EIM RESPONSE TO THE PUBLIC CONSULTATION ON EIB TRANSPORT LENDING POLICY
EIM response to the public consultation on EIB transport lending policy

Introduction

The Association of European Rail Infrastructure Managers (EIM) welcomes the EIB public consultation in view of the revision of its transport lending policy.

Indeed the financial crisis has pushed European railways to seek new and innovative sources of financing to fund the development of high performing, sustainable and customer focused rail networks.

Funding is available from the various institutions of the European Union (EU). Efficient use of this EU funding and financial instruments is absolutely crucial as the economic downturn has put severe restrictions on the amount of public money that governments are able to invest in the rail networks, although the situation very much differs from one country to another.

EU funding procedures should be linked to environmental performance, with more environmentally friendly modes of transport (such as rail) having an advantage when applying for funding. The upcoming White Paper on the Future of Transport should enshrine this as the guiding principle of the future transport policy.

How might the Bank better contribute to “smarter growth” based on knowledge and innovation?

The European Investment Bank can play a key role in creating a financial framework in which innovation is fostered and encouraged. For this purpose, the Bank should cooperate with national governments and European Institutions to finance innovative and smart projects that make transport more sustainable in the long run. For instance, the following technical measures are at an early stage of developments in the railways:

- **Tram-train schemes** that allow more comprehensive door-to-door journeys and make better use of existing infrastructures.
- **Computer software and hardware capabilities for traffic control**, ticketing, information services, real time traffic information, tracking and tracing etc.
- **Availability of low maintenance tracks** (for new infrastructure) e.g. ballastless track.
- **ITS / intelligence on board** the trains instead of on track. ERTMS Level 2 and particularly Level 3 will lead to better utilisation of existing tracks by reducing lead times between trains, allowing changed infrastructure layouts and more flexible speed regimes.
- **Radio Frequency identification (RFID)** making easy tracking and tracing possible in infrastructure and vehicle maintenance and operation, thus improving efficiency in system operation and also in charging for track access.
- **New information services for the public** can be developed, such as telecommunications and internet on the move, partly through existing railway telecom infrastructure.
- **Biofuels** and fuel cell technology. More research and tests are needed particularly in rail transport.
• **Multicurrent rolling stock** and the installation of ERTMS. These technological solutions will reduce problems with cross-border operations for European railways, further facilitated by appropriate legislation. Greater efficiency and reliability of new locomotives reduce delays in (inter)national traffic.

• **Energy metering systems.** Evaluation of data on trains energy consumption proves the potential for energy saving. Projects are being carried out in Scandinavian countries and in Belgium.

• **Energy efficient stations.** Innovative solutions being developed across Europe include solar panels for generating electricity and hot water, combined heat and power plants fueled by biofuels, roof mounted wind turbines and rainwater collection.

• **Noise and vibration reduction strategies.** Noise related track access charges schemes, tests on silent LL blocks and studies on traffic-induced vibration are being developed in the Netherlands and in Finland.

The European Investment Bank should therefore provide real financial stimulus for innovation that meets public policy objectives set at national and EU level. Indeed promoting innovation in the rail sector would suit the EIB mission to promote cohesion, convergence and environmental sustainability.

**Example**

**French GSM-R**

On 19 February 2010 the EIB signed an agreement with Réseau Ferré de France and SYNERAIL, pledging € 280 million in support of the French rail network under the first public-private partnership (PPP) contract in this sector in France amounting to € 1billion.

With the signature of this agreement, the EIB confirms its commitment to the safety and performance of the French rail network. The financing of this project will go towards the construction and operation of an innovative digital telecoms network – the GSM-R (Global System for Mobile communication – Railway) – set to cover 14 000 km of tracks in Europe by 2015. This loan will ensure the project’s viability over 15 years on the best possible borrowing terms.

**Total cost: € 1 bn**

**EIB loan: € 280 m**

**How might the Bank better contribute to “sustainable growth” and to a more resource efficient, greener and more competitive economy?**

Despite the fact that the concept of co-modality is now broadly accepted, EIM believes that the equally relevant concept of modal shift should not be neglected. As the decarbonisation of the transport system is a key objective of the Commission for the years to come, a clear priority should be given to investment in the most environmentally friendly modes, such as rail.

Achieving a smart, user friendly and interoperable European railway system would be the best contribution that rail can make to decarbonising the transport sector. In fact this would make rail more attractive for European customers.
For example, high-speed rail in the form of Eurostar achieves an immediate 90% cut in journey emissions, based on research which has shown that a Eurostar trip generates just 10% of the CO2 emissions of an equivalent flight.

