

Air and Rail

*setting the record straight on
environment, investment, mobility and
political bias*

Mike Ambrose
Director General

WHY A NEW STUDY?

- EC and State policies together with financial subsidies are heavily balanced in favour of rail, especially High Speed Rail (HSR)
- EC advocates modal substitution claiming HSR's green credentials, social and economic benefits and returns on investments
- The preferences for rail are not supported by objective published analyses, assessments and other evidence

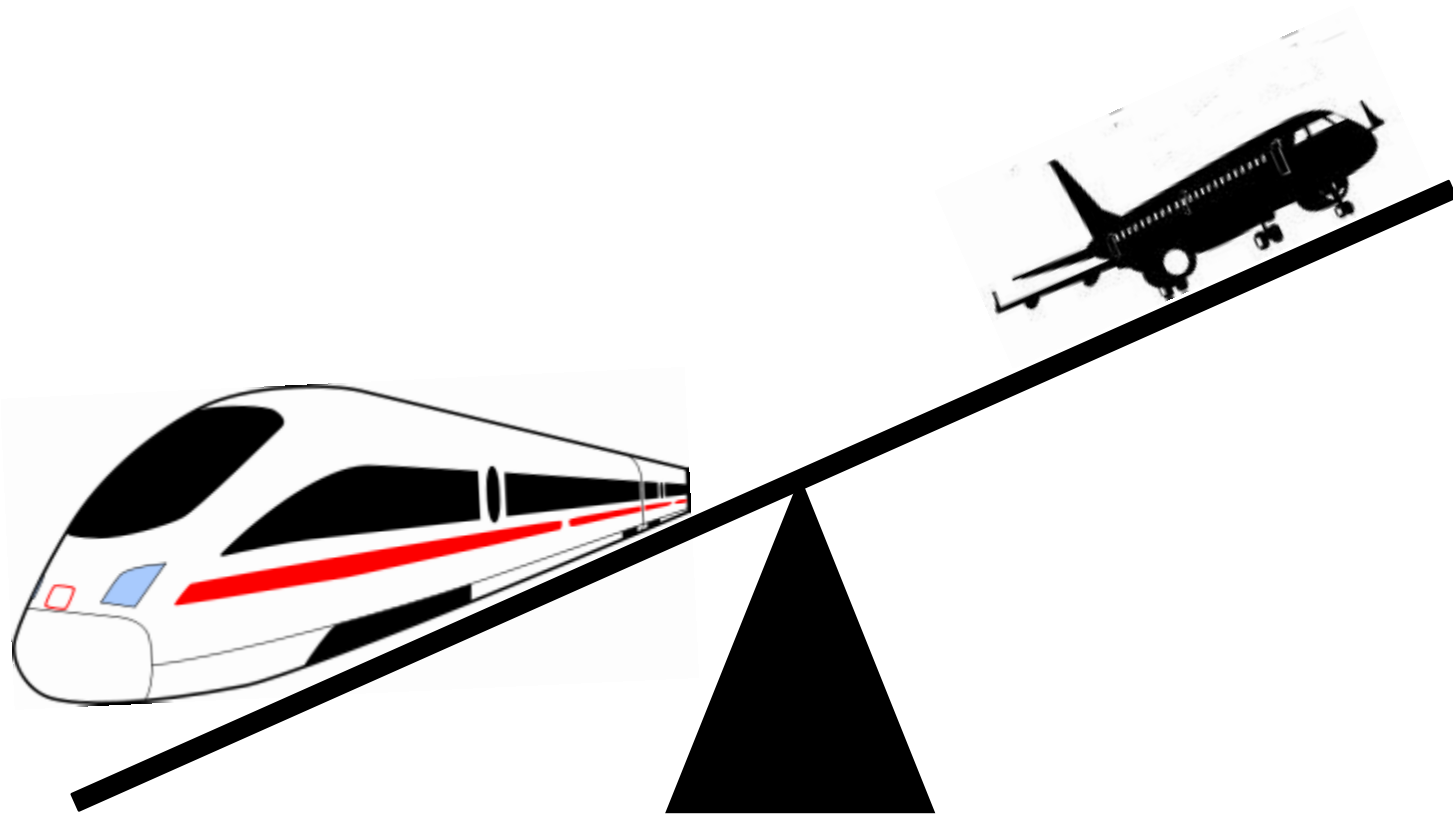
The ERA study attempts to provide the objectivity needed to ensure a better balance between air and rail

