



# The Fourth Railway Package

*Completing the Single European Railway Area  
to foster European Competitiveness and Growth*

*Copenhagen, Denmark  
11 April 2013*

# 4 ambitions for European railways



The 4<sup>th</sup> railway package is underpinned by 4 main ambitions in terms of:

## 1. Transport policy

- Objective of a competitive and resource-efficient transport system
- 60% reduction target of CO<sub>2</sub> emissions by 2050 – rail is one of the most environment-friendly modes of transport
- Accent on rail development in infrastructure policy and financing
- Completion of the internal market for rail services: freight (2007), international passengers (2010)

## 2. Competitiveness

- European agenda for growth and jobs in Europe
- Single Market Act II identified transport as a potential growth driver
- Network industry and impact on the whole economy (turnover: +/- 1% EU GDP)
- Encourage rail freight and mobility – within the Single Market and in a global economy
- Rail transport is highly public resource intensive - +/- €46bn/year

## 4 ambitions for European railways



### 3. Social dimension

- Rail needs to continue play a role in local/regional transport – important to preserve the possibility to organise public service transport in rail
- Rail transport and associated manufacturing, ancillary service employs +/- 1.000.000 persons in Europe
- Vision of a growing market with positive impact on job creation (UK, Sweden)
- Need for recruiting well-trained staff as 30% employees will retire in the next decade
- Market opening will work only if socially fair – progressive opening and possibility to transfer staff under the same working conditions (e.g. Netherlands)

### 4. Industrial dimension

- An industrial sector: beyond services, equipment manufacturers, IT systems
- Important EU companies: Siemens, Thales, Alstom, Bombardier, Knorr-Bremse, ...
- EU industry's competitive edge is however eroding fast – emergence of very competitive global competitors mainly from Asia
- Need for large, strong EU rail market based on common EU standards

# The Fourth Package

## 30 January 2013

- **2 strategic orientations:**
  - Improve quality and efficiency in rail transport services to match freight users' and passengers' expectations
  - Improve the efficiency of public investments and the attractiveness for private investment in rail transport and
- **3 main axis:**
  1. Open domestic passenger markets
  2. Create an optimal structure of infrastructure management
  3. Simplify and accelerate certification of trains and rail companies

## How was the package prepared ?

- **Consultation of a high number (nearly 500) of stakeholders**
- **Eurobarometer survey: 25.000 citizens in 25 Member States**
- **Stakeholders workshops and conferences**
- **External support study**
- **Stakeholders studies and position papers**
- **3 Impact assessments**

# Domestic Rail Passenger Market Issues

- **Inadequate service quality (punctuality, comfort, cleanliness, etc.)**
- **Limited passenger choice**
- **Inefficient use of public funds (for infrastructure and PSO)**

## Due to

- **Low degree of intra-rail competition and lack of competitive pressure for incumbents**
- **Non-discriminatory access for railway operators limited to a few national or regional markets (no internal market)**

# Domestic Rail Passenger Market Proposals

## Open Access

- **Open access for all EU operators on all domestic passenger markets**
- **Subject to economic equilibrium test to protect public services where necessary**

## PSC Award

- **Member States continue to decide on their preferred public transport system**
- **Compulsory competitive tendering for public service contracts of a certain size from 2019 onwards**
- **10 years transition period from now for existing directly awarded contracts**

# Domestic Rail Passenger Market Proposals

## Framework conditions

- **If leasing markets do not work, competent authorities to ensure fair access to rolling stock so that new entrant operators are able to take part in tenders**
- **Integrated ticketing schemes between operators encouraged**
- **Overall, in medium to long run positive employment effects expected (rail and related services)**
- **Possible short term social problems can be effectively tackled by competent authorities (transfer of staff, imposition of social standards)**



# A better governance for infrastructure

## Efficiency challenge:

- Infrastructure manager as natural monopolies may lack responsiveness to customers' needs
- Insufficient incentives for infrastructure managers (IM) to reduce costs and improve services
- Lack of cross-border co-operation

## Equal access challenge:

- Conflict of interest of integrated IMs, having to grant non-discriminatory access to new entrants and, at the same time, take account of interests of a rail holding
- Discrimination opportunities
- Lack of financial transparency/cross - subsidisation

## A structure that delivers

### **Efficiency measures:**

- Unified infrastructure managers with all necessary functions in the same hands (development, operation and maintenance)
- Coordination body for infrastructure managers and users
- EU network of infrastructure managers - international coordination

### **Equal access measures:**

- Full separation as the general rule: best and most efficient way to guarantee equal access and efficiency
- Possibility to maintain existing integrated structure under strong independence requirements
- Verification mechanism to ensure a level playing field

# Strengthening ERA and simplifying procedures

- **High market entry costs for operators wanting access to EU railway markets due to technical and administrative barriers**

## **Solution:**

- **An enhanced role of ERA in the safety certification of RUs and for issuing individual vehicle authorisation to avoid overlapping and non-transparent national rules**
- **Ultimate responsibility for ERA will lead to a faster, cheaper and better coordinated certification procedure**

# Why amend the Safety and Interoperability Directives ?

- Migration towards a single safety certificate (principle already established by the current Safety Directive)
- Need to improve the vehicle authorisation process (placing on the market and placing in service are clearly differentiated)
- Lessons learnt from 15 years of TSI development (better definition of the content of the TSIs)
- Clarification of the text of the Directives to avoid misinterpretations and translation ambiguities
- Updates due to the evolution of the legislative framework

## Expected results

- **Initiatives are mutually beneficial and enforcing**
- **Will enhance modal shift**
- **Removing discrimination and conflicts of interest**
- **Improve value through competition**
- **Make industry more responsive to customer needs**
- **Increase demand for skilled workers**
- **Create conditions for growth in the railway sector**