

ECONOMIC COMMISSION FOR EUROPE

Informal document SC.2 No. 12 (a)
(2008)

INLAND TRANSPORT COMMITTEE

Working Party on Rail Transport

Sixty-second session

Geneva, 18-20 November 2008

Item 11 of the provisional agenda

18 November 2008

ENGLISH and FRENCH ONLY

**THE EUROPEAN RAIL TRAFFIC MANAGEMENT SYSTEM (ERTMS) PROJECT
AND ECONOMIC EVALUATION ACTIVITIES
OF THE EUROPEAN RAILWAY AGENCY (ERA)**

Note by the European Railway Agency

Economic Evaluation at the European Railway Agency

UNECE – 62nd session of the
Working Party on Rail Transport
Genève, 18 / 11 / 2008

What is Economic Evaluation ?

Economic Evaluation (short: EE) = generic expression

Impact Assessment is required as a means to improve quality of EU lawmaking

Impact Assessment Guidelines – SEC(2005)791 is a useful reference

2004/49 (« Safety » directive) :

- *All proposals for [...] Common Safety Targets shall [...] be accompanied by an assessment of the estimated **costs** and **benefits**, indicating their likely **impact for all the operators and economic agents involved** and their impact on the societal acceptance of risk*

Recital (22)

- care should be taken **not to penalise rail economically** *vis-à-vis other modes of transport*

Recital (30)

- The drawing up of Technical Specifications for Interoperability and their application to the rail system should **not impede technological innovation, which should be directed towards improving economic performance.**

Art. 6.3

- An overall assessment of the estimated costs and benefits of the implementation of the Technical Specifications for Interoperability shall be attached to the draft TSI; this assessment shall indicate the likely **impact for all the operators and economic agents involved.**

Economic Evaluation in a workflow

European Commission

- Directives
- Impact assessment of Directives
- Mandates

ERA

- Recommendations
- **Impact assessment of Recommendations**

EIB, Member States, Stakeholders

- Funding
- Implementation

Is EE *really* possible : TSI case

TSIs apply to new, renewed or upgraded systems

But railway assets have long lifetimes

- Material assets, linked to...
- ...immaterial ones : rulebooks, etc.

Typical process (in difficult cases) :

- Set reasonable « ultimate target » (20-40 yrs)
- Carefully check initial transition period (10 yrs)
- EU, Member States & Stakeholders take action
- Ex post evaluation → revise « Ultimate target » ...

Does Economic Evaluation matter ?

Economic Evaluation is **required** by the Directives

- Interoperability
- Safety

« Result » is no pass / fail criterion

- « Positive result » of one particular recommendation is no design target
- Would be very demanding (model calibration)

Did Economic Evaluation matter ?

Justifying the status quo

- Ongoing work : voltage systems in Europe
- Unfortunately, « status quo » may not be optimal

Justifying a trend

- Ongoing work : passive safety requirements for rolling stock
- There seems to be a strong economic rationale behind

Putting a brake on a trend

- Should ETCS become the cure-all of railways ?
- Feature overload is a cost and a risk

Avoiding “CBA as an excuse”

- Ongoing work: specific cases – setting up pre-conditions before we even look at the figures

Coming to a conclusion

- Absence of decision may be worse than wrong decision, sometimes
- Example : ETCS Limited Supervision function

The evaluation process may be as important as the result

How is Economic Evaluation organized ?

No constraints from Agency Regulation

EE Unit = 5 staff now, at most 6 (... given the current mandates)

