain more room for the required product development.

- 3.5. In the medium to long term, the role of the C-OSS should be broadened to include other pre or after sales activities. The sector is still in the process of reflecting on a relevant proposal.

- 3.6. RFCs have to intensify efforts to function as a European network for competitive rail freight. This can be achieved within existing structures and by taking into account the universal FCA valid for all RFCs.

4. Operational provisions

- 4.1 IMs face the strong requirement to optimise their overall networks with regard to all passenger and freight services as demanded by the Regulation. Therefore, in the event of disturbance, traffic management should allow the IMs to take care of specific capacity requirements and to optimise the use of scarce capacity.
- 4.2 Instead of defining detailed measures for operational performance, a revision should encourage the Management Boards to develop objective quality goals and measures in consultation with the RAGs under the umbrella of the general objectives of the RFC as decided by the Executive Board. These goals and measures should then be submitted to and monitored by the Executive Boards. In this context, RUs and IMs will continue to enhance communication on disturbances on the RFCs between themselves and between national networks. Furthermore, Management Boards and RAGs/TAGs will have to continue improving the quality of rail freight operations on our corridors by way of assisting IMs, member states, and RUs/Terminals, in solving cross-border constraints in close cooperation with all parties and by systematically setting up quality circles on the corridor and/or for specific sections (e.g. as done already on the Brenner). Here, the corridor Management Boards can take the initiative to review key challenges with national IMs and customers. The support of the Executive Boards would be very beneficial in this process.

5. Investment planning

- 5.1 We welcome the idea of **investment planning** along the main traffic flows, both for interoperable systems and for capacity enhancements. But we face a situation in the RFCs that the information is only indicative and in many cases very sensitive due to European proceedings and decisions between the responsible national ministries and their IMs. Moreover the investments are prioritised for EU co-funding and monitored in the **Core Network Corridors (CNCs) for all modes and in the European Deployment Plan (EDP) for ERTMS**. Hence, the RFCs would prefer to focus on the identification of bottlenecks and barriers along the routes as an input to the work of CNCs and the EDP. The eligibility of EU funding should ideally be extended to parts of the RFCs which are currently not part of the TEN-T core network.

We would welcome for the Executive Boards to take the recommendations of Management Boards into account and - in case of approval - push for national

implementation. They should then also give feedback to the Management Boards of the RFCs about the outcome of the proposed infrastructure development. We would very much appreciate a clarification of roles along this natural split of responsibilities. When appropriate, the Management Boards may assist IMs in the coordination of the technical execution of cross-border projects.

- 5.2 When it comes to works and possession planning, and execution of the planning, the Management Boards, should play a greater role in the coordination of these works. Works and possession should be planned and executed so as to hinder international traffic as little as possible. This coordination should be reflected in a concerted process involving both IMs and RUs.

6. Terminals

- 6.1 The idea of including **terminals** as transshipment points on the transport route into the RFCs has not yet worked out well. While the terminals are also part of the transport chain - just like the railway infrastructure - planning processes and timelines with their customers are very different from those of the IMs. Therefore it is difficult to combine both services, and many terminals do not yet see the benefits of involvement into the RFCs. Moreover, some terminals do not fulfil their legal obligation as defined under Regulation 913/2010/EU of providing the information that RFCs are supposed to make available in the CID. Thus RFCs can only display a patchwork of terminal information.
- 6.2 In the light of these developments, we propose to enhance the role of terminals in Regulation 913/2010, in particular by obliging them to provide the description of their operational characteristics. An effective inclusion of terminals might also imply an involvement of their customers, the intermodal operators and/or shippers. For example, corridors could become more attractive to terminals if intermodal operators/shippers would allow RUs to provide terminals with access to real time data of expected trains.