TOPICS COVERED

- The existing air and rail networks in Europe
- The environmental consequences of air and rail transport
- What makes the better economic sense, investment in air or rail?
- Is the consumer better served by modal complementarity, competition or substitution?
- The regulatory and political approach to air and rail transport

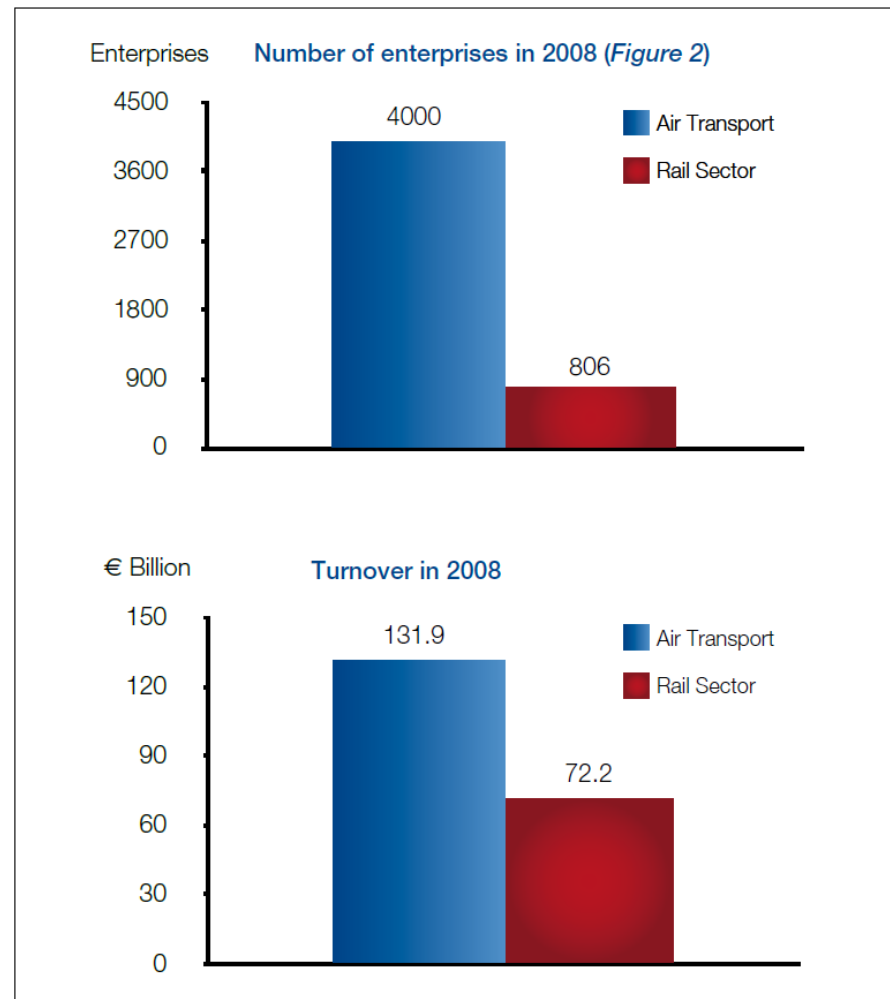


KEY FINDINGS OF THE STUDY



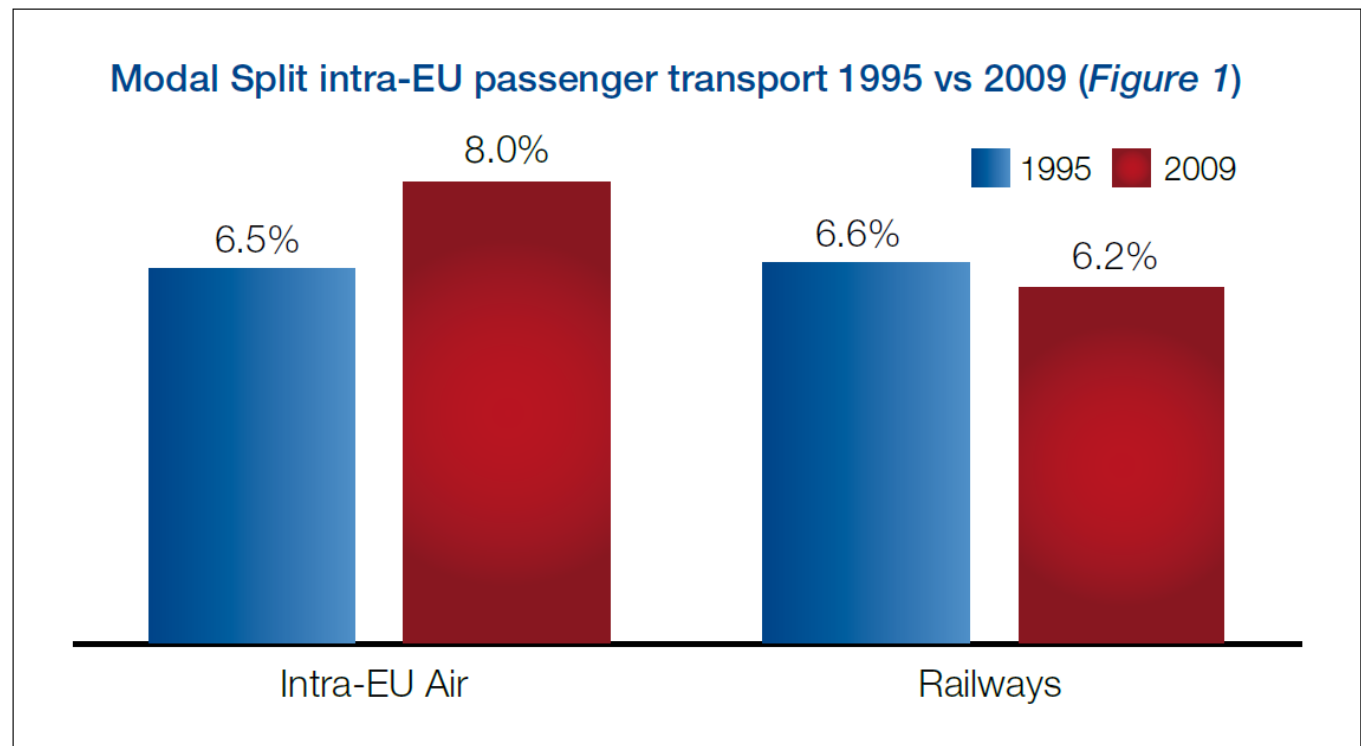
Enterprises and turnover

- The number of aviation-related enterprises is 5.6 times higher than the number of rail enterprises in Europe
- The turnover of EU-27 air transport market is almost twice that of railways