- and expansion is NOT a primary goal

Working Parties & Mirror Groups

Economic Survey Group & Mirror Groups

Ad hoc groups for special tasks

Cooperation / re-use of available studies

Contracts

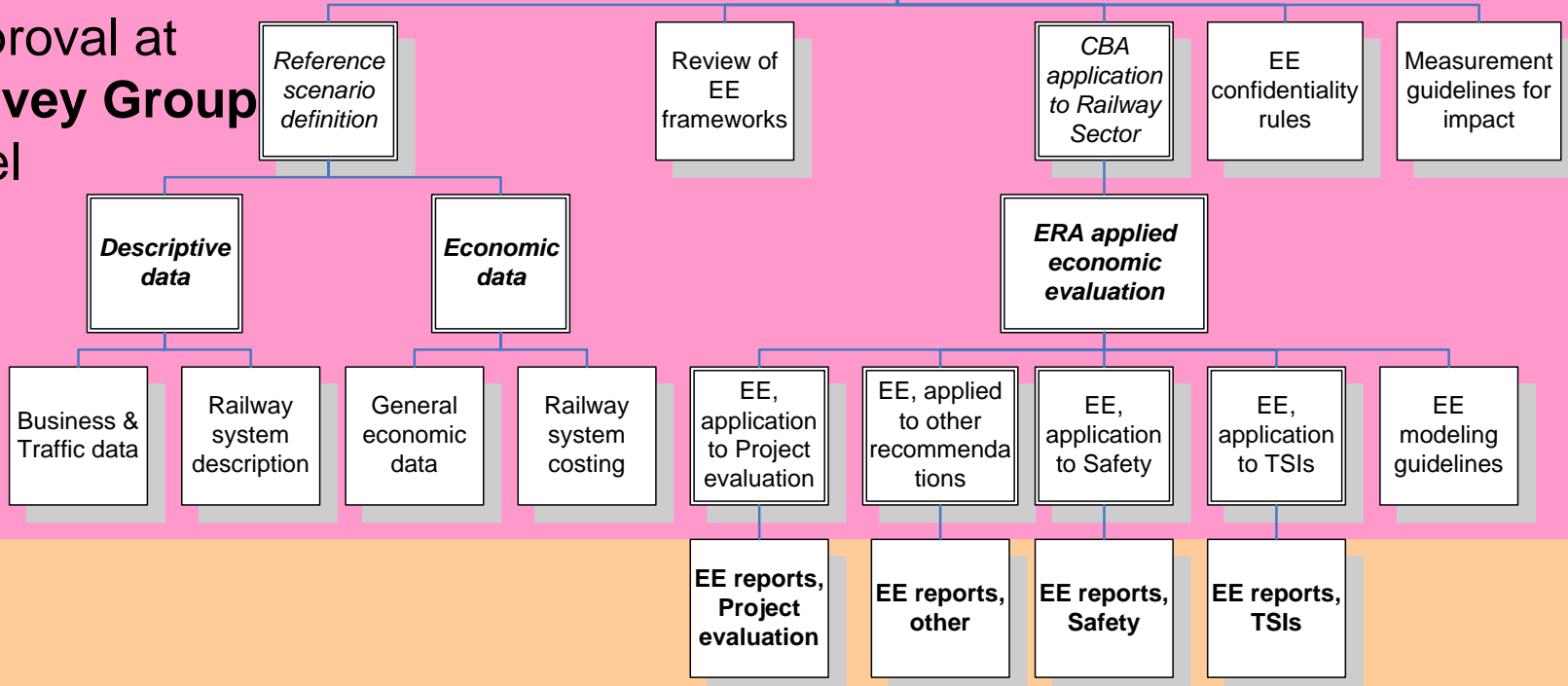
What does Economic Evaluation deliver ?

