



Speech given by the Minister for Infraestructura and Housing at

EU Year of Rail Kick-off Event

29 March 2021

Dear Commissioner for Transport, Adina Valean,

Commissioner for Cohesion and Reforms, Elisa Ferreira,

Chair of the European Parliament's Committee on Transport
and Tourism, Karima Delli

State Secretary for Infrastructure and Water Management of
The Netherlands, Stientje van Veldhoven

Member of the European Parliament and rapporteur of the
European Year of Rail decision, Anna Deparnay-Grunenberg

Representatives of rail stakeholders' associations,

Ladies and gentlemen,

The Portuguese Presidency of the Council of the European Union has chosen the railways as the focus of our political agenda for transport. It is especially fortunate that we can have the launch of the European Year of Rail in this semester.

This event is but the start of a whole year of initiatives dedicated to debating and raising awareness for the importance of rail transport.

Today's kick-off event is jointly organised by the European Commission and the Portuguese Presidency. Initially, we had planned this to be right in the beginning of the year and in person. But, as we all now, it had to be turned into a virtual event. Let me just mention the considerable technical effort of connecting 18 speakers all across Europe and broadcasting live for anyone who wants to watch, specialists or not. My thanks to all who made this possible.

Today will be an opportunity to hear the concerns and ambitions of the sector's stakeholders regarding the need to accelerate modal shift to rail, without forgetting the consequences of the pandemic crisis.

Tomorrow we will remain on topic with an Informal Ministers' Council wholly dedicated to rail transport.

The priority of the Council Presidency mirrors the priority that the Portuguese government has given to the railways here at home.

Portugal had been on a three-decade long cycle of massive investment in the road network while the railways slowly decayed. Hundreds of kilometres of lines were closed in the 80s and 90s, a story no different from what happened across many countries in Western Europe.

When investment ground to a halt with the last economic crisis, the infrastructure and rolling stock kept decaying from lack of maintenance and more and more people turned their backs on a service that kept getting worse.

I am proud to say that, in the last few years, have been able to stop that decay and recover the maintenance back-log in our rolling stock. Also, we now have modernisation and new line construction going all across the country.

This puts us in a position where we can have a medium and long-term vision for our rail network. In the next decade, we will complete the modernization and electrification of our whole network, eliminate the bottlenecks in our metropolitan areas, and build a new high-speed line connecting our two main cities, Lisboa and Porto.

All countries in Europe have been drawing similar plans in the last few years. This trend towards more investment in the rail networks has intensified in response to the pandemic crisis. Countries across Europe have been putting the railways at the centre of their economic recovery.

This is reason enough to take the European Year of Rail as a pretext to take a good and hard look at the sector and open an encompassing debate that can give us all more options in the path forward, so that we can all together, as policy makers, industry, passenger, workers and, in the end, citizens, choose the best options.

Since I am opening this debate, I believe it is useful to be a little provocative and encourage new lines of thought.

Policy documents nowadays tend to be full of adjectives like “innovative”, “sustainable”, “green”, “digital”, “connected” and “resilient”. I could go on, but the point is, when a word is used too much, its meaning often starts to be lost. So, it is useful from time to time to stop and question it.

Let us talk about innovation.

We tend to look at innovation as introducing ever more and more advanced technology. Digital technology, for instance, can bring enormous gains in efficiency, reliability and flexibility. But introducing more and more technology, just for the sake of it, may look like we are searching for problems that fit the solution we happen to have in hand. What we need is to carefully identify the problems that can be solved with more technology and innovation, or we may end up just with a more expensive way of doing the same thing.

Take the comparison between rail freight in Europe and the United States. Not only is the modal share of rail in the United

States more than twice as high, over 35%, but the specific greenhouse gas emissions are actually lower than in Europe. And all this is possible with a mostly obsolete network that is only 1% electrified.

Of course, this is an unfair comparison, because it is much easier to build a highly efficient freight operation when the vast majority of the rail network isn't shared with passenger trains. But this tells us that the need to innovate in operational concepts, business models and logistical chain integration is at least as important as technology and digitalisation.

