



The Voice of European Railways

Club Feroviar Conferences 2010

Developing the Euro-Asian railway transport network

Brasov, 25 February 2010

Dr. Johannes Ludewig

Executive Director of the Community of European Railway
and Infrastructure Companies (CER)



CER stands for...

Strong case for Europe-Asian Railway Transport

Romania's competitive situation - the need to reverse current trends!

The division of tasks for a flourishing railway system

Conclusions

CER - representing European railways in Brussels



The Voice of European Railways

CER stands for...

- **75 member companies**, rail transport operators and infrastructure managers from all countries within the EU, the accession countries as well as from the Western Balkan countries, Norway and Switzerland
- **The representation of our members' interests in Brussels** towards the European Parliament, Commission and Council of Ministers as well as other policymakers and partners in transport
- **promoting a strong rail industry** that is essential to the creation of a sustainable transport system which is efficient, effective and environmentally sound.



CER stands for...

Strong case for Europe-Asian Railway Transport

Romania's competitive situation - the need to reverse current trends!

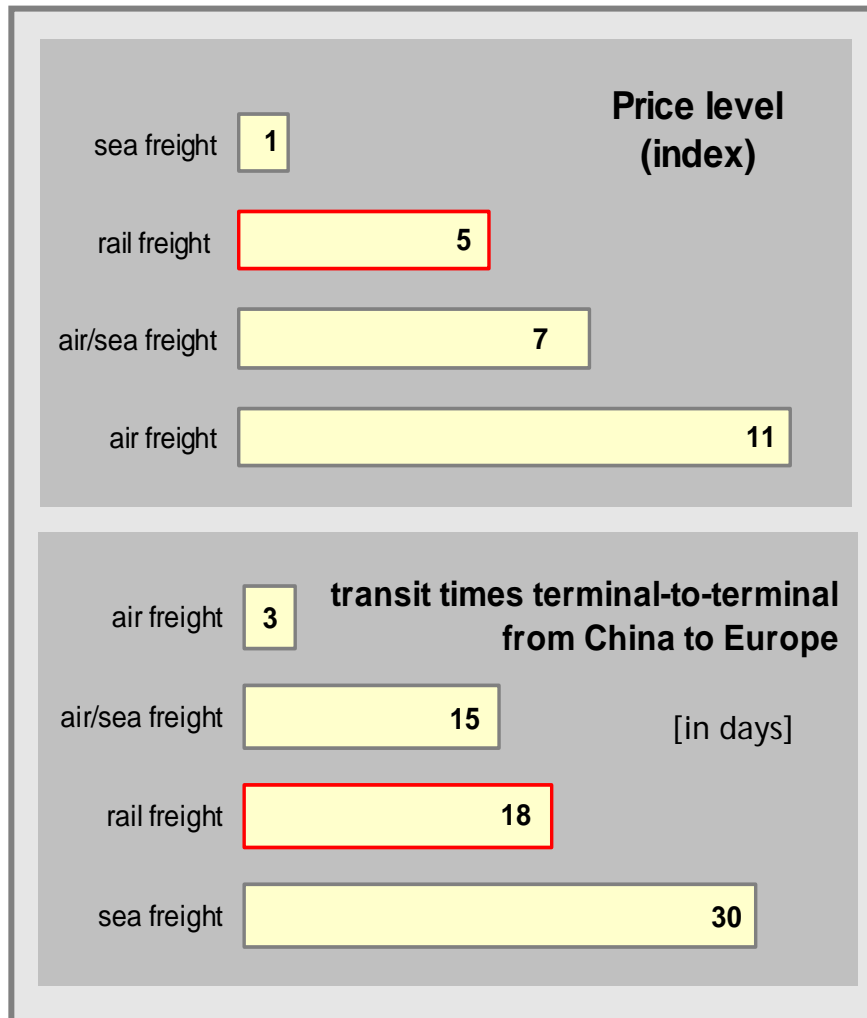
The division of tasks for a flourishing railway system

Conclusions

Strong case for Europe-Asian Railway Transport



The Voice of European Railways



=> Rail: Faster than sea, cheaper than air, and cleaner than all

Rail transport volumes from EU 27 to neighbouring countries are developing



The Voice of European Railways

Results from upcoming NEA study¹⁾



Freight volumes from EU 27 to neighboring countries are increasing

Development 2007-2020:

EU27 - Switzerland-Norway	+14%
EU27 - Baltic Rim	+32%
EU27 - Ukraine/Belarus/Mol	+20%
EU27 - Balkan and Turkey	+65%

Modal share in 2020 varies between 59% (Baltic Rim) and 9% (Balkan, Turkey)

Eurasia Land Bridge gives additional potential; present problems should be overcome

1) NEA (2010): Situation and Perspective of the rail market

A number of Barriers still exist between EU 27 and neighbouring transport markets



The Voice of European Railways

EU27 - Switzerland/ Norway

- No specific barriers; legal framework in line with EU directives

EU27-Baltic Rim

- In Russia no open access yet
- Interoperability problems due to gauge changes except with Finland and Baltic States

EU27- Ukraine/ Belarus/ Moldova

- Gauge difference
- Border crossing procedures
- Monopolies

EU27- Balkan and Turkey

- Fragmented structure of network
- Process of reforming railway legislation started

1) NEA (2010): Situation and Perspective of the rail market

CER stands for...

