ÖBB – Austrian Federal Railways

Contribution of the Austrian Federal Railways (ÖBB) to the Consultation on the EIB Transport Lending Policy

General Comments

The Austrian Federal Railways (ÖBB) provide an overall mobility package which includes clean, safe and sustainable transport for passengers and freight. The ÖBB group employs approximately 45,000 staff and generated revenues of about 5.7 billion EUR in 2009. Therefore, the Austrian Federal Railways are considered as an important economic player and one of the biggest employers in Austria. In 2009, the ÖBB group carried 453 million passengers and handled 120.3 million tons of cargo. The ÖBB-Holding AG is the strategic holding company of the ÖBB group. ÖBB-Holding AG welcomes the invitation of the European Investment Bank to participate in its consultation.

No preference for the car industry

The consultation document shows a clear preference for the car industry. This sector is not – as specified – “the largest industrial sector” in the European Union. The production of motor vehicles is only one of several large industrial sectors. It employs 4.1% of the industrial labour force and produces 5.8% of value added. With regard to value added, the sector ranks sixth behind Construction, Machinery, Chemicals, Food, Energy supply and Metal products.

The car industry’s preferential treatment is strongly supported by the fact that it is the only industrial sector receiving large scale EIB-loans aiming at the promotion of sustainable transport. From our point of view, the car industry’s contribution to sustainable transport is very limited. When applying for EIB-loans, the car industry should, therefore, do so under the same conditions (mainly SME support) like all other industrial sectors.

EIB-lending only if no other sources are available

Even during the economic crises, the production of cars has been a highly profitable business. This is mainly due to car scrapping premiums which were funded out of national budgets. Under these circumstances, it is no surprise that the car industry has easy access to private funds. The EIB-statute clearly states that the bank should lend money only when “funds are not available from other sources on reasonable terms”.

No EIB-funding is required when it comes to potentially profitable motorways. These projects should be financed through road tolls.

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1 Eurostat, Statistical Yearbook 2010, page 367
2 If the construction industry is excluded, the share of value added by the car industry is 7.3%
2 That same pretext - promoting sustainable transport – could be used for example to justify cheap loans for the cement industry, as it provides building materials for transport infrastructure and as it causes lots of CO2-emissions as well.
Assessment and ranking of projects according to co-modality

For the European commission, co-modality refers to the "use of different modes on their own and in combination" in the aim to obtain "an optimal and sustainable utilisation of resources". This definition should be reflected in the assessment and ranking of transport projects by the EIB. Projects which are a contradiction to the principle of co-modality should in any case not qualify for financial support of the EIB.

- The construction or extension of regional airports, as this would support inefficient short range air travel competing with passenger rail transport.
- The construction of motorways in regions with low or no demand, as this would mean creating demand artificially and promoting the shift of long distance freight transport from rail to road.

The assessment should not only include environmental criteria and accident cost but also economic criteria. They are usually neglected despite being in some cases an order of magnitude larger than the environmental effects. Here are two important questions to be answered in such an assessment:

- What is the additional congestion cost on the secondary road network caused by building a new or extended motorway into an urban area (congestion-effect of induced traffic)?
- What is the loss of external network benefits in the rail system caused by reducing the generalized cost of passenger and freight transport on the road (network-economic effect of modal shift)?

Answers to Questions

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

1) Where and how do you see R&D and innovation (new technologies) contributing to modernising and decarbonising the transport sector? How can new technology be used to encourage modal shift where this carries social benefits, and in which ways should the Bank support such trends?

The EIB should support

- pilot projects for certain applications of battery cars (e.g. driving between home and railway stations – see answer to question 3).
- the development of technical standards for urban road pricing, electronic licence plates and blackboxes for road vehicles (see answer to question 4).
- the development and acquisition of modern rolling stock (see answer to question 5).
- the improvement of existing and the construction of new hydroelectric power plants (see answer to question 6).
- technical solutions for cheaper and more efficient transport via rail sidings (see answer to question 8).
2) How might the Bank better contribute to the introduction of new technology(ies) in the sector? For example, how can adoption of cleaner vehicles be encouraged to overcome their higher cost, and what tools should the Bank provide to support such developments?

We welcome cleaner road vehicles but their use would solve just a small fraction of the problems caused by road traffic. Cleaner vehicles already exist. The numbers of units operated basically depends on the regulations for old polluting vehicles.

