

Transport, Telecommunications and Energy Council

Transport issues

13 March in Brussels

The Council will start at **9.30**. The meeting will be chaired by **Anrijs Matīss**, the Latvian Minister for Transport.

Ministers will hold a public policy debate on two proposals to liberalise **rail passenger services** and strengthen **governance** of railway infrastructure. They are part of the "political" or "market" pillar of the fourth railway package.

The Council will also discuss ways in which **transport policy** can stimulate **competitiveness**.

Over lunch, ministers will talk about the contribution of EU aviation to jobs and growth in the context of the upcoming Aviation Package.

Press conference: at the end of the meeting (+/-15.00).

* * *

Press conferences and public events by video streaming: <http://video.consilium.europa.eu>

Video coverage in broadcast quality (MPEG4) and photo gallery on: www.eucouncil.tv

* * *

¹ This note has been drawn up under the responsibility of the press office.

Railway market opening and governance

The Council will **discuss** two proposals to **liberalise rail passenger services** and **strengthen governance of railway infrastructure**. The draft directive and regulation are intended to make railway services more dynamic and customer-oriented and to encourage investment and innovation as well as fair competition in the railway market. They are part of the **"political" or "market" pillar of the fourth railway package**.

Ministers' discussion

The Council held a first policy debate on the proposals in October 2014 and took stock of progress in December. The first compromise texts were presented at the beginning of the Latvian presidency, and since then, the working party has examined the proposals in detail and made progress towards a compromise. Strategic guidance will be sought from ministers with a view to reaching a general approach on both proposals in June.

The presidency has identified **three areas in need of political direction**:

- possible need to differentiate between the level of requirements applying to different functions of infrastructure managers
- oversight of appointments by regulatory bodies
- non-discriminatory access to rolling stock.

The differentiation and oversight issues are part of the proposed governance directive. The rolling stock question relates to the draft regulation on public service obligation (market opening).

Independence of infrastructure managers

The Commission's initial proposal, presented at the beginning of 2013, suggested strengthening EU rules on the separation between infrastructure managers, which run the network and stations, and rail undertakings, which provide the train services to customers. Where member states wish to maintain existing holding structures, strict safeguards would be introduced to ensure the infrastructure manager's independence.

Under this vision, fully-fledged infrastructure managers would perform a single, comprehensive set of functions, including infrastructure investment planning and day-to-day operations. Stringent independence requirements would apply to all these functions.

Several member states have argued, however, that the functions of infrastructure managers are so varied that not all of them should be subject to the same requirements. The presidency has suggested taking this into account by defining "essential functions" of infrastructure management. At the Council, ministers will be expected to state whether they think that infrastructure managers' independence could be ensured by having **two different layers of requirements**. Firstly, all functions would be subject to a set of common requirements. Secondly, additional requirements would apply to essential functions, which are to be defined in the directive.

Oversight by regulatory bodies

The draft directive seeks to ensure the professional independence of staff and management in cases in which the infrastructure manager is part of a holding company or there is cross-ownership between the undertakings. Under the current presidency text, appointment of members of infrastructure managers' senior management and supervisory and management boards would be overseen by regulatory bodies. This ex-ante control would also apply to any changes in membership and retirement of members. As a number of delegations are concerned that such oversight could create too much red tape, ministers are asked to consider whether there are any **alternatives that would ensure the same level of safeguards** against any conflict of interest.

Access to rolling stock

The third issue to be debated, non-discriminatory access to rolling stock (trains), a pre-condition for opening up domestic passenger services as proposed by the Commission. Trains are expensive but they can remain in operation for 30-40 years or even longer. Public service contracts, on the other hand, are much shorter. Pricing in the risk of the residual value of rolling stock at the end of such a contract would make public service contracts prohibitively expensive. Or it would lead to a situation in which the only bidder would be existing national railway companies with access to rolling stock.

To avoid this problem and facilitate access to rolling stock, the Commission has proposed to introduce an obligation for member states' authorities to take the financial risk of the residual value of rolling stock. This could be done for example by assuming ownership of the rolling stock, providing a bank guarantee for the purchase of new trains or setting up a leasing company.

However, most member states consider that any such measures could create a financial burden on their national budgets. Ministers are therefore asked **how non-discriminatory access to rolling stock could be achieved while limiting the impact on members states' budgets.**

- [Fourth railway package market pillar debate - questions for ministers](#)
- [Fourth railway package](#)

Contribution of transport policy to growth and jobs

Ministers will **share ideas** on ways in which **transport policy** can boost EU **competitiveness, growth and jobs**. Similar debates on growth, jobs and investments are held in other Council configurations as part the **European Semester**, the EU's annual cycle of economic policy coordination. These debates will be summed up by the presidency in a joint synthesis report to the March General Affairs Council. The report will then be submitted to the European Council of 19-20 March.

The presidency has prepared a background document with three questions for ministers.

1. How can the European transport network be made more effective, forward-looking and globally competitive?

Aspects to be considered here include synergies between **innovation in transport, intelligent transport systems (ITS) and energy**.

A wave of innovation is about to revolutionise the transport sector, driven broadly by the use of new energy sources and information and communication technology (ICT). In the medium term this could lead to large-scale automation of road transport as well as a significant increase in the capacity of EU infrastructure. Electric cars and other alternatively fuelled vehicles are becoming more common. These and other low-emission technologies, together with intelligent transport services, are key for lower greenhouse gas emissions. Seizing these opportunities and leading the technological development in these areas can give EU industries an important competitive advantage also in other parts of the world.

2. What is the best way to attract private investors to transport projects for which risks would be shared between the public and private sectors?

This question concerns in particular key **cross-border projects** and projects aimed at removing other **missing links and bottlenecks**.

Member states, other players and the Commission are currently implementing the European transport infrastructure master plan for the next decades called the **trans-European transport network** or TEN-T guidelines. The strategically most important part of the TEN-T is the "core network", which should be in place by 2030. According to estimates, completing the core network will require €650 billion in investments by 2030.

The main EU instrument to facilitate financing the TEN-T is the **Connecting Europe Facility** (CEF), which provides about €25 billion for grants and innovative financial instruments until 2020. The CEF budget is however too limited to cover the significant investment needs of the TEN-T policy.

The need for additional financing is addressed by the **Investment Plan** for the next three years launched by the European Commission. The plan aims to attract liquidities from private investors to give a new boost to investments in European infrastructure, including transport. Financial support provided by the European Investment Bank (EIB) - via the European Fund for Strategic Investment (EFSI) - should draw private investors to put their money on projects that otherwise would miss out on funding. Risks would be shared between the public and the private sectors.

3. What are the main challenges that increasing global competition poses to the EU transport sector? What kind of action is needed at EU level?

At the core of EU transport policy is the single market for transport, with a well-functioning sustainable transport network and efficient transport services that connect all EU regions to the EU market and global partners. Increasing global competition is an element to be considered when weighing the transport sector's high investment needs against its economic potential.

- [Transport's contribution to competitiveness - background and questions for ministers](#)
- [TEN-T: Connecting Europe](#)
- [Investment Plan](#)
- [European Semester](#)

Other business

- Third ASEM Transport Ministers' Meeting (Riga, 29 and 30 April 2015)
Information from the Presidency
- Outcome of the Conference on Remotely Piloted Aircraft Systems – Framing the future of aviation (Riga, 5 and 6 March 2015)
Information from the Presidency
- Civil aviation flights over conflict zones
Information from the Commission
- Energy Union
Information from the Commission
- Follow-up to the EU-GCC Aviation dialogue and proposed strategy on safeguards for fair competition
Information from the French and German delegations