Strong case for Europe-Asian Railway Transport

Romania's competitive situation - the need to reverse current trends!

The division of tasks for a flourishing railway system

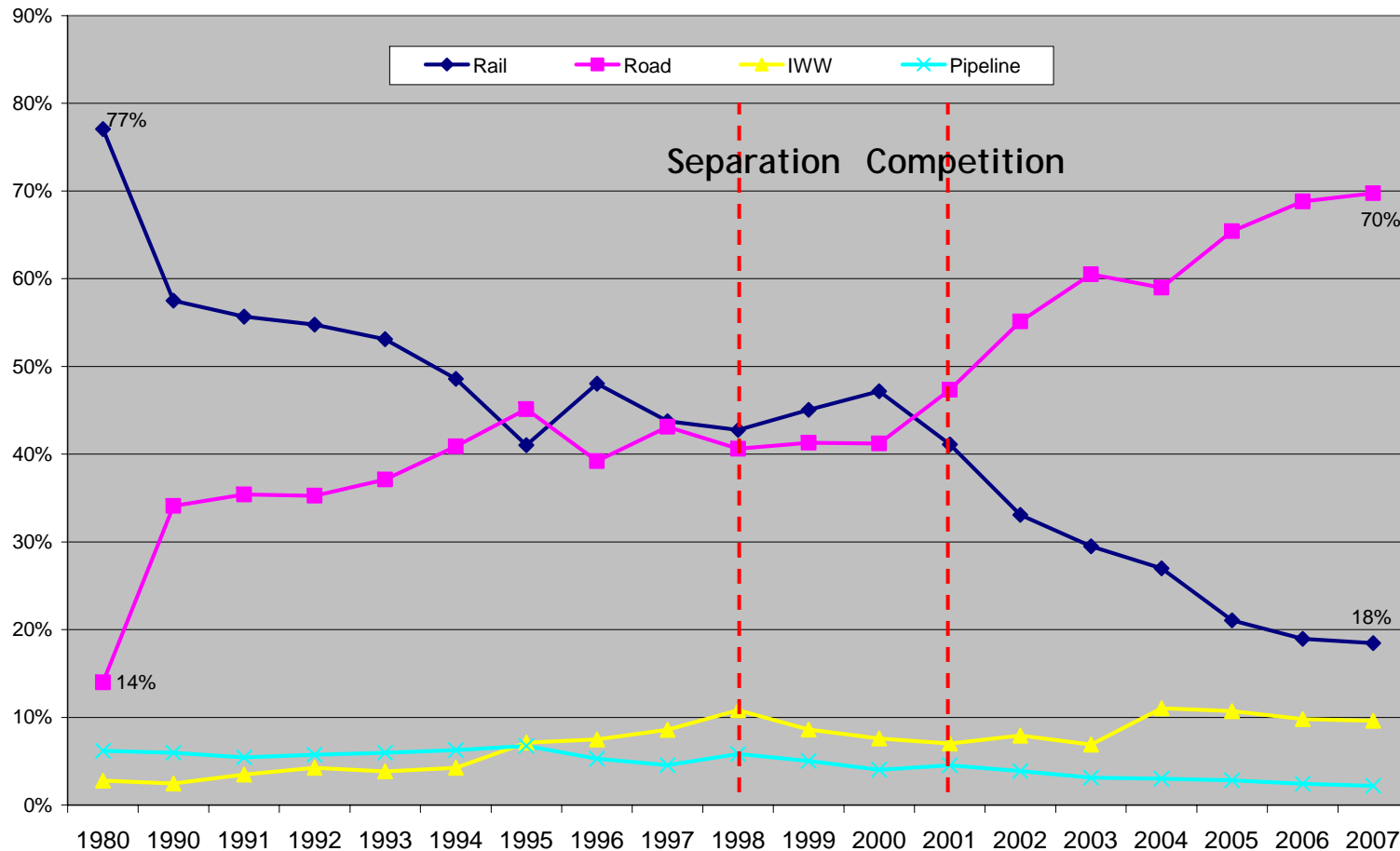
Conclusions

The situation of railways in Romania is difficult - they will not be able to participate in international growth