In order for rail to be fully sustainable, not only journeys but also infrastructure should become more environmentally friendly. For example, a “bioclimatic station” has been recently opened in Bellegarde-sur-Valserine (France): it is equipped with heat pumps, solar panels and a ground-coupled heat exchanger. Moreover, temperature in the station is kept constant thanks to a double-roof system.

Furthermore, better international gateways at ports and good connections between urban centres are strategic measures to take freight and passengers off roads onto sustainable modes of transport.

The Bank should therefore focus its investment on carbon-saving transport policies, such as modal shift from road to rail, and infrastructure such as high speed rail and sustainable stations, including multimodal platforms for electric mobility.

How might the Bank better contribute to inclusive growth fostering employment and delivering social and territorial cohesion?

At a time of financial crisis and scarcity of public money, it is crucial to involve as many private actors as possible in infrastructure projects. This ranges from institutional funding of Infrastructure managers through to project specific funding through PPP projects which prove that partnership structures may be successfully applied to various projects in all modes of transport. For instance, Infrabel’s Diabolo and Liefkenshoek projects are rail PPP success stories, and for this last project closed in 2008, the EIB participated in the funding for a total amount of € 307 million, beside commercial banks and private equity. In this regard, EIM welcomes the launch of financial instruments which aim at facilitating a larger participation of the private sector in the financing of Trans-European Transport Network infrastructure, such as the Loan Guarantee Instrument for Trans European Transport Network (LGTT) which offers increased opportunities to engage into and succeed in financing PPPs.

However, the LGTT might need to be adapted to the complexity of rail PPP projects.

In particular, it should take into account the high costs and long term return on investment of rail projects.

In order to foster the use of PPPs to implement rail infrastructure projects, EIM supports any of the Commission’s concrete initiatives following up on the Communication of 19 November 2009, such as:

- Setting up a PPP group of experts and stakeholders.
- Increasing the funding available for PPPs and to facilitate the mobilisation of private funds for these projects.
- Proposing a legislative instrument on concessions, based on the ongoing impact assessment, in order to create an efficient Community framework for PPPs.
- Linking EU funds to environmental performance as well as to the implementation of the EU legislation.

Moreover, the European Investment Bank should finance projects aimed at overcoming interoperability issues in the European rail system. For example, Spain, Portugal and
Finland do not use the European standard gauge, which exacerbate their condition of peripheral countries. Connecting peripheral countries with Central Europe through smooth travel solutions should therefore be a top priority of the EIB transport lending policy.

As most of the journeys are within member states and not between them, the EIB lending policy can at the same time focus on modal shift. This will help the EU meet its targets on climate change, transport safety and public transport usage.

The involvement of private investors in major transport projects will definitely boost economic growth and employment. Also, the Bank should support investment in European peripheral areas, such as the Iberian Peninsula, so as to prevent a “two-tier Europe” and ensure adequate social and territorial cohesion.

Example

**AVE Madrid-Valladolid**

The European Investment Bank is providing € 750 million to finance the Madrid-Segovia-Valladolid high-speed train line.

The new high-speed line will be 196 km long and cut journey times from Madrid to Segovia and Valladolid to 28 and 54 minutes respectively. The line will seek to attract road users, with benefits in terms of traveller safety, time savings and the environment. The project includes a nearly 30 km rail tunnel under the Guadarrama range, one of the longest in Europe.

The project will form part of the trans-European high-speed line from Madrid to Vitoria and the French cities of Dax, Bordeaux and Tours, as well as the planned high-speed line to Porto (Portugal). As this is a priority EU initiative, the Spanish sections of the line will receive EU subsidies from the Cohesion, European Regional Development and Trans-European Networks Funds. The EU contributions to the project, including the EIB loan, will cover around 55% of the total investment cost.

**Total cost: € 4.1 bn**

**EIB loan: € 750 m**

**Conclusion**

EIM calls for the future EIB transport policy to be based on the following principles:

- **Coordination with transport policies set at national and European level.**
- **Clearly prioritise the financing of carbon saving transport, such High Speed Rail and sustainable stations.**
- **Further involvement of private investors in transport infrastructure projects to ensure the implementation of a market-oriented European transport network. Such a network should also take into account sustainability aspects, including adequate territorial cohesion at EU level.**