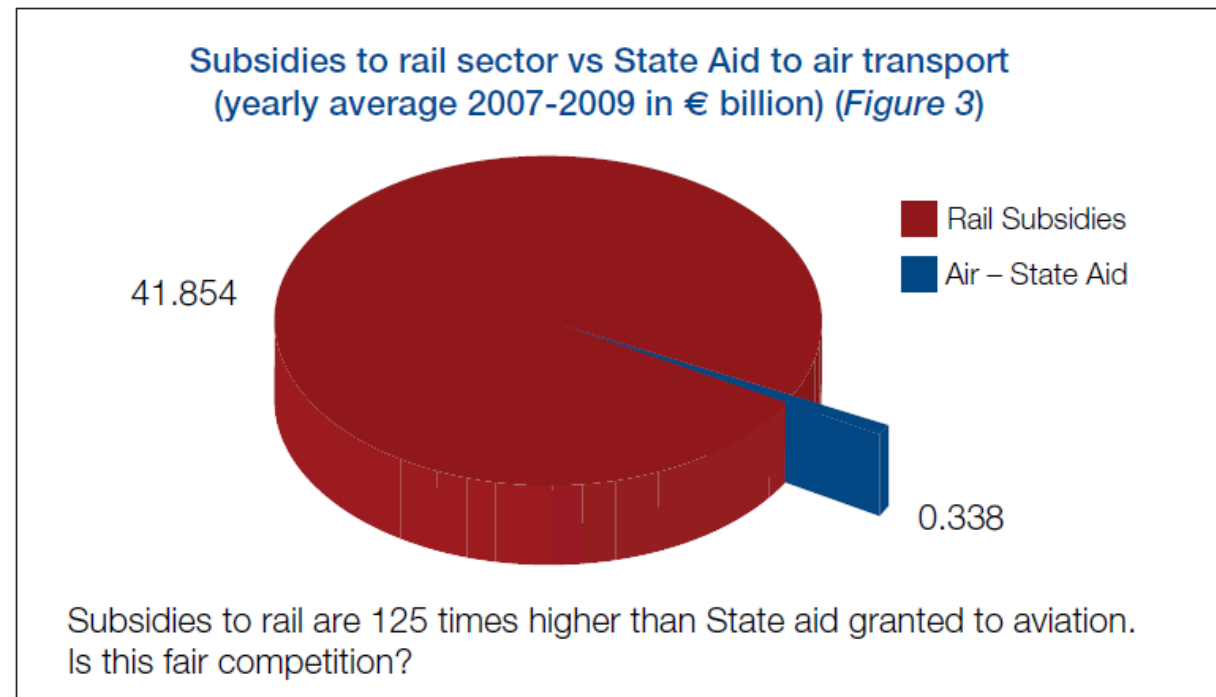
Modal substitution

The EC's policy of mode substitution from air to rail has proved unsuccessful



State subsidies

The EU-27
yearly State
subsidies for
rail are 125
times higher
than State aid
granted to air
transport



Connectivity and networks



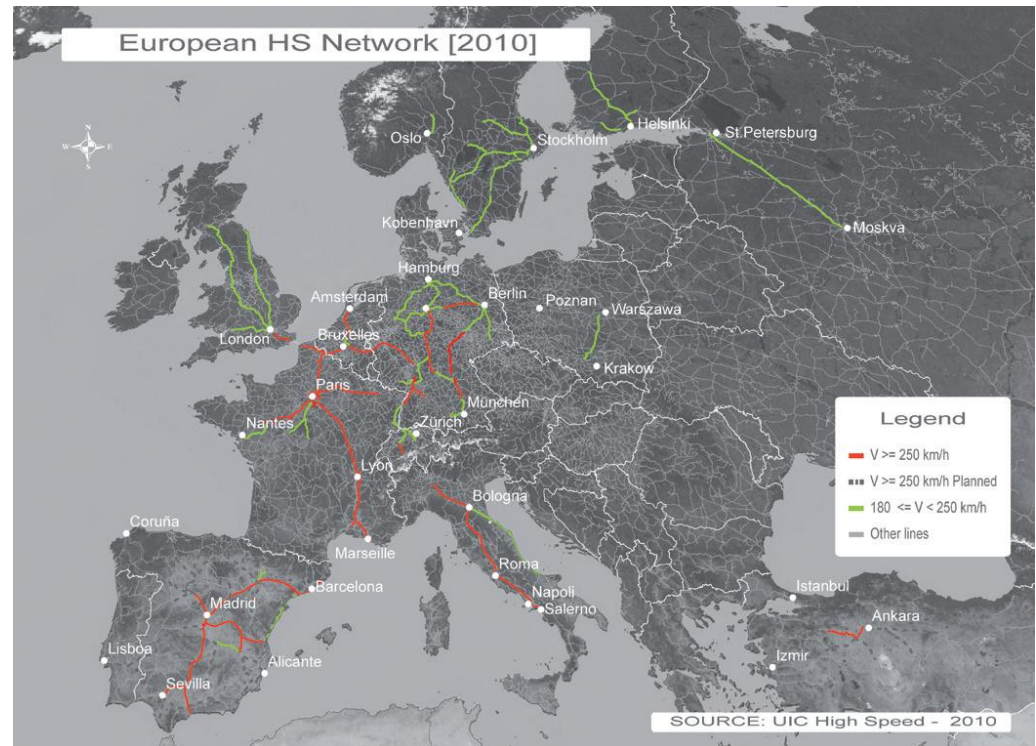
→ EU airports and airlines offer 150,000 city pairs versus 100 from HSR