The Voice of European Railways

Freight transport market share development in Romania

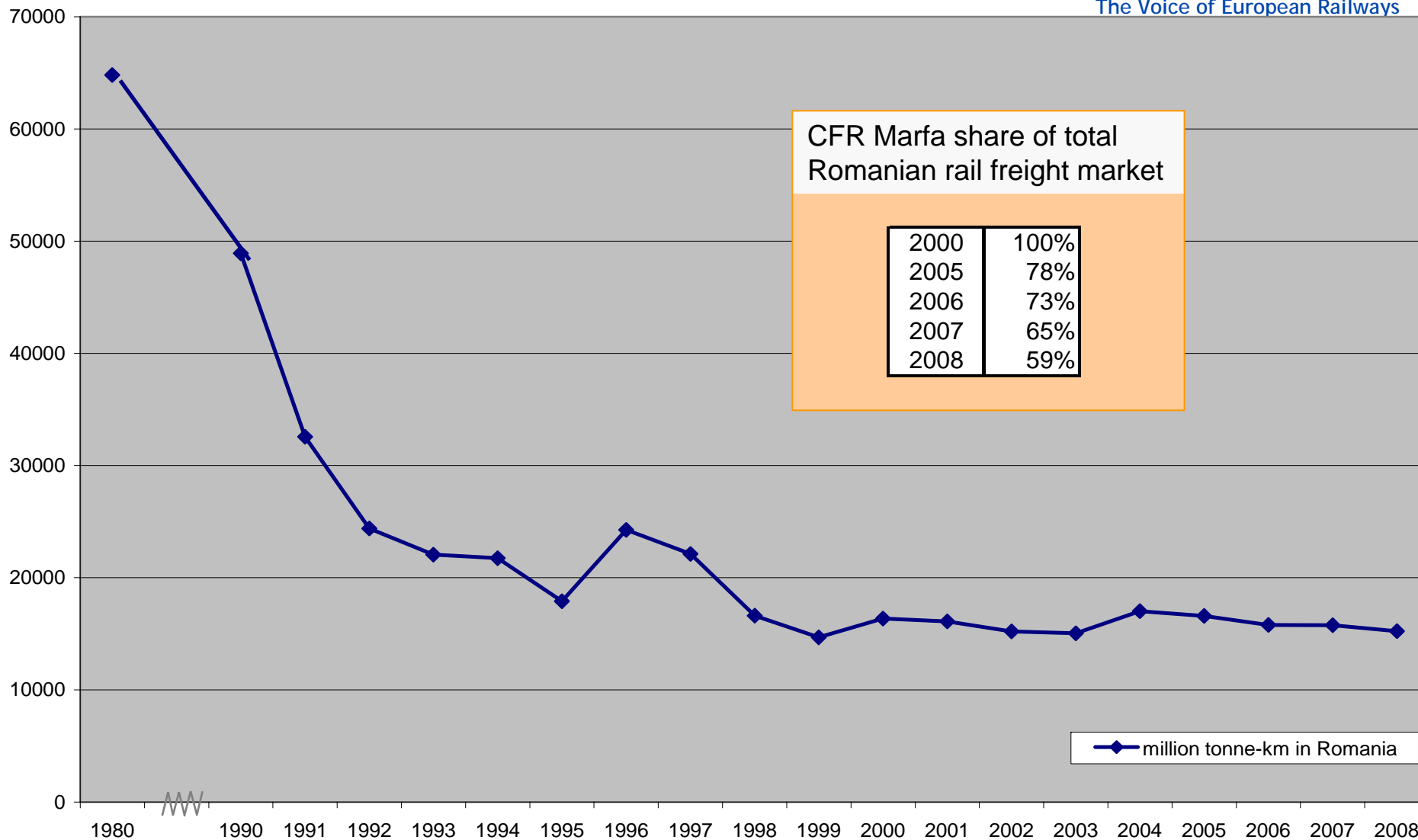


Source: ETIF 2009

Development of rail freight traffic (million tonne-km) in Romania



The Voice of European Railways



Overview Romania - the lack of implementation of White Paper principles has lead to rail decline



The Voice of European Railways

Rail growth 2002-2007

Passenger: Rail -12% (EU25: +8%) All +14%
 Freight: Rail +4% (EU25: +18%) All +89%!

Source: ETIF 2009, European Commission

Rail Modal Share 2007

Passenger: 9% (EU10: +7%) **↘ - 23%!**
 Freight: 19% (EU10: +28%) **↘ - 45%!**

Source: ETIF 2009, European Commission

% NEW ENTRANTS 2007

Passenger: 1%
 Freight: 34%

Source: RMMS 2007/09, European Commission

Market opening effectively started in 2004 in freight

FINANCING (1) 2002-2006

RO: 0.03k€/track-km/yr
 EU25: 116k€/track-km/yr

Source: DG TREN 2009, European Commission

Lowest investment level in infrastructure in Europe

ACCESS CHARGES (2) 2007

Pass: 2,49€/tr-k **↗**
 EU25: 2.09train-km
 Freight: 3,87€/tr-k **↗**
 EU25: 3,60€/train-km

Source: ITF 2005-2008, OECD

Access charges **ABOVE** EU average **AND** going up!!!