3) Are there particular initiatives in which the Bank should be proactive e.g. the “green” car initiative?

Considering transport under technical, economic and/or ecological terms, the operating distance of battery cars is limited to short travelling (e.g. driving between home and railway stations). Pilot projects for the development of such applications could be supported by the EIB.

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

4) How can the Bank support the improvement of mobility in a sustainable manner while contributing to a reduction of congestion and pollution?

The future task of our industry is to provide accessibility. This means that people want to reach their daily destinations safe, within short travelling time and at low financial cost. A system of transport which is based on the use of private cars principally cannot meet these demands. The EIB should, therefore, support the development of technologies which can improve accessibility.

These are mainly technologies to reduce accessibility problems in urban areas caused by car traffic. It is necessary to provide cheap and efficient solutions to

- reduce congestion in urban road networks,
- enforce selective bans on polluting vehicles and
- enforce safe and responsible driving.

Congestion charging is the first choice solution to reduce congestion in urban areas and to use scarce road capacity efficiently. The aim is to develop a European standardisation of tolling systems for urban areas. This requires among others a standardised electronic licence plate for all motor vehicles registered (preferably an RFID-application). The electronic licence plate has to contain pollution data of the respective vehicle to easily enforce driving bans or emission charges in low emission zones.

The economically most efficient solution to enforce safe and responsible driving is the so called “pay as you drive insurance”. GPS tracking equipment provides data on the distance driven and on the willingness of the driver to take risks. It is an important R&D-task to
improve the technical equipment for “pay as you drive insurance” and to propose technical standards for such a system in the EU. In addition to that, the development of standardised black boxes for accident data recording should be supported.

5) How might the promotion of energy efficiency in the various transport modes best be supported?

The weight of new light passenger trains can be up to 80 % lower than that of traditional rolling stock. EIB can improve energy efficiency by supporting development and acquisition of modern rolling stock.

6) How might the Bank encourage best practice in the management and deployment of innovation in energy generation, distribution, storage and use in the sector?

As electric power is needed for a further reduction of Diesel powered trains, there will be a need for more electricity from sustainable sources of energy. Therefore, the EIB should support the improvement of existing and the construction of new hydroelectric power plants supplying energy to the railways.

7) How can the Bank play a role in the development of renewable energy in the transport sector?

See answers to questions 3 to 6.

How might the Bank better contribute to “inclusive growth” fostering employment and delivering social and territorial cohesion? in particular:

8) Which strategic projects with high European value added addressing critical bottlenecks, cross border sections, inter modal nodes (cities, ports, logistic platforms) should be accelerated through Bank interventions?

Presently a severe economic bottleneck for rail freight is caused by the last mile problem. Rail sidings offer a direct connection to the customer’s premises, but more and more rail sidings are put out of service because single wagon operations are too expensive. In many of these cases combined transport is not a viable solution either. Therefore, technical solutions for cheaper and more efficient transport via rail sidings are urgently needed and should be supported by the EIB.

9) What role might the Bank’s operations in the transport sector have in fostering employment?

Road transport operation will remain predominantly oil based for several decades. Money presently spent on oil imports could pay for almost 4 million jobs in the EU 27. Employment is fostered by supporting energy efficient means of transport (preferably electric trains powered by renewable energy).

10) How might the Bank’s activities in transport better contribute to territorial cohesion, particularly in convergence areas, peripheral regions and remote islands?
In most CEE-countries, rail transport is in sharp decline. This is mainly attributed to the lack of financial support by the local authorities. This usually has a negative impact on the quality of the rail infrastructure. The EIB should support projects to improve CEE rail infrastructure in CEE-countries (including remote regions) and connections to CEE countries (e.g. the Baltic-Adriatic-Axis).

11) How transport investment (in means and/or infrastructure) may contribute to urban and regional development?

Total factor productivity depends on inter-regional and regional accessibility (the latter measured as effective size of the labour market\(^3\)). In metropolitan areas, the only means to increase the effective size of the labour market is promoting public transport in general and rail passenger transport in particular.\(^4\) The EIB should give high priority to rail projects in large metropolitan areas.

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\(^3\) The effective size of the labour market is defined as the number of potential workers or employees who can reach a company-location within a certain time (typically 20 or 30 minutes).

\(^4\) Promoting car travel increases congestion and urban sprawl. Both of these effects reduce the effective size of the labour market.