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4th Railway Package: If you split it, you kill it. Technical and political pillar must be kept together

ERFA outlines key arguments for keeping the 4th Railway Package together.

Removal of all market access barriers

The 4th Railway Package is about removing rail market access barriers. This is what both the political and the technical pillars tackle.

It is well recognized that market access barriers block the competitiveness of the rail sector.

To go ahead with removing one set of barriers, but not the other, leaves the rail sector in a weak position and lagging behind the other transport modes.

ERFA argues that it breaks the spirit of the 4th Railway Package, which aims to complete comprehensive and much-needed reform to lift rail out of its current stagnation and decline.

Reduction of cost PLUS open and fair access to the infrastructure is needed!

It is only via the interaction of the changes in the technical and political pillar that customers and passengers can truly benefit from reduced costs and more attractive services.

Customers and passengers can only benefit from rolling stock that is designed and authorized to run everywhere in Europe if the train operators also have a fair chance to access the rail infrastructure and run their train services.

If this is not the case, manufacturers will benefit from reduced costs, train operators will benefit from reduced costs, but if the fundamental infrastructure access problems are not addressed (e.g. where the Infrastructure Manager blocks operators from providing new services), how will these benefits be passed on to the passenger and customer?

Financial transparency as precondition to investments

Having the rolling stock in place to run Europe-wide is important, but if the rail infrastructure is not adequate, what will the trains run on?

Time and time again poor infrastructure is cited as one of the reasons undermining rail's competitiveness.

The political pillar would in fact help to address this problem:

- Financial transparency is an essential element of the political pillar. Funding aimed at financing the infrastructure is being used by the incumbent operators, either to increase their market share via acquisitions or to artificially lower their costs/increase the costs of their competitors. **Full financial transparency would remove this misuse of public money, resulting in increased investment in infrastructure development.**
- Attracting private investment is essential to the development of rail infrastructure. The difficult economic situation means that public subsidies for rail are unlikely to increase in the coming years. Private investment in passenger and freight services brings innovation, much improved services and results in growth. However, investors will not be attracted whilst they have the fear of political interference from incumbents; a risk which is uncertain and difficult to quantify. The private sector can play a role in filling the funding gap, but only if the conditions are put in place to attract them to the rail sector. **The political pillar addresses the unattractive market barriers that deter private operators from investing in the sector.**

Infrastructure management in the interest of the incumbent or in the interest of all?

It is not just the rail manufacturers and operators who need to be in a stronger position to respond to the needs of customers and passengers, but also the infrastructure managers.

Ensuring that infrastructure managers are able to meet the needs of both European citizens and industry is a key element of the political pillar.

At the moment some rail operators are being allowed to manage the infrastructure network, which results in a rail network that responds very well to the needs of one or other privileged rail operator, but not to the wider interests of the rail sector or society. **An efficient and cost-effective management of the infrastructure requires important changes to the political pillar.**

Strategy to block smaller players: that's why some of the biggest players on the European rail market do not want progress on the political pillar

Why does the political pillar not interest the biggest players on the European rail market or those Member States, whose national operators dominate the European rail market?

Reaching an agreement on the technical pillar, but not the political pillar, takes Europe further in the direction of domination by the big players on the rail market. Removing half the access barriers, but not the other half favours the big players, who will benefit from quicker, simpler and cheaper authorisation processes, while the smaller players remain blocked by the very basic infrastructure access problems that prevent them from running quality services and that fail to be tackled.

This means that splitting the package will lead to greater consolidation of the rail market, which will not result in an attractive rail sector for passengers or customers. That is why ERFA argues for better governance structures that enable smaller operators to offer quality services across Europe.

PRESS RELEASE



A more competitive rail sector can incentivize the transportation of freight away from the roads and onto the more sustainable rail network; improve the quality of services for passengers; be an important generator of jobs across Europe; and attract much-needed private investment to the sector.

ERFA members seek to provide efficient and competitive services on the rail market, but are undermined in their efforts by monopolistic incumbent operators. NTV, Regiojet and Club Feroviar have over the last month joined ERFA, strengthening our alliance to challenge the current governance structures and to fight for real progress on the political pillar.

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ERFA - European Rail Freight Association - represents new entrants, i.e. all those operators who want open access and fair market conditions, and sustains their role of pushing forward the development of the railway market. The Association is very much a spin-off of the First Railway Package, adopted by the EU in 2001, and its vision of creating an open and competitive European rail market.

In 2014, ERFA represents 34 members from 16 countries. The members of ERFA all share a commitment to work towards a competitive and innovative single European railway market by promoting attractive, fair and transparent market conditions for all railway companies.

The members of ERFA represent the entire value chain of rail transportation: rail freight operators, wagon keepers, service providers, forwarders, passenger operators and national rail freight associations.