ROMANIA: With high access charges and no financing for rail, market opening was counterproductive, driving block train prices down and undermining the already limited ability of the rail system to finance itself. Rail modal shares collapsed!

(1): Public financing = Infrastructure investments + PSO compensation (annual average per track-km); (2) Access charges: estimate based on average between 2005 and 2008

In the Netherlands and Sweden, HIGH investments in infrastructure helped stimulate growth & competition!



The Voice of European Railways

2006 data	State spending per transport units	State Spending per track.km	Growth of traffic units (2006 vs 2005)	State Spending	Traffic Units	Track length	Market Share of New Entrants
<i>Units</i>	<i>in €</i>	<i>(in €)</i>	<i>(in %) based on p.km+t.km</i>	<i>(in million €)</i>	<i>(in billion p.km+t.km)</i>	<i>(in km)</i>	<i>(in %)</i>
Luxemburg	0,53 €	636.511 €	11%	394	0,7	619	0%
Ireland	0,29 €	258.355 €	0%	603	2,1	2334	0%
Belgium	0,18 €	531.729 €	5%	3226	18,2	6067	3%
Netherlands	0,13 €	412.306 €	1%	2687	20,0	6517	18%
Denmark	0,12 €	285.149 €	1%	937	8,0	3286	No data
Greece	0,11 €	91.758 €	1%	275	2,5	2997	0%
United Kingdom	0,09 €	208.227 €	5%	6601	70,2	31701	5%
France	0,08 €	191.215 €	2%	10100	119,7	52820	No data
Italy	0,07 €	221.016 €	2%	5126	70,6	23192,9	12%
Sweden	0,04 €	104.846 €	3%	1415	31,6	13496	33%
Slovenia	0,04 €	84.815 €	4%	186	4,2	2193	0%
Germany	0,04 €	124.589 €	8%	8001	186,0	64219,1	17%
Finland	0,03 €	52.888 €	11%	467	14,7	8830	0%
Hungary	0,03 €	70.511 €	5%	560	19,8	7942	9%
Austria	0,02 €	64.513 €	8%	637	30,3	9874	10%
Slovakia	0,02 €	32.474 €	5%	223	12,2	6867	No data
Spain	0,02 €	29.961 €	1%	563	33,7	18791	5%
Czech Republic	0,01 €	16.823 €	5%	270	22,7	16049	5%
Portugal	0,01 €	20.482 €	1%	74	6,3	3613	0%
Bulgaria	0,01 €	8.453 €	4%	61	7,8	7216	3%
Poland	0,00 €	8.266 €	6%	310	71,7	37504	17%
Latvia	0,00 €	9.022 €	-14%	31	17,8	3436	11%
Estonia	0,00 €	7.581 €	-2%	12	10,7	1583	31%
Lithuania	0,00 €	853 €	3%	3	13,3	3519	0%
Romania	0,00 €	147 €	-3%	3	23,9	20384	27%