Approval at
Railway Safety & Interoperability

EE Outline

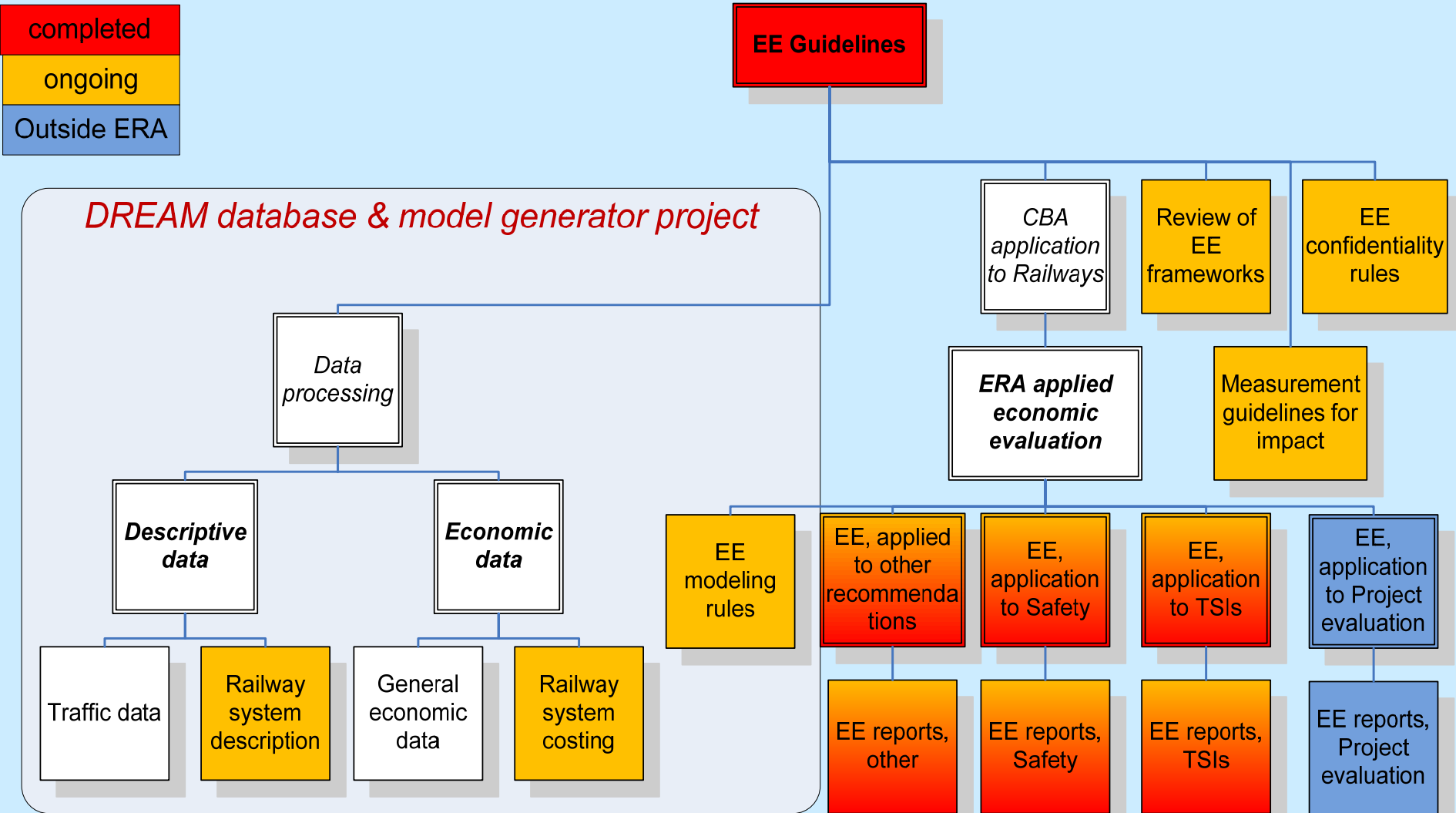
Committee level

Approval at
Survey Group
level



Approval at **Working Party** level

Overview of activities



Satisfactory :

Quality:

- Consistency of works
- Traceability
- Cooperation with « technicians » in Working Parties

Efficiency:

- Re-use of data (Commission, UIC)
- Re-use of methods (Commission, EIB)

Need attention :

Proper involvement of Sector Organisations in economic affairs

Proper involvement of non represented stakeholders

Availability and reliability of relevant data

Uncertain economic balance (RU/IM/States)

Economic Evaluation Unit

Airy Magnien

Torben Holvad

Martin Schröder

Ernest Godward

Gilles Gardiol

Stéphanie Desprez, Amelisa Megos



airy.magnien@era.europa.eu

www.era.europa.eu