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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
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Regulation (EU) 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight¹ ("the Regulation") entered into force in November 2010.

Its adoption has to be set in the broader context of the long-term policy of the European Union to make transport more sustainable, in particular through cutting greenhouse gas emissions and decarbonising the sector. Rail freight has indeed a key role to play in the transport model of the future. It has a new momentum with the Rotterdam Ministerial Declaration² and the Rotterdam Sector Statement³ endorsed in 2016.

The Regulation lays down rules for the establishment and organization of international rail corridors (the Rail Freight Corridors - RFCs) with the objective to develop a European rail network for competitive freight. The Regulation fosters cooperation between key stakeholders for rail freight (primarily the authorities of the Member States in charge of rail transport and the railway infrastructure managers, but also the railway undertakings and terminal operators). It fosters in particular coordination in terms of capacity offer, traffic management, infrastructure works and investment planning.

The nine initial RFCs defined in the Regulation are established (six RFCs were established in November 2013 and the last three in November 2015) and are now fully operational. One additional ("further") RFC is under establishment and another one has been proposed by the Member States concerned and by Serbia.

According to Article 23 of the Regulation, the Commission shall periodically examine the application of this Regulation. It shall submit a report to the European Parliament and the Council, for the first time by 10 November 2015, and every three years thereafter. The Commission hereby submits its first report to the Parliament and Council. This report is submitted with some delay as the Commission wanted to fully reflect the feedback received from those RFCs only established at the end of 2015 and because it was decided to launch a large stakeholder consultation (call for position papers and open public consultation) on the RFCs in 2016. This consultation had a very encouraging response rate, raising strong interest and providing key feedback on the application of the Regulation and certain considerations are reflected here.

This report presents the main conclusions regarding the implementation of the Regulation so far. It aims at highlighting both the main positive effects stemming from the Regulation as well as the main challenges and issues. A more detailed analysis of the RFC implementation is set out in the Commission staff working document accompanying this report. Both are also based on the direct feedback gathered by the Commission services, notably from their participation in RFC meetings, but also on the various documents and reports of the RFCs, as

¹ OJ L 276, 20.10.2010, p. 22.

² Ministerial Declaration 'Rail Freight Corridors to boost international rail freight': <https://ec.europa.eu/transport/sites/transport/files/themes/infrastructure/news/doc/2016-06-20-ten-t-days-2016/rfc-declaration.pdf>

³ Sector Statement 'Boosting International Rail Freight': <https://ec.europa.eu/transport/sites/transport/files/themes/infrastructure/news/doc/2016-06-20-ten-t-days-2016/corridor-sector-statement.pdf>

well as on the discussions in the biannual meetings of the Single European Rail Area Committee Working Group on RFCs.

Overall, the implementation of the RFCs has contributed to enhanced cooperation across borders, which the rail freight sector was missing before the entry into force of the Regulation, in particular as regards operational infrastructure management. The adoption of the Regulation represented an ambitious step to overcome gaps in cross-border coordination. Indirect effects from the cooperation mechanisms stemming from the Regulation have been noted too – e.g. facilitation of operational contacts at international level, even for issues not concerning rail freight, or incentivising the development of coordination processes and IT-tools, e.g. within RailNetEurope⁴. This is a significant success.

However there are mixed or modest results in some areas, for instance as regards dedicated RFC capacity, coordination of works or coordination of traffic management. These are key areas where progress is needed for the quality and reliability of the cross-border rail freight services to improve, which is a pre-requisite for rail freight to become more competitive and ultimately for modal shift to happen.

In practice a train often passes not only onto and off a corridor but also from one RFC to another. As a consequence, cooperation between corridors has been initiated at various levels (Member States, infrastructure managers, railway undertakings) within the existing legal framework. This shows that there is a tendency to strengthen the network approach for competitive freight.

The services and capacity products offered by the RFCs are within the spirit of the Regulation but feedback or a limited uptake by the market suggest that they are not sufficiently adapted to the needs of the rail freight customers. Moreover, in general nationally oriented rules and processes continue to hamper more efficient and seamless international freight traffic.