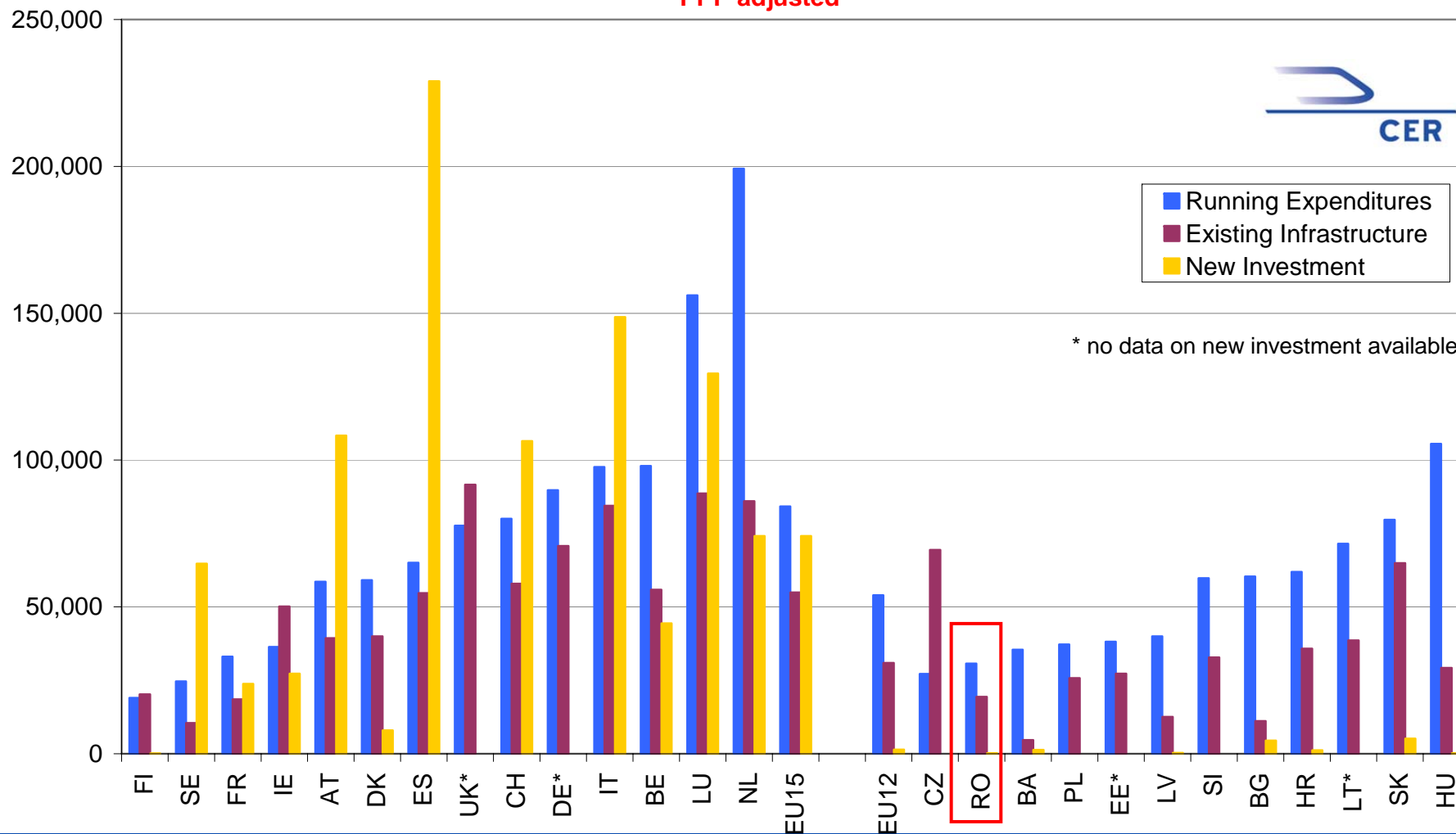
Low Levels of Investment in Rail Infrastructure in Romania