Air transport is the true Trans-European Network

Connectivity and networks

Expanding the HSR network to link all major city-pairs currently connected by at least 10 flights a day would:

- require a 600% increase in the HSR network
- result in less than 5% reduction of flights demand by 2030 [EUROCONTROL]



Environmental consequences



- fair comparison of CO₂ emissions between air and rail is not possible due to the different sources of power
- rail's nuclear footprint has a massive impact
 - for example, the estimated cost of UK nuclear decommissioning and waste disposal of the 19 existing nuclear plants is €100bn over 50 years
 - recent events have called into question the safety of nuclear power
- **no** energy source has a 'zero' impact on society

Environmental consequences

- Traditional comparisons of the environmental impact of comparable emissions 'at the point of use' distort the results
- The 'greenness' of HSR is unfounded when assessed from a full 'life cycle' perspective
- Independent data show that for various HSR routes emissions from rail are higher than an equivalent air route [CO₂/150%, NO_x/50%, VOC/500%, PM₁₀/150%]



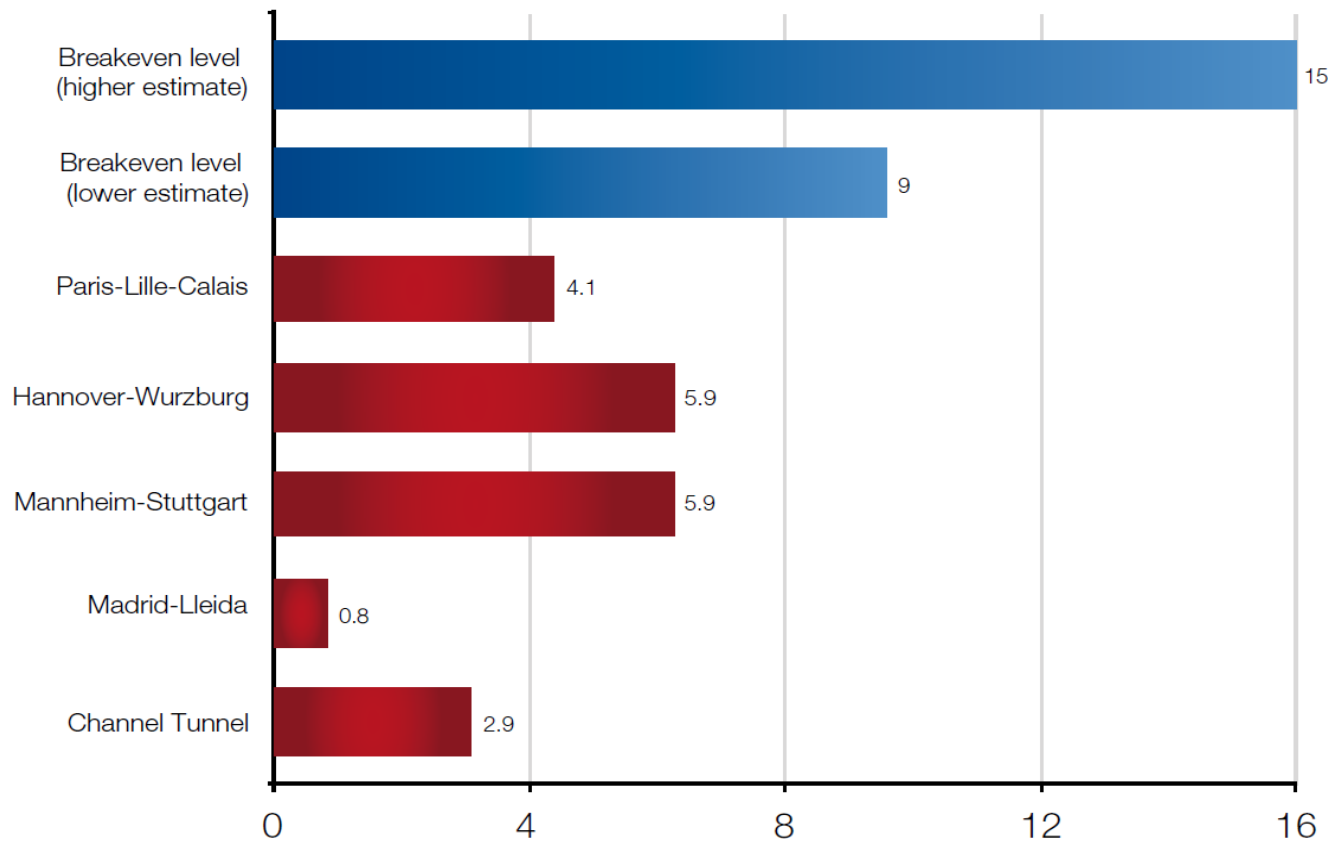
Investment sense



- The average investment cost of a new runway builds just 30 km of HSR track [Frankfurt's new €4bn runway and terminal will deliver a +50% capacity and 97,000 additional jobs]
- By contrast the planned Turin-Lyon HSR link forecasts losses of €19bn over the life of the project; similar losses expected for the London-Midlands HSR project
- Renewed investment in regional airports and SESAR would reduce unaccommodated demand by up to 40%

Investment sense

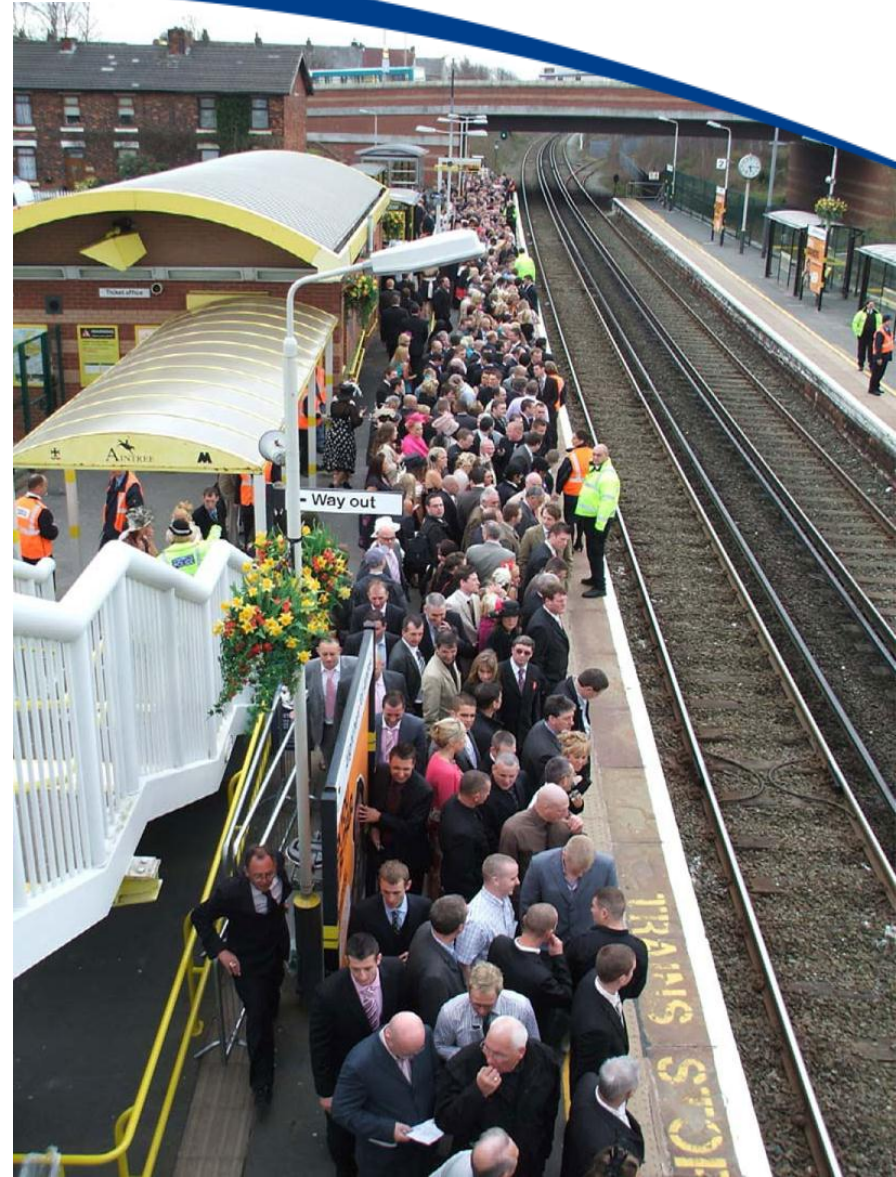
High Speed Rail Passengers on first year of operations (million) (Figure 5)