In the end, what drives modal shift is the efficiency, reliability and affordability of the rail system as whole.

And this brings me to sustainability.

Last December, the European Commission published a new Sustainable and Smart Mobility Strategy setting out actions and milestones to be taken in order to make the transport sector climate neutral by 2050, in line with the Commission's European Green Deal Initiative.

Regarding rail transport, the strategy aims for doubling freight transport and tripling high-speed passenger traffic from 2015 levels until 2050.

These objectives are very ambitious when seen from the perspective of the investment needed to achieve them. If we take a closer look, we will realise that they will require an expansion in the capacity and territorial coverage of the rail network not seen since the 19th century.

On the other hand, meeting these milestones might not be enough to ensure a significant modal shift to rail from other less sustainable modes like road and air transport.

To make this clear, let us just check a few numbers.

Tripling high-speed rail passengers over 35 years is equivalent to a yearly growth of 3%. This is lower than the average 4% yearly growth experienced by air travel in Europe between 2011 and 2019.

The same goes for freight, where doubling volumes over 35 years is equivalent to a 2% average yearly growth. This will be

easily overtaken by the growth in volumes brought by even a modest economic growth.

So, if we remain convinced, and I am, that modal shift to rail is key to the sustainability of transport, the bar must be set even higher.

In order to shift a significant portion of road and air transport to rail, we will need a massive public investment in rail infrastructure, rolling stock and services. And I mention public investment specifically because it has been and will be the bulk of investment in the railways.

Only the public sector can commit the large sums required so that the whole society can collect the even larger benefits in the form of time savings, cost savings, increased safety and preservation of the environment.

I am highlighting the role of the public sector, because it is sometimes underrated in political discourse. Of course, I do not belittle the role of the private sector. But we shouldn't forget that the most important innovation in rail transport of the last century,

high-speed rail, wouldn't have happened without the driving commitment of the public sector.

Progress on that scale will not be possible while investment levels across Europe stay depressed as they have been since the economic crisis of a decade ago. Many countries have the will to make this investment, but don't have the necessary resources in their national budgets.

So, we can either give up and just hope that road and air transport will become more efficient and sustainable — and they both are — or we can look at what we have been doing to check if we are on the right course.

The European policy for the railways in the last thirty years has been one of progressive market opening and liberalisation. Regardless of one's opinion and ideological position it is an indisputable fact that it has, so far, failed to deliver an increased modal share for rail.

It is impossible to know if these policies have actually avoided a larger drop in modal share or if they are responsible for keeping it stagnant. This is why we must thoroughly evaluate the

effects of rail market liberalisation, and not only from the standpoint of implementation.

The fact that there are now multiple initiatives to promote international passenger transport shows that the market, which has been liberalized since 2010 for these connections, has not responded as expected.

The market will not, by itself, provide the services that society considers important or even essential.

It is also not guaranteed that the rail market resulting from the implementation of the Four Railway Packages will be more open and competitive, since we already see the movement towards concentration into the large public operators, at the expense of small operators, either private or public.

To be clear, we are not calling for a return to the previous model of closed national rail networks with little connection between each other, but we also cannot push forward blindly based on a belief that market competition will supply whatever the citizens need. The evidence so far suggests that public authorities are essential to ensure citizens the accessibility and mobility they

need. So, governments should not be limited in the policy instruments they have to carry out such a policy.

We must also remember that it was that old model, with so-called “inefficient” public operators that gave us the original Trans Europa Express and, of course, high-speed rail.

I am sure these subjects will ensure a lively and interesting discussion today as well as tomorrow during the Ministers’ Council.

The exploratory opinion of the European Economic and Social Committee on The Single European Railway Area, approved last Thursday, also provides a few more insights. More importantly, the way the debate was divided reminds us there is no unanimous position on these topics, which is a good point to start a useful discussion.

The role of the railways as a public good we all share and cherish deserves we take these questions seriously and without fear of upsetting the *status quo*. It is up to us, inside these rooms, to make sure rail transport is here to improve everyone’s lives.

Thank you very much. I wish everyone a good debate.