The Voice of European Railways

Rail Infrastructure Investment in 2007 (in EUR per track length) - EU27

PPP adjusted

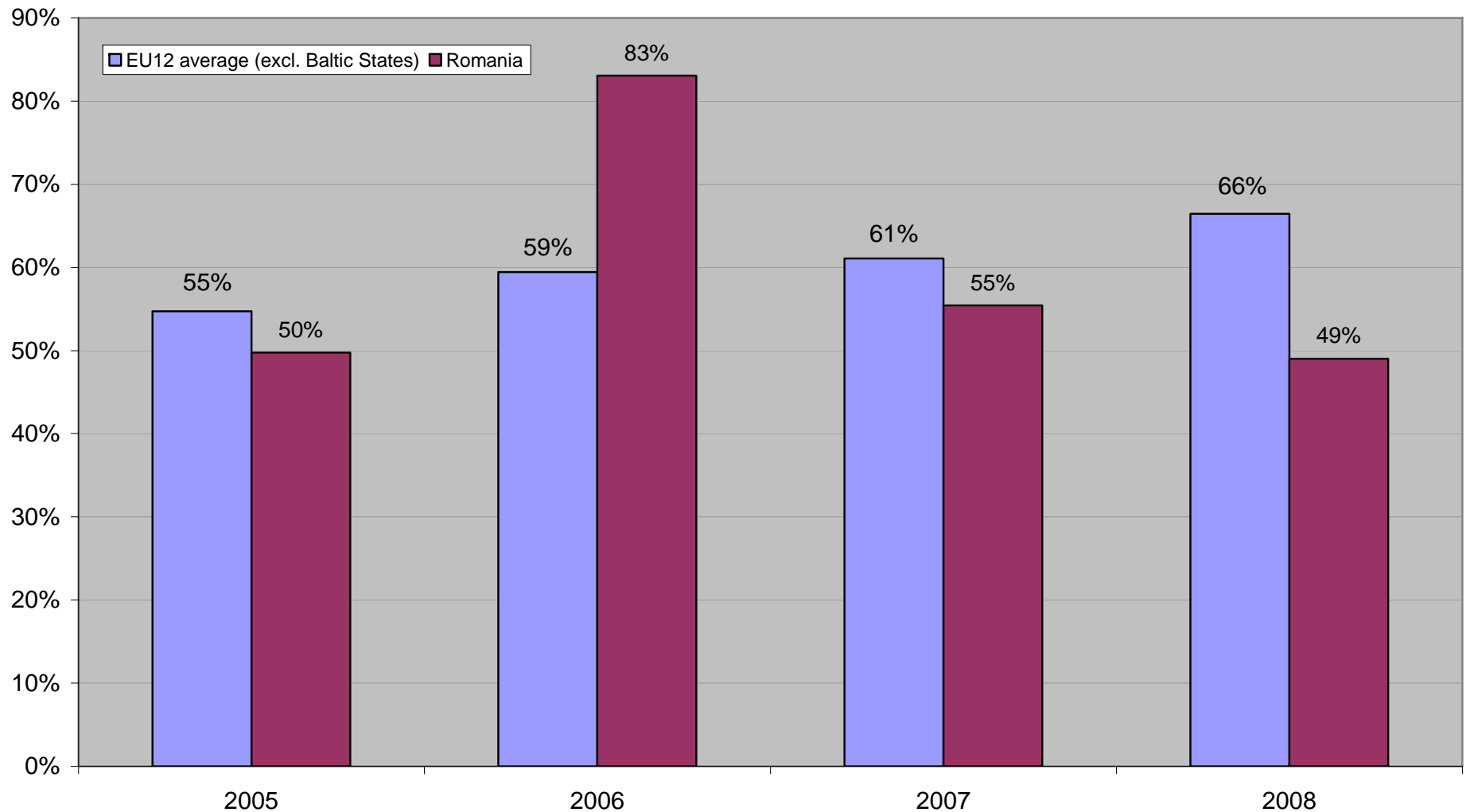


50% of Public Service Obligations not compensated in Romania - worse than EU 12 average



The Voice of European Railways

Average State Compensation (as % of difference between expenses and ticket revenue)

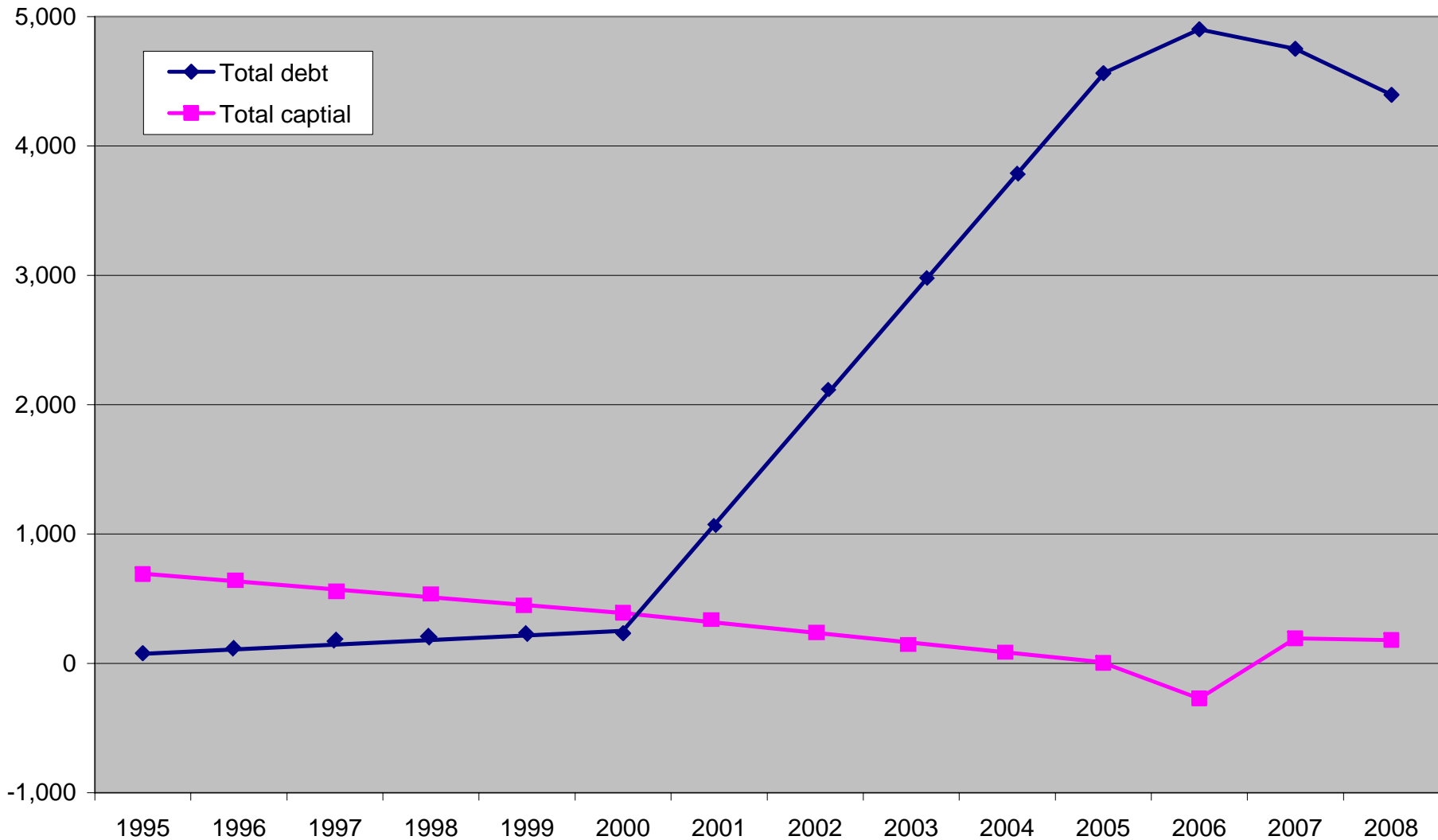


Infrastructure company in Romania: CFR SA Total Debt versus Total Capital (million EUR)



