



## Open Letter to the Transport Council

30<sup>th</sup> June 2015

**Customers, passengers, independent rail operators, combined transport operators, terminal managers and environmental campaigners, call for Member States to drive forward the rail sector's growth and competitiveness**

At the start of the EU Luxembourg Presidency we the undersigned associations urge the Member States to strengthen their strategic and organisational role in a growth and customer-orientated rail system and to play a central role in driving its modernisation.

Member States hold the key to unlocking rail's growth and competitiveness. They are for the most part in tight control of the means to achieve this. It is either their national-run operators who dominate the rail market or it is the Member States themselves who hold the purse strings to investment in the rail sector, and indeed in many cases both.

To steer rail away from the under-investment and poor performance that plagues the sector, the undersigned urge Member States to recognise the role that open markets can play in promoting investment and growth to the benefit of customers, society and the environment.

With the road freight sector ploughing ahead with truck platooning and many member states liberalising their long-distance bus markets for the passenger sector, rail needs to be able to keep up with the competition and innovation offered by the other transportation modes.

With limited expectations that Member States alone can (or are willing to) fund rail to the extent needed to equip it with the means to effectively counter the stiff competition it already faces from road and aviation, or that the model of national monopolies can alone incentivise the necessary innovative and quality services, we urge Member States to seize the current opportunity to guarantee rail's continued relevance in the transport system and to support the following measures:

## **A level playing field incentivising a competitive environment and private investment**

Member States should promote efficient and growth-orientated management of the rail infrastructure. That means ensuring the independent behaviour of the infrastructure manager, not only in the allocation of capacity and in the determination and collection of charges, but also as a minimum in the maintenance and traffic management of the rail system.

Cherry-picking the advantages that need to be retained for the historic national incumbents undermines all efforts to create a level playing field. It also jeopardises the central role of the infrastructure manager in delivering services the railway undertakings and customers can rely on. An infrastructure manager who is not in control of path allocation, traffic management or maintenance works can only partially assure the quality of service users expect. We urge Member States to take concrete steps forward in creating a strong and independent infrastructure manager that embodies the fundamental conditions needed for a competitive rail system.

For the same reasons we oppose the outsourcing of any of the functions of infrastructure management to railway undertakings and any exemptions to the independence of infrastructure managers, whose infrastructure has been funded by a public-private partnership. Both these provisions have the potential to close up the rail market, rather than enhance its competitiveness.

## **More cooperation and coordination in the rail system**

We strongly support the establishment of Coordination Committees by the Member States, bringing together all the users, including the customers and local authorities to work together with the infrastructure manager and railway undertakings in improving the performance and customer-orientation of the rail network.

The Coordination Committee is a chance to establish a platform for all users to advise the infrastructure manager on issues such as intermodality and the needs of users related to maintenance and development of infrastructure capacity.

We stress that today's rail sector has moved beyond the interests of an incumbent providing a monopoly service, and is reliant on cooperation and coordination between the relevant actors in order to increase investment, efficiency, performance and growth.

## **Full financial transparency and sustainability of the rail system**

The rail sector cannot grow without investment, investment that is not achieved only with public money. Member States have a responsibility to ensure that, where public money is unable to meet the financing needs of the rail sector, the right framework conditions are put in place to attract private investment.

Public funds available for the rail sector should be used to stimulate investment, not to constrain growth in the sector. Firstly that means ensuring that existing public money for investment in the infrastructure and in public service obligations (where commercial services are not viable) is used only for these purposes, ending the misuse of public money. Secondly it means ending cross-subsidisation in the use of public funds and other sources of revenue raised by the infrastructure manager, which endangers the level playing field and the competitiveness of the sector. We oppose any watering down of the strict financial separation provisions.

## Quality of service and information for customers should be at the heart of the rail system

Several operators on a network, operated privately or public are a basis for customers to make a well informed choice between different offers. A level playing field for all operators is necessary, where new entrants can provide new services and better quality in a competitive environment.

Publicly-run rail services can be good, but they can be bad. Privately-run rail services can be good, but they can also be bad. What matters is the quality of information and service driving forward customer satisfaction and growth. That is why we support the opening of the domestic passenger rail market based on competitive tendering, and a level playing field between all operators, so that it is the quality of the service that lies at the heart of the rail system. A race to the top in the provision of quality rail services attracts customers.

We welcome the progress that has been made on the technical pillar of the 4<sup>th</sup> Railway Package in removing barriers to interoperability.

Rail market access barriers block the competitiveness of the rail sector, leaving the rail sector in a weak position and lagging behind the other transport modes.

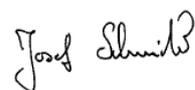
We therefore urge the Member States to make ambitious progress in removing the remaining barriers in the Market pillar, to complete the comprehensive and much-needed reform to lift rail out of its current stagnation and decline.



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## **About CLECAT, ERFA, EPF, ESC, T&E and UIRR**

**CLECAT is the leading voice on freight forwarding and logistics in Europe.** Established in 1958, CLECAT represents and are supported by 25 member organisations working to promote a sound approach to transport and logistics across Europe, in support of the competitiveness of our industry.

**ERFA, the 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. ERFA's 33 Members from across Europe share a commitment to work towards a competitive and innovative single European railway market by promoting fair and transparent market conditions for all railway companies.

Founded 2002, **EPF** is the European umbrella organization of national and regional passengers' organisations. 35 member organizations from 20 countries ensure a real European view on passengers' needs.

**The European Shippers' Council (ESC) represents cargo owners i.e. freight transport interests** (import and export and intra-continental, by all modes of transport) of some 100,000 companies throughout Europe, whether manufacturers, retailers or wholesalers, which are collectively referred to as "shippers".

**Transport & Environment** is a federation of around 50 organisations around Europe with a mission to promote, at EU and global level, a transport policy based on the principles of sustainable development. It focuses on policies that have the potential to achieve the greatest environmental benefits. These include transport pricing so that polluters, not society, pay for pollution, setting standards for the cleanest possible cars, vans, lorries, ships, planes, and fuels, and greening EU investment in transport.

Founded in 1970, the **International Union for Road-Rail Combined Transport (UIRR)** represents the interests of European road-rail Combined Transport Operators and Transshipment Terminal Managers. Road-Rail Combined Transport (CT) is a system of freight forwarding which is based on efficiently and economically inserting electric rail into long-distance (road) transport-chains through the use of intermodal loading units (ILU).