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REF: Our letter of 26 February 2015

Your letter of 3 June 2015 (MOVE.B.1/HR/MB/ac (2015) 2617165)

RE: The City Rail Loop-line as part of the TEN-T network or any other EU funded scheme

We thank you for the documentation¹ regarding the Finnish State's application for EU funding for the City Rail Loop-line. As we suspected, its Government could have been more liberal with facts regarding the project. The cost-benefit ratio - now much below the socio-economic break-even point of 1.0 is mentioned² and explained³, but it is omitted that earlier the ratio was 1.54, also the project's estimated socio-economic loss of 458 million Euros is not

¹ http://rautatiematkustajat.fi/pisara_hakemusasiakirjat.htm

² Annex 21. Cost-Benefit Analysis pages 8 - 10

³ Annex 18. General guidelines for the appraisal of transport network projects in Finland – Executive summary of the benefit-cost analysis

mentioned anywhere. We think these omissions are important.

Even if the application tries to “paint” the rail loop-line as a Pan-European benefit, there is not any attempt to explain how it would qualify as such, with its low cost-benefit ratio.⁴ There is also some “artistic licence” in the project's description. For example, as all the planned stations are situated inland and rely on onward connections - as in the present-day, how does this line improve connections to the passenger harbours of Helsinki⁵? It is also evident that demands for more comprehensive research of the alternatives have been ignored at earlier stages⁶ of the planning process⁷.

The Centre Party is the largest party of our new coalition Cabinet that was appointed in May. Last autumn, while the party was still in opposition, all its MPs proposed withdrawal of planning funds for the City Rail Loop-line because of its high costs and risk that they could rise even higher.⁸ However, on the very same day the Cabinet was appointed⁹ the Centre Party's new Minister of Transport and Communications said that the City Rail Loop is “important” and “very good”. So, apparently there continues to be a traditional “on sovittu” backroom deal undercurrent in our policy-making that does not bode well for good housekeeping in the future.

The EU Commission has recently voiced its concerns¹⁰ over the stability of the Finnish economy¹¹. Now, with the application material published, we believe that no bona fide appraisal can support the City Rail Loop-line as a “project of common interest” nor as a “viable project with real added value for the European economy”. If the construction or planning of the project is granted additional EU money, that could be interpreted as an indirect acceptance of further bad housekeeping by an EU State already under observation for this reason.

If Finland's Government were to request EU funding for cost effective alternatives to the City Rail Loop-line, we would gladly support its requests. Actually, the present application contains two positive points, they are the reconstruction planning of the Helsinki station approach yard¹² (cost-benefit ratio at least 1.0¹³) and the construction planning of the

⁴ See for example Application Form Part D. General description of the global project including needs and objectives

⁵ Application Form Part A 1. General Information On The Proposal

⁶ Annex 4. Consultation with authorities and public, EIA programme of Helsinki Rail Loop (2010): opinions M 2, M 4 and M5

⁷ Annex 3. Consultation with authorities and public, EIA report of Helsinki Rail Loop (2011): opinions M 3, M 8, M 10, M 11, M 13, M 14, M

¹⁵ and M 17

⁸ https://www.eduskunta.fi/FI/vaski/eduskuntaaloite/Documents/taa_475+2014.pdf

⁹ <http://svenska.yle.fi/artikel/2015/05/29/minister-berner-centrumslingan-ar-viktig>

¹⁰ http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_finland_en.pdf

¹¹ <http://www.helsinkitimes.fi/finland/finland-news/domestic/13352-european-commission-voices-its-grave-concerns-over-finnish-economy.html>

¹² Activity number seven on Application Form Part A 1

additional track for Pasila station phase-2¹⁴ (cost-benefit ratio 1.3¹⁵). But in our opinion points one to six on Application Form Part A 1 should not receive a single cent.

Place, date and signatures

Kemijärvi June 10, 2015
Suomen Rautatiematkustajat ry.
Kemijärvi

Kalevi Kämäräinen
Chairman

Juha P. Korhonen
Vice chairman

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Attachment Our letter of 26th February, 2015

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13 Annex 21. Cost-Benefit Analysis page 37
14 Activity number eight on Application Form Part A 1
15 Annex 21. Cost-Benefit Analysis page 17

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RE: The City Rail Loop-line¹ as part of the TEN-T network or any other EU funded scheme

According to a survey by the Finnish Transport Agency's survey from January 2014 (later FTA 1 / 2014²) the capacity of Helsinki railway station approach lines can be increased significantly without the City Rail Loop-line. The survey also states that the real bottleneck is not the Helsinki terminus station but Pasila station and the City Rail Loop-line will not increase its capacity (p. 28³):

"According to the results of simulations for the computed maximum capacity, Pasila station has the least throughput of movements in the area surveyed. This is a significant observation because investing in the City Rail Loop-line or other works as a result of this survey will not significantly increase the throughput of Pasila. Of the alternatives it presents, VE4+ (60 km/h) is the best upgrade for Pasila."

