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MARKET OPENING OF DOMESTIC RAIL PASSENGER TRAFFIC

Domestic rail passenger traffic should “mechanically” be opened in the next few years, as on one hand Directive 2007/58 should allow competition on international lines with possibility of cabotage, and on the other hand, Regulation 1370/2007 allows transit authorities to tender out regional rail services. Remaining domestic rail lines, such as long distance and “mainline” national services, should therefore be quickly impacted by liberalisation and tendering processes once they will be implemented

Many arguments support market opening of rail services:

- Pressure on operating costs and on call on taxpayer’s money
- Development of services, on both quality and volume
- Stimulate innovation and growth of services
- Customer oriented strategy of rail undertakings leading to rail market share increase
- Transparency of contractual relations between rail undertakings and authorities
- Benefits for the historical incumbent operator (cf. Germany)

Clear rules should however protect public service contracts from unregulated competition and new services should only be allowed if they don’t endanger the economic equilibrium of existing public service contracts.

Clear rules should also ensure a fair and transparent access to rail market, especially for new entrants. Member States should therefore make sure that:

- Strong and independent regulatory authorities are in place with sufficient (ex officio, ex ante and ex post) powers and autonomy.
- A clear separation has been established between infrastructure management, including traffic control, and any operator.

Complete and correct implementation of the existing 1st Railway Package is a pre-requisite.

EPTO's expectations on the recast of the 1st railway package with regard to reviewing definitions and scope of responsibilities are:

- Even clearer separation of infrastructure and operator
- Clearer definition of rail related services and non-discriminatory access to them (These may be points of sale, access to station infrastructure, dominant sale and passenger information systems, access to place timetable information in the dominant timetable,...)

EPTO's expectations on the approach of EU legislation with regard to the offer of integrated services:

- To provide an integrated approach with regard to travel information, ticketing and inter-services (seamless travel) may be in the interest of the passengers.
- With public service contracts the transport authorities will decide on their needs and pay for any integration measure.
- With commercial services only the operator should decide about the level of integration with other operators and modes - depending on the market needs.
- Any provision of integration measures – be it for commercial or public services – should be independent from incumbents and should be offered at fair and transparent market conditions.

If the economic health of some public or ex-public monopolies may be a concern, market opening should not be sacrificed for this reason. Competition is not at the origin of this situation and no link has to be established between these two topics.

It could rather be said that problems caused by the difficult financial situation of some incumbent operators have been caused by a lack of transparency and the interference of political criteria, which could be avoided by market opening and particularly by competitive tendering as far as under-compensations are concerned.

Market opening and regulated competition can therefore contribute to the establishment of sane and clear relationships between national or regional authorities and railway undertakings and allow a better assessment on what is needed for each segment of domestic rail services.

Problems to which Eastern and Central Europe public operators are confronted may perhaps justify a progressive approach to be recommended as for these countries. *A contrario*, this emphasises the favourable situation to be met in Western Europe where market opening should no more be delayed and should be implemented as soon as possible, following the example of Member States which have already taken steps in that direction.

EPTO is the association of European Passenger Transport Operators and represents one of the leading transport services organisations in Europe, whose members are the ten largest public transport companies in Europe: Arriva, First Group, Go-Ahead, Grupo Barraqueiro, Keolis, National Express, Stagecoach, Transdev and Veolia Transport. Members operate a fleet of nearly 75.000 vehicles, employ nearly 250,000 people and carry 12 billion passengers every year.