Nov 2013

Minutes

TRANSFORuM Thematic Workshop:

High-speed Rail

21 / 22 November

Lyon, France

Incl. comments from 10/01/2013

1 Introduction

Number of participants: 10
Countries represented: China, France, Japan, the Netherlands, Spain, Sweden, the UK
Men / women: 8/2
Policy makers / industry / associations / academia: 1/2/5/2

1 moderator and 2 rapporteurs from TRANSFORuM facilitated and took notes at the workshop.

The participants were welcomed to Lyon, a location chosen for High Speed Rail links to locations across France and for the Technicenter located in the town. A round of introductions took place and participants were given guidance as to the proceedings of the two half day event. It was explained that the main goal of the workshop was to examine and discuss how good practices have been delivered, the conditions under which success can be achieved as well as any common challenges and barriers that had to be overcome – and how. Taking the perspectives on these areas, the group moved on to discuss what sharing of good practice currently takes place in Europe and what else could be done to promote sharing across levels. Ideas were taken forward to a discussion on drafting a roadmap to fulfil the high-speed rail goal set in the 2011 White Paper.

2 Presentations

The workshop participants heard insights from a selection of participants highlighting the status of the HSR networks in their particular countries and on the French context from SNCF, which set the scene for the field visit that was taken to the SNCF Lyon Technicenter at the end of the workshop on Day 2.

3 Transformation is possible!

In this session of the workshop, the criteria developed and utilized by the TRANSFORuM team in selecting the 10 good practice case studies were explained to participants. In addition, 10 shortlisted HSR cases were also outlined and discussed. Participants were then offered an opportunity to reflect and comment on both the criteria and the cases. The discussion that followed the presentation of the case studies identified some major issues related to HSR with an open window to experiences and feedback from Japan and China : what learnings can we draw for achieving the White Paper goals ?.

3.1 Cooperation v. competition

It was suggested that as a first step to get many HSR projects operational, cooperation between companies has been important (implying that it might be appropriate to shift the balance from cooperation to competition as a certain technology or service matures). But it was also highlighted that such cooperation is time sensitive and that there is a fine line between cooperation and competition – when it makes sense and when it is harmful – in terms of the profitability of particular companies and acceptance of the level of travel fares, which can be expensive when there is lack of competition. In Italy, there continues to be a trade-off between competition and cooperation on the network, even is competition has appeared on the HSR network. It was suggested that even privately funded infrastructure should be developed steps by steps, even in Japan, considered as a successful HSR model. Japan is the closest business model to private risk prevention know-how. The step by step development strategy is driven by the financing capabilities as opposed to purely public financing which deal with railway investment as a variable to the benefit of sovereign budget lines.

Competition within the road sector was also flagged as a major issue in that car manufacturers and road freight and passenger operators aren't required to invest in their infrastructure – why should, in France, the rail operators have to ?

3.2 Public Private Partnerships/financing

This led to a discussion about the arrangements and financing of large projects. Public private partnership (PPP) was flagged as a means through which to deliver more infrastructure and HSR routes. There is not enough public money to build HSR without PPP. The timeframes of investment were discussed – where there are limited financial resources for public or privately funded projects, we need to understand the lifespan of a project or piece of infrastructure (<30 years – >70 years?) – where terms are longer, perhaps PPP is more favourable? But it was also flagged that there have been high profile failures of PPPs and maybe there are lessons to learn from these failures and success (Taiwan, Eurotunnel, Perpignan-Fiqueras …) to make PPPs more robust in the future.

This discussion led to an important theme identified throughout the workshop – risk. It was seen that poor risk management is not knowing how to value a system and a poor reliability of public financial commitments. The private sector should be in charge of and know how to manage risk. The public sector should not take too risk other than sovereign risk because other manageable could lead to

the implementation of projects with an uncontrolled risk level, which will inevitably lead to long-term financial unsustainability. The state should only burden the risk as a last resort and should avoid each and every risk within private know-how to prevent, control and protect the investment against risks.

3.3 Decision making

As well as the financing process, the decision-making process was discussed. Long and short term considerations need to be taken into account – in Poland HSR investment was decided against because other areas of infrastructure were deemed more important. Calculated passenger traffic didn't warrant investment. In Sweden, the process of deciding to introduce an HSR system was seen as transparent and considering a number of factors which was seen by participants as an interesting example in decision-making. Considering more than one factor in deciding to invest was seen as crucial – the conversation shouldn't just be about infrastructure

3.4 Capacity v. speed

If financed by public funds, capacity should be the biggest reason to invest in HSR, not time. Indeed, the White Paper goal may be too narrow in that tripling track-length across Europe will not reflect demand, regional contexts or existing infrastructures. There need to be good reasons to invest in HSR – due to the cost and emissions associated with constructing new lines. Time savings through high speed may therefore not provide sufficient justification for these investments, and high-speed rail should instead be seen from the perspective of providing excellent service and integration with the overall transport system.

Ridership and market shares are key considerations. But, due to the length of the implementation duration of a public investment, it was suggested that lack of data on these areas was a problem and that ex-post analysis of particular routes in operation would be useful. The group suggested that understanding where issues with the conventional national and regional rail systems could be addressed, or tracks upgraded for example, to offer a more effective network system – putting the focus on the most needed capacity improvements – may be better than investing in new dedicated high speed lines just to meet the goal. Following the learnings drawn by the example of Shikansen Strategy in Japan and Chinese development of HSR, station design and location and rebalancing rail and road were also identified as important considerations. In order to deliver more interoperability and increased capacity, one participant suggested that more competitive pressure needs to be exerted on the companies.