The survey's starting point was a theoretical maximum of 83 trains per hour between Helsinki and Pasila⁴ (the actual maximum being 74 trains⁵). According to alternative VE4+ (60 km/h) the computed maximum number of movements is 182 trains per hour between Helsinki and Pasila while Pasila can manage "only" 152 trains per hour (as mentioned, these are theoretical maxima).⁶ It is also concluded that all the alternatives it presents would offer sufficient capacity for long distance train services well into the foreseeable future.⁷

The cost-benefit ratio of the City Rail Loop-line was earlier stated as 1.54⁸. However, another report by the same agency from November 2014 (later FTA Nov / 2014) tells that the basic cost-benefit ratio is now only 0.49 and it varies between 0.38 and 0.58 if uncertainties are

¹ http://portal.liikennevirasto.fi/sivu/www/e/projects/planning_phase/city_rail_loop_pisara

² http://www2.liikennevirasto.fi/julkaisut/pdf3/ls_2014-01_helsingin_ratapihan_web.pdf

³ "Simulointitulosten ja niistä johdettujen laskennallisten maksimikapasiteettiarvojen perusteella Pasilan aseman kohdalla on lähiliikenteen osalta vähiten välityskykyä tarkastelualueella. Merkittäväksi huomion tekee se, että Pissararadan YS mukainen investointi tai tämän työn tulosten mukaiset investoinnit eivät merkittävästi lisää Pasilan välityskykyä. Pasilan kapasiteetin kannalta tarkastelluista vaihtoehdoista VE4+ (60km/h) on paras."

⁴ FTA 1 / 2014 p. 8

⁵ http://yle.fi/uutiset/liikenneviraston_mukaan_pissararata_ei_ole_helsingin_ratahankkeista_tarkein/7827315

⁶ FTA 1 / 2014 p. 18

⁷ FTA 1 / 2014 p. 27: "Kaukoliikenteelle kaikissa vaihtoehdoissa on tarjolla oletettavissa olevan kasvun verran lisäkapasiteettia."

⁸ <http://www.hs.fi/kotimaa/a1416894699172>

included (p. 53, 54⁹). The meaning of the new findings is clarified thus:

"The basic review of the project's cost-benefit ratio is about 0.5, which is well below the socio-economic break-even point (1.0). The project's socio-economic loss for the current value of the 30-year period is 458 million euros. Implementation of the project and the way it changes the operational environment, however, contains uncertainties whose importance to society in terms of economic efficiency is evaluated in the next chapter."¹⁰

The cost estimate has also increased substantially compared to figures presented in the EU investment package:

"The total costs of traditional budget funding for comparison, would be approx. 1.9 billion euros and annual costs to financiers 24.9 million euros. However, in the current economic situation, raising the necessary funding at once is not realistic."¹¹

"What to invest in?
In viable projects with real added value for the European economy."¹²

"Urban rail transport in Helsinki node City Rail Loop
Finnish Transport Agency
Construction of City Rail Loop improves the functionality of railway network in Finland by giving more capacity to Helsinki Node
(Scan-Med Corridor and North-Sea Baltic Corridor)
No
950 M €"¹³

In addition, the November survey also proves there is sufficient capacity for long-distance trains well into the future without the City Rail Loop-line, and with less expensive development options:

"The starting point of the reference option is based on the development plan of the functionality of Helsinki approach lines (HELRA), which according to present knowledge can achieve the first two priorities set for the City Rail Loop-line (improve the functionality of the Helsinki station layout, increase the train supply). Benefits for long-distance services can be achieved by the development of the Pasila - Riihimäki rail line, by constructing an additional western track in Pasila, as well as by improving the functionality of the Helsinki station layout, which are in this survey assumed to be carried out before construction of the City Rail Loop-line."¹⁴

Those options are estimated to cost in total 311 million euros¹⁵ (improvements to Helsinki approach lines: 121M, development of the Pasila - Riihimäki rail line: 150M, and additional western track in Pasila: 40M). Against this background it is no surprise that the Finnish Transport Authority proposes postponement of the City Rail Loop-line line until next decade¹⁶.