Many sector initiatives are going in the right direction and many interesting pro-active approaches are currently being trialled, such as pilot capacity products for ad hoc traffic or greater involvement of end-customers through strategy meetings. The momentum created for rail freight both by the Rotterdam Ministerial Declaration, to the elaboration of which the Commission has been closely associated, and the Rotterdam Sector Statement, endorsed during the TEN-T Days 2016, has certainly contributed to this.

More experience has certainly to be gained on issues, such as coordination of works and capacity management across borders. Processes and tools in these areas are still in development or planning phase. The RFCs are indeed still in a nascent, learning-by-doing and in a trial-and-error phase.

It is also important to take into account regional diversities as regards e.g. market expectations or availability of infrastructure capacity. Therefore no generalisation can be made and no "one-size-fits-all" approach can be applied for an ambitious implementation of the RFCs. In addition, many effects are intangible and therefore difficult to quantify (e.g. change of a nationally oriented to a more European mind-set, or enhanced communication).

There is a general tendency by the involved parties to comply with the Regulation only to the extent formally required and to remain within its strict scope. There are different ways of implementing the different provisions of the Regulation - more or less ambitious - which has an impact on the attainment of the Regulation's overall objectives. At the same time, some

⁴ RailNetEurope (RNE) is an association set up by the majority of the European rail infrastructure managers and allocation bodies with the aim of facilitating international traffic on the European rail infrastructure; <http://www.rne.eu/>

examples of extensions of RFCs and the establishment of two further RFCs, have demonstrated a strong interest and general support of RFC implementation.

The Regulation provides for a specific governance structure, whereby the involved parties have the possibility to go beyond its minimum tasks and competences. In practice, an RFC is an integrated operational structure and can be used for different, often complementary purposes. As a "market tool" an RFC can offer quality and competitive services to direct and end customers. As a "policy/cooperation tool" their role is to improve the operational conditions along the corridor, including coordination/harmonisation of national practices in many areas, but also tackling a wide range of issues of different nature which hamper rail freight, like cross-border and interoperability issues. The degree to which one or the other approach is used varies between RFCs.

The RFCs are based on intergovernmental and sectoral cooperation. Experience so far has shown that their success primarily depends on the degree of ambition of the Member State authorities (Executive Boards) and infrastructure managers (Management Boards), in particular at high level. Moreover, in some RFCs the Regulation has been considered as a minimum requirement and only in going beyond that minimum the parties involved got closer to achieving the Regulation's objective: more competitive rail freight.

In a nutshell, the assessment of the Commission at this stage is that the RFCs have achieved some important successes, e.g. in terms of establishment of cooperation mechanisms, and have a huge potential. However, the full potential can only be untapped if there is strong high-level commitment from the different involved parties, with the clear aim to make changes happen, in particular through changes in mind-set and in nationally oriented processes.

It is important to note that although the RFCs remain a key element of the Commission's policy to boost rail freight, the RFCs alone will not solve all the issues hampering rail freight. The work of the rail freight corridors is complementary particularly with the Commission's long-standing policy to achieve interoperability and market opening, and notably the implementation of both the technical and market pillars of the 4th Railway Package, infrastructure development through the TEN-T and CEF policies, as well as innovation and digitalisation under the Shift2Rail-initiative and efforts in related policy fields to redress intermodal competitive advantages.

Last but not least, rail freight competitiveness is also influenced by exogenous factors such as the wider economy, industry patterns, the state of the infrastructure and related investments, the degree of fair competition between transport modes, the degree of ambition of national rail freight policies, etc.

In conclusion, the implementation of the Regulation has clearly created a momentum for the development of international rail freight. The effectiveness of the RFC concept depends to a large extent on the commitment of the participating parties to its effective implementation, where needed on the basis of high-level support. The situation of rail freight in Europe remains at risk. A formal Commission evaluation of the Regulation will be conducted in 2019, fully taking into account the latest developments and ongoing sector initiatives undertaken to implement the Rotterdam Sector Statement.