



UIP POSITION PAPER

**on the 2nd Railway Package
of the European Commission**

October 2002

UIP position on the 2nd Railway Package

The " second railway package " is based on a first package of EU measures which was adopted at the beginning of 2001 and which laid the foundations of internal market for rail freight services.

The new package of measures now provides the necessary legal framework for effecting the liberalisation of rail traffic.

The opening up of the trans-European rail freight network for international rail freight services commences on 15th March 2003.

The complete opening of the railway system is set for 2006.

The new bundle of measures contains 5 proposals covering the following aspects:

- Safety
- Interoperability
- European Railway Agency
- Amendment of the Directive 91/440
- EU membership of OTIF

Together with the adoption of the second railway package the Commission considers the improvement of service quality in the rail freight sector as another crucial point.

Directive on rail safety (com 2002/21)

Rail must retain its position as the safest means of transport. UIP therefore supports without reservation the planned harmonisation of the existing national safety rules in order to guarantee a standard high level of safety. In order to retain this standardised high level, unilateral alternative national concepts must be excluded in the future, as stipulated in the Directive.

To date safety rules within the rail sector haven been specified to a large extent by the state railways. It is indispensable that the current international civil law agreements which apply to rail freight traffic take into consideration the transfer of safety competences to national safety authorities and to the future European Railway Agency.

UIP recognises that absolute safety cannot be guaranteed. New, even stricter measures for the safety of freight wagons, as at present proposed for example by some member countries within the context of RID, could lead to a further weakening in competitiveness, particularly in combination with the adoption of necessary but costly measures to diminish rail wagon noise, and thus to a further decrease in the market share of rail.

UIP therefore requests that, when adopting new safety measures, the economic viability of every new proposal as well as the competitiveness of the sector is taken into consideration.

Directive on Interoperability (com 2002/22)

UIP is actively supporting the work of the AEIF working groups, with to date 16 experts, and will make a responsible contribution to achieving interoperability in conventional rail freight traffic in the future.

UIP welcomes the planned transfer of the responsibility for the development of TSI to the new European Railway Agency (ERA). Since the association charged with the harmonisation of the rail sector - AEIF - is controlled to a large extent by the former state railways, it is necessary in UIP's opinion to transfer control of the important harmonization work, as soon as possible, to an independent body – namely the future European Railway Agency (ERA) -, in order to ensure thereby in the future an accelerated process for technical harmonization.

UIP is therefore against an extension of the AEIF mandate and against a future independent role for AEIF in relationship to ERA.

Regulation on the establishment of a European Railway Agency (com 2002/24)

UIP welcomes the planned transfer of responsibility for the safety and interoperability sectors from the former state railways (UIC) to the new railway agency, ERA, as a body independent from the railways.

It considers it as indispensable for customer associations and rail traffic organisations, including UIP, to be granted a permanent seat within the agency and to be allowed to participate in the planning and drafting of proposals concerning rail freight traffic.

In UIP's opinion it would seem sensible not to limit the role of ERA to that of a purely advisory body for the EU Commission but to grant it, within its scope of

responsibilities, limited powers of decision, or at least co-decision powers, in the Community decision process.

Amendment of the Directive 91/440

UIP welcomes the suggested opening of the internal rail market in the Member Countries. Even though it recognises the fact that all the crucial changes cannot be realised immediately, UIP is against each further delay and would support the effort to open the rail market not in 2006 but already in 2004.

UIP supports without reservation the introduction of competition within the rail sector and for this reason endorses the complete separation from infrastructure and operations.

UIP opposes discriminating conditions, which are still imposed upon their member companies by the former state railways. UIP reminds all those concerned of the fact that it lodged an official complaint with the DG "Competition" in March 2001 on the question of the unilateral billing of private wagons with empty running charges, and thus, as Competition Commissioner Monti formulated it recently, supported the activity of the Commission within the competition sector.

UIP is currently contributing to adapting to the new legal framework the RIV regulations, which have become outdated due to the EU liberalisation process. UIP requests the European Commission to follow critically the adaptation of this set of regulations, which are important for the internal rail market.

Recommendation to join OTIF

UIP welcomes the efforts of the EU Commission towards the European Union joining the new OTIF.

As a future member of OTIF the European Union is requested to take over responsibility for the new COTIF which contains important regulations for the functioning of an European internal market for rail freight services. In particular Appendix D " Standard Legal Regulations for Contracts for the Use of Wagons in International Traffic" (CUV) contains regulations which will have considerable importance for the free circulation of private wagons, which are currently responsible for half of the freight traffic in Europe. However, these regulations are not legally binding and require to be further embodied.

UIP draws attention to the fact that the average age of the existing freight wagon fleet is continually increasing. In order to stop this trend, private wagon owners need security for their investments and the prospect of a foreseeable

development in the sector. Only standard European wagon law, offering minimum regulations for the use of freight wagons, together with the already encompassed technical harmonisation of the rail sector can create the necessary basis for this.

For this reason, UIP is preparing a proposal as to general conditions of use for freight wagons throughout Europe, which will be submitted to the EU Commission in due course.

UIP requests the EU Commission to take on the responsibility for establishing a standard wagon law in the larger European framework and to support UIP in the future European-wide application of standard conditions of use for freight wagons.

Improvement in the quality of the rail freight traffic service

The improvement of the service quality is of decisive importance if rail is not to lose even more market share. Insufficient quality of railway services makes the competitive situation of UIP companies more difficult since they are still dependent on the traction performance of the railway companies. The European Commission now wants to introduce a system European-wide performance indicators, produced monthly. The French UIP member association, AFWP, has tried for quite some time to improve the rail service situation in France in this manner.

UIP welcomes the measures announced by the European Union for the improvement of the service quality, the concept of which is to be submitted as soon as possible.

UIP considers it necessary in particular to establish a binding compensation system in respect of poor services which should be applied until such time as the market forces provide self regulation.

UIP strongly recommends to change the priority system applied today by the railway companies in favour of rail freight and to develop a rail network dedicated to freight only.

UIP refers to its already declared readiness to co-operate with the EU Commission and to its proposal for a European-wide research into the situation of service quality within its field of activity.

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