The official findings have reduced the City Rail Loop-line from (inter)national to a local or at

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<http://portal.liikennevirasto.fi/portal/page/portal/f/hankkeet/suunnitteilla/pisara/Pisaran%20hankearviointi%20ratasuunnitelma%2012.11.14.pdf>

¹⁰ FTA Nov / 2014, p. 48: "Perustarkastelun mukainen hankkeen hyöty-kustannussuhde on noin 0,5, joka jää selvästi alle yhteiskuntataloudellisen kannattavuusrajan (1,0). Hankkeen yhteiskuntataloudellisen tappion nykyarvo 30 vuoden ajalta on 458 miljoonaa euroa. Hankkeen toteutustapaan ja toimintaympäristön muutoksiin liittyy kuitenkin epävarmuuksia, joiden merkitystä yhteiskuntataloudellisen tehokkuuden kannalta on arvioitu seuraavassa luvussa."

¹¹ <http://www.lvm.fi/uutinen/4424923/pisararadan-rahoitusmalleista-selvitys> "Perinteisen budjettirahoituksen vertailua varten laskettu kokonaiskustannus olisi n. 1,9 Mrd euroa ja rahoittajien vuosimaksu 24,9 milj. euroa. Kuitenkin vallitsevassa taloustilanteessa tarvittavan rahoituksen järjestäminen kerralla ei ole realistista."

¹² http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm

¹³ http://ec.europa.eu/priorities/jobs-growth-investment/plan/docs/project-list_part-1_en.pdf (p. 155)

¹⁴ FTA Nov / 2014, p. 59: "Lähtökohtana oleva vertailuvaihtoehto pohjautuu Helsingin ratapihan toiminnallisuuden kehittämissuunnitelmaan (HELRA), jolla voidaan nykytiedon mukaan saavuttaa Pisararadalle asetetuista ensisijaisista tavoitteista kaksi ensimmäistä (Helsingin ratapihan toimivuuden parantaminen ja junaliikenteen tarjonnan kasvattaminen). Kaukoliikenteen hyödyt saadaan kehittämällä Pasila–Riihimäki -rataosaa, toteuttamalla Pasilan läntinen lisäraide sekä parantamalla Helsingin ratapihan toiminnallisuutta, jotka on tässä työssä oletettu toteutettaviksi ennen Pisararataa."

¹⁵ FTA Nov / 2014 p. 10 - 12

¹⁶ http://yle.fi/uutiset/liikennevirasto-suosittelee_pisararadan_lykkaamista_ensi_vuosikymmenelle/7624227 (there is no official press release, but Finnish Broadcasting Corporation YLE is generally considered a reliable source)

best a regional project. However, it was confirmed two days ago, that the Finnish Government is seeking EU funding for it.¹⁷ Contrary to all available facts and overriding the Finnish Transport Authority's opinion (as well as our own, as stated in an open letter¹⁸), Prime Minister Alexander Stubb officially announced:

"- The City Rail Loop-line is an important project to the whole of Finland. It is important that it will proceed. The next Government must reserve financing for the City Rail Loop-line within their own spending limits and submit to Parliament a corresponding spending bill, Stubb says."¹⁹

It is also difficult to comprehend this announcement by Finland's Minister of Finance, Antti Rinne:

"I met yesterday with the EU Commission official who devises and co-ordinates the decisions, and he considered the City Rail Loop-line a very promising project."²⁰

Their behaviour might seem bizarre, as these seem to be "done deals" no matter what the facts indicate ("on sovittu"). In fact it points to structural corruption, which appears to be much too common in Finland:

"In all, the attitudes towards decision-making are changing. Today, the need for transparency is taken much more seriously than earlier. Even practices that previously have been presented as strengths of the Finnish decision-making system, for example, the ability for parties at the local and national level to work together to build a consensus platform, are now under criticism.

From [Transparency Finland's](#) viewpoint, this trend is a very positive development. Finally we find that the discussion on transparency and corruption is taken seriously and put in context of our national structures and traditions."²¹

The planning for the City Rail Loop-line has already been awarded EU funding.²² At that time, the cost-benefit ratio has probably been stated as 1.54. Now, as more detailed information has emerged, we seriously doubt its status as part of the trans-European rail network. And we also deeply doubt it is a "viable project with real added value for the European economy".