The Voice of European Railways

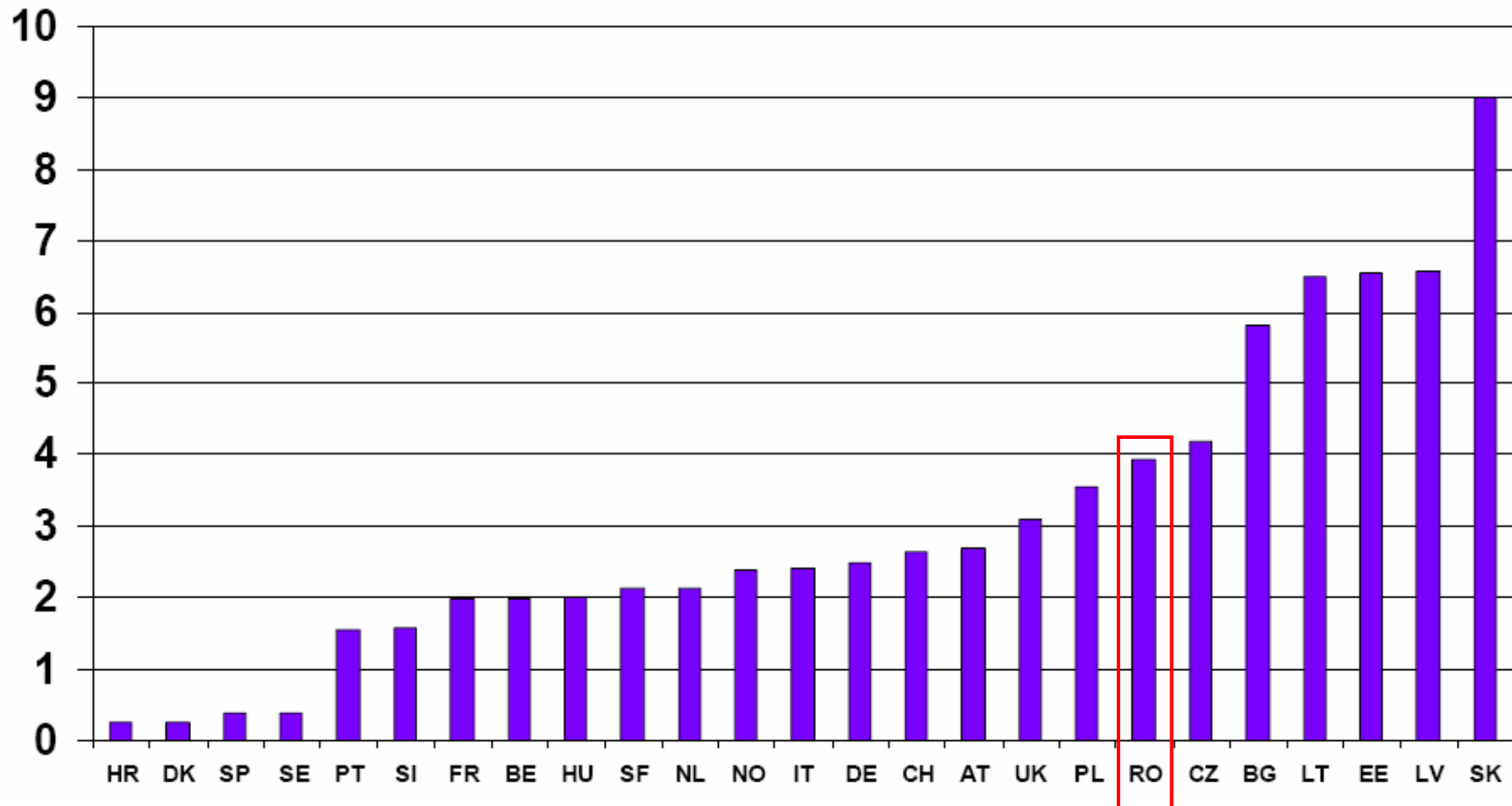
million EUR



Access Charges for a Typical 960 Gross Ton Freight Train (EUR/train-km)



The Voice of European Railways



Source: OECD/ITF 2008

CER stands for...

Strong case for Europe-Asian Railway Transport

Romania's competitive situation - the need to reverse current trends!

