

EIM ANSWER TO CONSULTATION ON STATE AID

EIM is the European association gathering independent railway infrastructure managers. Our 11 members manage a total of 93.000 km of train tracks. Management involves traffic management, capacity allocation, maintenance, renewal and enhancement of the network, route development. Infrastructure Managers also are required to manage the debt inherited from railway undertakings. Therefore, EIM members provide a public service and are very sensitive to the question of State Aid as they benefit to a large extent from public funding where their charging fees do not cover the costs of the infrastructure or inherited debt.

EIM welcome the initiative of the European Commission to reform and rationalize State aid rules. Their position on the various aspects of the proposed reform is the following:

- EIM strongly support the **Lisbon Agenda** of the Commission and believe that free and fair competition in the railway market will make this market more efficient, thereby contributing to economic growth.
- **Enlargement:** EIM are also concerned with the way infrastructure managers are financed in particular in Eastern Europe. The infrastructure managers and railway undertakings of the new Member States certainly need to decrease their costs and their charging fees. But this will not be possible (at least during a transition period) without increasing public compensations for the costly services that infrastructure managers provide.
- **Less aid** in general could directly affect railway undertakings as in the recent case of Fret SNCF¹. We welcome this form of incentive if it allows for a rapid implementation of European legislation on market openings.
- A simple, stable and refined **economic approach** is also what we deem necessary in our own sector especially in the field of charging and financing the infrastructure. Infrastructure managers should be able to set up an effective and competitive charging system that will allow for a better use of the available network capacity (distribution of the traffic).
- More effective procedures, better enforcement, **higher predictability** and enhanced transparency constitute a prerequisite for sustainable funding of our activity. Indeed, it can relate to the sustainability of the availability of public funds for infrastructure managers. Besides, the financial rating granted to IM's by rating agencies depends to a large extent on the guarantee offered by the Member State to its IM. The level of this rating is of vital importance considering the high level of indebtedness of our EIM's members. Therefore, EIM urge the Commission to insure that State guarantees for IM will be maintained and reinforced if need be.
- **Priority to innovation and R&D:** Our industry has to modernize itself on a permanent basis, be it for efficiency, environmental or for cost control reasons.
- Since their creation in 2002, EIM have repeatedly called on the national and international railways stakeholders, Member States and the European institutions to

¹ Decision of March 2nd 2005 states that the restructuring plan provides for reorganising production, improving productivity, reviewing the company's business policy and injecting fresh capital. This capital injection will serve to modernise Fret SNCF's rolling stock and to overhaul its financial structure. It is in two parts: a sum of €700 million from SNCF, financed by divestment of assets, and a State contribution not exceeding €800 million. In addition, the authorised measures are subject to certain conditions concerning a reduction in Fret SNCF's traffic volume during restructuring and an earlier date for opening up the French rail freight market; these provisions will ensure that the aid does not constitute a barrier to the development of other operators, which also contribute to developing the carriage of goods by rail.

create a **better business climate and stimulating entrepreneurship**. A level playing field can indeed be achieved by a better targeting of State aid, but also via a real separation between railway undertakings and infrastructure managers

- By their very nature, EIM aim at **high quality Services of General Economic Interest** believing that State aid can certainly help us improving our quality of service and performance provided that it is not over-compensating the costs of the public obligation that our members provide.
- A **focused regional aid policy** (concentration on least-developed regions) is related to our position on enlargement. There is a greater need for more targeted public funding in least-developed regions.
- EIM are strongly lobbying in favor of a modal shift in transport which will definitely help in **encouraging an environmentally sustainable future** however this can more easily be done with the assistance from State funding. EIM urge therefore the European institutions to agree rapidly on the proposal for a Eurovignette and Member States to implement it so as to promote cross-modal funding.
- Setting up **modern transport**, is an obvious concern for EIM members that have been taking part in this modernisation thanks to charges of the rail infrastructure, but also thanks to important public funding.

For all the above-mentioned reasons, EIM wish to highlight that the various proposals of the Commission on State aid reform go in the right direction for a more efficient and modern railway infrastructure in the European Union.