

Brussels, September 2000

Manifesto

*Breakthrough in Goods Transport
by Rail in Europe is Imperative*



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The internationally operating business community in Europe is seriously concerned about the accessibility of its clients, markets and company branches due to the lack of a properly functioning and competitive supply of rail transport services. We are making an urgent appeal to governments in Europe and the European Institutions to strive for an open market for rail transport of goods at a European scale, with a view to the necessary quality improvement and cost reduction of this mode of transport.

Due to European unification, there has been a strong increase in the international flows of goods in Europe. More competition leads to concentration of production and offers new possibilities for cost reduction in transport and distribution of goods by bundling transport flows. In both commercial and consumer markets, buyers are becoming increasingly demanding, particularly about higher quality, e.a. timely delivery of goods. To satisfy these market demands, companies in turn must place higher demands on transport and distribution throughout the entire chain. The New Economy, with its consequences in terms of Business to Business and Business to Consumer deliveries, and the introduction of the Euro, has intensified this process.

We are concerned that road transport, both national and international, is experiencing more and more obstacles due to traffic congestion

and limitations on freight transport. Nonetheless, markets must remain accessible, especially in view of the economic unification and competitiveness of Europe.

Consequently, railway transport, especially for longer distances, should seek to provide a parallel option next to road transport. But this is often not the case due to insufficient quality, lack of interoperability between the national networks, lack of capacity and high costs. This applies especially to time-critical transport of high-value goods. Companies will not entrust their critical international shipments to nationally determined monopolies in rail transport, because of the latter's lack of sufficient attention for border-crossing service.

In our view, a key reason for this unsatisfactory state of affairs is the absence of competition on the railways and the lack of free market access for new rail transport suppliers, even though the European markets for road transport, inland waterway transport, sea transport and air transport have been liberalised. Despite the growth of the transport market as a whole, rail transport of goods in the European Union has not increased. The market share of rail transport has decreased from 35% in 1970 to 15% today. According to the European Commission, there is a significant chance that this share will continue to decrease if no measures are taken. The rate at

which decisions are taken and implemented within the EU in the area of rail transport is entirely at odds with the urgency of the problems in the market. This situation is a real threat to the prompt movement of goods between companies in Europe and for serving the European market with the required products in the right amount, the right quality and at just the right time. We have found the logistic costs in Europe to be significantly higher than those for our competitors in the USA. Transport of goods by rail plays a much more important role in the USA.

According to various sources, the cost of European rail transport can be reduced by 40%. Since the yearly turnover of rail transport of goods in Europe is Euro 11.4 billion, this means a potential savings for the business community of at least Euro 4.6 billion. This cost reduction would also contribute to strengthening Europe's competitive edge.

Rail transport of goods across longer distances, provided that there is sufficient competition, offers important advantages from the viewpoint of sustainability. Market expansion and liberalisation, through innovations in rail transport of goods, will lead to lower energy use and quieter rolling stock. New logistical concepts will lead to more intensive use of the railway infrastructure. Consequently, there will be less pressure to expand the road network. The total space

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requirement for goods transport and the burden on the environment will therefore be limited.

We believe that the economic advantages of liberalisation outweigh possible negative effects in other areas. Timely market liberalisation can help rail transport compete more effectively, leading to market expansion and ultimately more employment. The one-sided focus on maintaining existing jobs means further postponement of the right measures and further loss of jobs in rail transport of goods on the long term.

The concrete measures to be taken are already known; implementing these measures requires mainly carrying out the policy line defined by the European Commission throughout Europe. These measures concern:

- Opening up the rail transport market (in terms of the management of the rail network and operation of rail passenger and freight services) to greater private sector involvement in order to deliver a better quality of service at lower cost.
- Encourage infrastructure managers to maximise efficiencies leading to track access charge levels that enhance the competitive position of rail freight
- Effective, institutional separation between infrastructure management and the actual use of the infrastructure (transport

operations), ensuring fair, safe and responsible competition on the railway.

- Effective separation between goods and passenger transport
- Effective management of the different needs of rail operators
- Effective and independent monitoring of the market in rail transport of goods at European level.
- In the short term, creating a European framework for making systematic, binding agreements concerning the elimination of technical and organisational obstacles (safety, locomotives, admission) for the use of European infrastructure.
- Government measures to allow new rail transport suppliers to develop sufficient strength.
- Timely and socially acceptable solutions for adaptation managing the impacts of transition on staffing.
- Promoting the installation of inter-modal terminals to speed up the transfer of merchandise between rail and road, for regional/local deliveries.
- Improvement of networks' interoperability and deletion of bottlenecks at European scale.

market will mean lower costs, better quality, increasing demand, increasing market share, increasing sales, new suppliers and more employment.

This would make it possible for rail companies to make new investments and to meet their historical (social) obligations. In a well functioning market, rail transport can play an essential and significant role in the strategic-logistical concepts of our companies and will contribute to increasing the prosperity of Europe. We therefore make an urgent appeal to the leaders of European governments, Ministers of Foreign and Economic Affairs, and especially Ministers of Transport and the European Parliament, to strive in and between all Member States of the European Union (and the candidate countries for accession) for effective liberalisation of the market in rail transport of passengers and goods.

We are convinced that the liberalisation of rail transport can break the vicious circle of high costs, low quality, falling market share, continuing financial losses, postponement of necessary investments and the threat of job losses. For rail transport of goods, an open

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