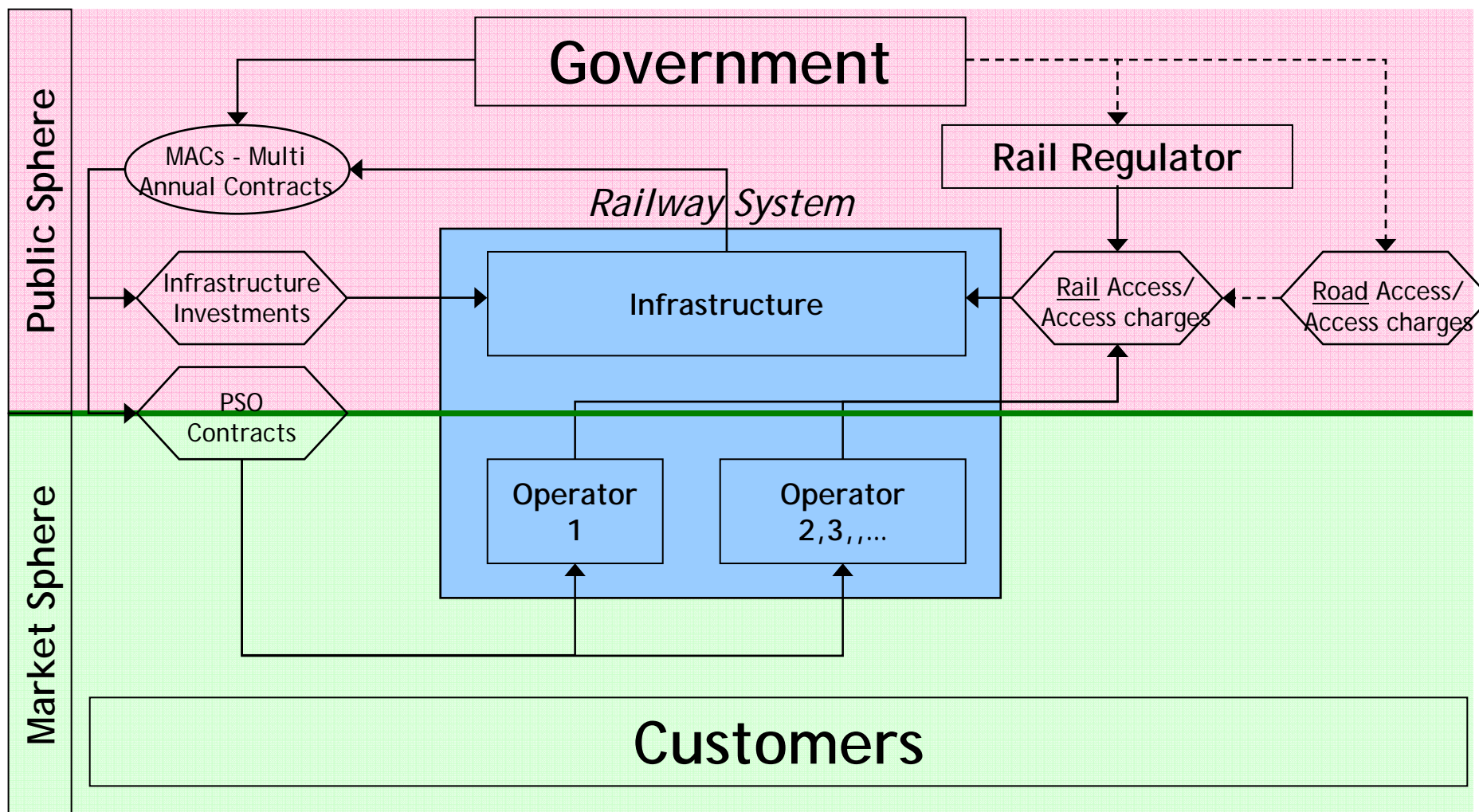
The division of tasks for a flourishing railway system

Conclusions

Successful functioning of the railway system



The Voice of European Railways



CER stands for...

Strong case for Europe-Asian Railway Transport

Romania's competitive situation - the need to reverse current trends!

The division of tasks for a flourishing railway system

Conclusions

1. There is significant **GROWTH POTENTIAL** for railway transport, national and international
2. Romanian Railways are declining and in **NO POSITION TO PARTICIPATE** in railway transport growth
3. Market opening and separation of infrastructure and operations is **not** enough. The main principles of the **2001 EU TRANSPORT WHITE PAPER** are closely related and need to **all** be appropriately adopted:
 - Adequate financing of Infrastructure
 - Adequate compensation for PSO services
 - Fair and transparent infrastructure charges that are competitive with road
 - Decrease of historical debts of railway companies to competitive levels

Thank you for your attention!



The Voice of European Railways

→ Johannes Ludewig
CER Executive Director
Tel: +32 2 213 08 71
Email: johannes.ludewig@cer.be

→ For further information,
visit our website: www.cer.be