Rail investments have often resulted in huge losses for taxpayers

Consumer benefits

- Rail versus Air - is the consumer better served by complementarity, competition or substitution?
- Rail and air can complement each other [and offer more choice and convenience to consumers] provided complementarity is based on fair competition and freedom of consumer choice





Increasing the attractiveness of intermodality requires considerable **and expensive** improvements in:

- price and journey time
- schedule coordination
- seamless security checks
- compatibility of IT infrastructure and booking systems
- air/rail coordination in case of missed connections
- passenger rights

Regulatory aspects

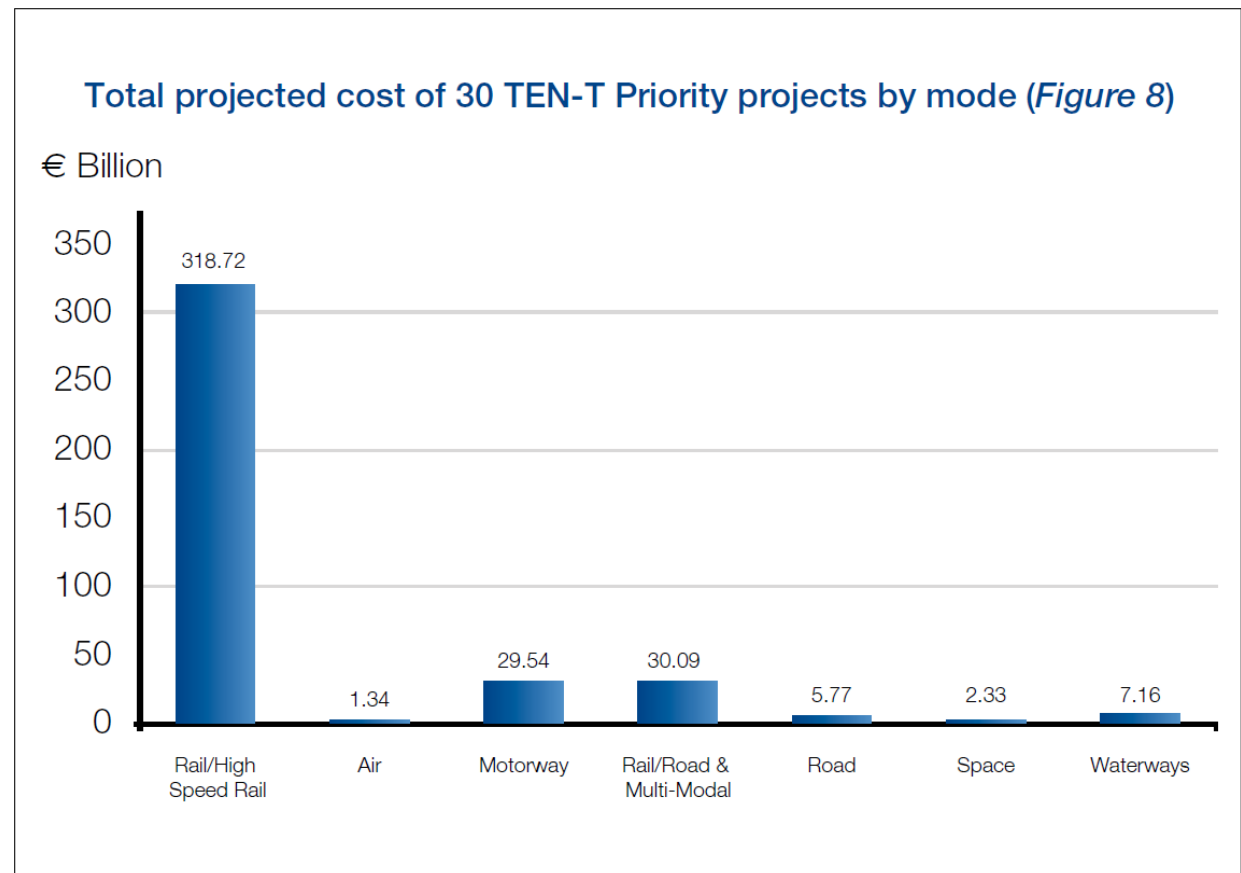
- Unjustified differentiation exists in Air/Rail passenger rights:
 - exemptions are granted to rail operators but not air
 - compensation is not due to rail passengers for circumstances not connected with the operation of railway
