United Nations Economic Commission for Europe
Trans-European Railway (TER)

UNION INTERNATIONALE DES CHEMINS DE FER
INTERNATIONALER EISENBAHNVERBAND
INTERNATIONAL UNION OF RAILWAYS

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Communauté des Chemins de Fer Européens
Community of European Railways
Gemeinschaft der Europäischen Bahnen

Seminar on infrastructure charging and EU railway policy
Paris, 16 - 18 May 2001

Summary of Conclusions

On 16 - 18 May 2001 the United Nations Economic Commission for Europe Trans - European Railway **(UN / ECE TER),** the International Union of Railways **(UIC)** and the Community of European Railways **(CER)** have jointly organised in Paris a Seminar on User Charges for Railway Infrastructure.

The seminar was attended by representatives of the Ministries of Transport and railway companies from 25 countries as well as by representatives of the European Commission, ECMT, EIB, OTIF, UNIFE, and World Bank.

It was a follow-up to other international meetings organised by the aforementioned institutions to tackle the subject of implementation of the relevant EU Directives concerning railway transport.

After a broad exchange of information and extensive discussions, the following conclusions were approved as the way forward to ensure an appropriate implementation of infrastructure access charging:

- Transparency and non-discrimination in procedures for the allocation of infrastructure capacity and for the charging of infrastructure use are pre-requisites for increasing railway traffic and for enhancing the efficiency of rail transport.

- Developing fair pricing schemes for the use of infrastructure will help open the networks to more railway undertakings, and facilitate the inception of competition in the railway sector.

- Competition, although not a goal in itself, is a way to explore further the capabilities of the railway for the benefit of the society and sometimes arises also from the fact that different countries deal with pricing problems of other modes in different ways. Experience gained in the cross-modal market has showed that applying the "user pays" principle leads to a more

efficient use. A common accepted methodology for calculating user charges on European railway infrastructure is potentially an important tool for the facilitation of cross-border operations.

- A consistent charging framework, resulting if possible from the harmonisation of principles for the various schemes applied in different countries, would create incentives for rail infrastructure managers to improve cost efficiency, to invest in the expansion of the rail network and to promote competition and efficiency among train operators, minimising the necessary contributions from the state budget.

- A fair pricing of the use of railway infrastructure would allow a continuous increase in the capacity utilisation of railway infrastructure. This would make rail transport more attractive and accessible and rail service output higher. In general, it will assist infrastructure managers in reaching their financial goals and establishing useful infrastructure parameters for benchmarking.

- Infrastructure charging schemes are instruments to encourage efficient use and development of rail infrastructure and for efficient conduct of other stakeholders within the rail industry. However, such schemes are limited in terms of what can be achieved through them. This is due to the fact that infrastructure managers and train operators may pursue essentially financial objectives, either because they are profit-seeking private sector companies or because they are public sector companies subject to financial targets set by governments.

- Environment costs for all modes of transport should be internalised in the fees charged to the user in order to meet the urgent and growing needs of developed societies in terms of reduction of air pollution, accidents and other environmental damages. Furthermore costs of external effects arising from transport (including train operation) should be differentiated as a function of the magnitude of the effect caused.

- Several principles of charging infrastructure are essential:
  - charges have to be paid to the infrastructure managers and used to fund their business,
  - railway operators should be treated in full transparency and charges applied on a non-discriminatory basis,
  - scarcity of capacity can be included as a supplement to the basic charge and levied on identifiable segments of infrastructure which are subject to capacity constraints,
  - the level of charges should be based on a published methodology about which railway undertakings have been consulted before its adoption,
  - charges shall be levied for capacity used for the purpose of infrastructure maintenance and development.

- International co-operation for the harmonisation of criteria for allocation and charging railway infrastructure is to be reinforced.

- Developments in infrastructure charging must be regularly reviewed.

Debates have also showed that a large number of experts consider that no realistic level of charging for infrastructure use could conceivably ensure balanced accounts for infrastructure when also including investments.

Infrastructure managers must reconcile the conflicting goals of maximising their revenue and preserving competitiveness of rail in a transport market, in which heavy distortions of competition already favour other modal operators. Contributions from states, international bodies and the involvement of the private sector remain thus necessary for the railways much as they do for other modes of transport.

Most experts agree that charging for the use of transport infrastructure should be based on the marginal social cost principle (marginal cost of use, plus marginal cost of the corresponding environmental damage). This principle should be applied to all modes of transport to avoid distortion of competition.

The new EU Directive on railway infrastructure charging specifies that the user charge is based on the marginal cost with possibilities for Member States to decide on mark-ups when demanded by national transport and investment policy.

Infrastructure charging is not only the result of economic reasoning. It is also an expression of a political will to project in the transport sector a vision of socio-economic goals to be pursued by society both in terms of Europe-wide sustainable mobility and of other objectives in the framework of the subsidiarity principle. For political decision-makers this is tantamount to recognising the unique advantages of rail for regional development, protection of landscapes, quality of life, energy, space and minerals savings.