For example, according to Article 7 of Regulation (EU) No 1315/2013 of The European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU

"Projects of common interest

1. Projects of common interest shall contribute to the development of the trans-European transport network through the creation of new transport infrastructure, through the rehabilitation and upgrading of the existing transport infrastructure and through measures promoting the resource-efficient use of the network.

2. A project of common interest shall:

(a) contribute to the objectives falling within at least two of the four categories set out in Article 4;

(b) comply with Chapter II, and if it concerns the core network, comply in addition with Chapter III;

¹⁷ http://valtioneuvosto.fi/artikkeli/-/asset_publisher/suomi-hakee-eu-tukea-helsingin-ratapihan-parantamiseen-ja-pisararataan

¹⁸ http://www.rautatiematkustajat.fi/SRM_Pisarakirje.pdf Proposal to postpone the City Rail Loop-line project

¹⁹ http://valtioneuvosto.fi/artikkeli/-/asset_publisher/paaministeri-stubb-pisara-etenee?_101_INSTANCE_3wyslL01Zoni_groupId=10616&_101_INSTANCE_3wyslL01Zoni_redirect=%2Fetusivu&_101_INSTANCE_3wyslL01Zoni_languageld=fi_FI

"- Pisara on koko Suomen kannalta tärkeä hanke. On tärkeää, että se etenee. Seuraavan hallituksen on varattava Pisaralle rahoitus omissa menokehyksessään ja sen pohjalta annettava eduskunnalle esitys siihen liittyvän valtuuden avaamisesta, Stubb sanoo." This harsh wording is not visible in the English version:

http://valtioneuvosto.fi/artikkeli/-/asset_publisher/paaministeri-stubb-pisara-etenee?_101_INSTANCE_3wyslL01Zoni_groupId=10616&_101_INSTANCE_3wyslL01Zoni_redirect=%2Fetusivu&_101_INSTANCE_3wyslL01Zoni_languageld=en_US

²⁰ <http://www.mtv.fi/uutiset/kotimaa/artikkeli/pettynyt-antti-rinne-pisararata-hankkeesta-olen-tottunut-siihen-etta-sopimukset-pidetaan/4814644>

"Tapasin eilen päätöksiä valmistelevan ja koordinoivan EU-komission virkamiehen, ja hän piti Pisararataa erittäin lupaavana hankkeena."

²¹ <http://blog.transparency.org/2012/12/04/finlands-hidden-corruption/>

²² <http://portal.liikennevirasto.fi/sivu/www/ff/hankkeet/suunnitteilla/pisara/Tiedotteet1/EU>

- (c) be economically viable on the basis of a socio-economic cost-benefit analysis;
 (d) demonstrate European added value...."²³

Note too, on the other hand, it is stated on the first page of the investment package project list (emphasis here):

"DISCLAIMER: A mention of the EIB or the European Commission in any of the project lists provided by the Member States and/or the Commission does not necessarily imply there has been any previous contact with the EIB or the European Commission on the project in question, nor that it will become a project receiving financing from the EIB or the European Commission in the future. **All projects submitted to the EIB for funding will be subject to normal due diligence in line with existing EIB procedures and guidelines and/ or the European Union legislation should they be considered for finance.** Co-financing by ESI Funds or other EU programmes of any project is subject to the respect of all applicable European Union and national rules."²⁴

Because of the facts mentioned, we ask the Commission to release all the documentation regarding the Finnish Government's applications for EU funding for the City Rail Loop-line (be it TEN-T or other funding sources), so that the general public in Finland and elsewhere is able to see and decide whether or not our Government is pushing forward this project using false pretenses, and also give the public the opportunity to react to the possibility of foul play. We also note that the Commission's Vice-President Jyrki Katainen has promoted the City Rail Loop-line when Prime Minister of Finland.²⁵ So there could now be a conflict of interests in his current position if he has influence on decisions for this rail project.

Place, date and signatures

Kemijärvi February 26, 2015
 Suomen Rautatiematkustajat ry.
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²³ http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2013.348.01.0001.01.ENG

²⁴ http://ec.europa.eu/priorities/jobs-growth-investment/plan/docs/project-list_part-1_en.pdf

²⁵ <http://193.185.124.16/index.php/politiikka/984-politiikka/76773-hallitus-panostaa-ratahankkeisiin-pisaraa-ja-raitiokankkeita-tuetaan>