 - amount of compensation
 - air: € 125 - € 600
 - train: 25% - 50% of ticket price
- Unbalanced security standards and funding of security costs



Trans-European Networks

Out of 30
TEN-T EU
priority
projects:

- 19 to rail
(€318.7bn)
- 1 to air
(€1.34bn)

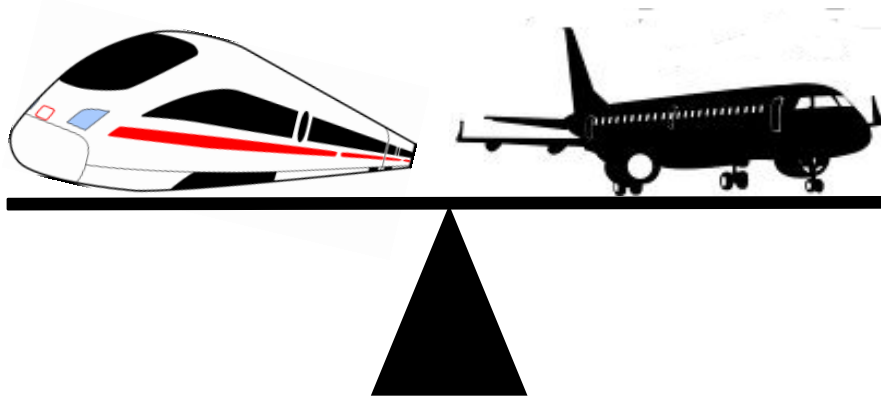


Conclusions

- The study uses information and source data from open and published sources
- ‘Green credentials’ of HSR are often unjustified and unclear
- HSR will not deliver cost-effective mobility
- Complementarity rather than substitution would better serve users’ interests
- Future investments should be supported by more objective business cases



Conclusions



- A level playing field should be based on fair competition and equal treatment between competing modes
- Preferential treatment granted to a single transport mode based on poor or inexistent evidence can no longer be justified