3.5 Route choice

Finally, it was suggested that not all attention should be focused on A-to-B but also on the surrounding node. Transport is important to get people into these areas – nodes are a good source of financing. Big private Japanese companies have not received subsidy to operate railway, they get revenue for developing residential areas, stores etc. Local authorities plays also a key role, sometimes in funding infrastructures and stations like in Japan. This increase the attractivity of HSR

To conclude, we come back to our first intuitions following Gdansk Transforum HSR meeting : there is room for many HSR models, representing different HSR "culture". Germany is then considering HSR as a way to improve land use and spatial balance in the Federal Republic of German. In France, integral HSR is aiming as reducing travel time without stop through highest speed. Japan and Taiwan use more stations and operate different types of services.

4 Policy learning and sharing

Participants were asked to reflect on how they currently share information on good practices in their day-to-day role. It was seen as a permanent trial and error process – learning often occurs through doing in HSR. Conferences, networks and workshops were all identified amongst the sharing mechanisms discussed. Transparent working was advocated – publishing information was seen as key. Anonymizing or black-boxing sensitive data was suggested for addressing the lack of sharing due to competition, as was the role of intermediaries. Looking at good examples from different countries and using MBWA principles to gain understanding were both advocated – as was sharing scepticism and failure. An internet platform for sharing good policy documents was suggested as a potential tool for sharing.

The barriers identified included the lack of data available to the rail sector from the road and aviation sectors which would help to make more informed decisions – normalized data would help here. The adequate tooling to share data and the lack of visibility of companies due to competition were also highlighted.

In the competition against road, more consideration should be given to industries as focuses of cross fertilization. Those firms are competing. But as in automobile industries, they capitalise on many more different operations than each and every of their individual customers.

To wrap up this session, some priority issues were identified that would need to be addressed in order to achieve the White Paper goals. These included a lack of trust and confidence in the sector;

people sharing knowledge; to take more strategic risk; to change the amount of support given to the railways by the EU – liberalize the market and open to competition; we need money for the rail system – so we need to increase competition, improve services and get more competition.– we need to be thinking about shareholder investments, not taxpayer investments. Local authorities can also bring money to the rail system and urban mobility (local and regional) also needs to feature in discussions of HSR. And we need to avoid bias of perception towards HSR, such as thinking HSR as a priority without appraisal. Quality of service, good level of price, are now on the agenda of HSR operators.

5 Kick-off of the road-mapping process

5.1 Measures and priorities

The measures and policies proposed by stakeholders during the discussion focussed not only on how to further develop and prolong the European high-speed rail infrastructure, but dealt also with reconsidering past strategies and making better use of what is already there. First, this applies to intensified use of existing infrastructure. Rail infrastructure, and particularly high-speed rail infrastructure, is a very expensive asset that has to be used intensively to justify the investment. An intensively used infrastructure might then also show bottlenecks and might therefore point at further targeted investment needs.

Second, the market between road and rail transport has to be rebalanced. The railway sector was seen by one participant as the only industry sector that in previous decades destroyed its own source of revenue by closing significant parts of railway networks. In contrast to this, high-speed rail services have to be regarded as one part of an integrated system that serves its customers from door to door – again calling for a focus on excellent service for passengers instead of merely achieving high speeds as a stand-alone solution. This also requires a deep analysis of where railway services are most performing in order to then make the best use of the transport modes' complementarity. This includes balancing very fast point-to-point connections with regional transport requirements. Stakeholders suggested that EU high-speed rail policies should focus on assuring good connections between the largest European cities, while local and regional planning could be kept within national responsibility.

Another important insight from the discussions is the **importance of high-speed rail stations.** Stations as hubs provide connections to regional and local services, linking with classic trains as well as other transport modes. If properly designed and placed, they can therefore facilitate convenient and attractive door-to-door travel. At the same time, the stations themselves are important development nodes. Experience from Japan shows how high-speed rail stations can attract significant investments by

the private sector (housing, offices, and shops) that can also significantly contribute to the revenue model of infrastructure operators. However, the planning of stations can conflict with the operational model for the high-speed trains themselves (fast direct trains vs. more stops) and therefore requires careful governance structures and involvement of actors (e.g. there is only one stop per province built on recent Shinkansen lines in Japan).

Good planning is not a matter of course. Examples from Spain and as well from China show that high-speed rail infrastructure is sometimes built up too fast and without properly considering current demand, even if demographic and economic development will later maybe justify the respective lines. Complex European governance and decision structures therefore require thorough justification of projects as well as political and societal support. The latter has grown to significant importance in recent years by many big infrastructure investments being questioned by the public. Public acceptability of measures will therefore be an issue to be considered from the very beginning of planning processes. Beyond good infrastructure planning, however, one stakeholder stressed that feasible business cases are most important as a prerequisite for future high-speed rail lines and services – and that the required investment will then be less of a problem.

5.2 Expectations, use of the roadmap

The participants of the workshop encouraged the TRANSFORuM team to be controversial. With a good sense of controversy, the TRANSFORuM roadmap should be able to trigger a reconsideration of the usefulness and appropriateness of the White Paper goal, at the same time raising the profile of the topic. By showing the potentials of high-speed rail investments and by pointing at necessary planning instruments and procedures, the roadmap could be a good starting point for reasoned refocussing and refinement of the goal. In line with this, the roadmap should encourage systemic thinking, taking high-speed rail from its currently isolated perspective and setting it into the wider scene of requirements and useful strategies for a more efficient transport from a societal and European point of view.