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# Developing EU (International) Rail Passenger Transport

Assessment of the actual and potential market for international  
rail passenger services

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<sup>1</sup> <http://europa.eu.int/comm/transport/extra>

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## Executive summary

Over the last 30 years international passenger rail services have experienced a serious loss of market share and image, while other transport modes like air and the private car have increased theirs. In a fast growing travel market, international train services have difficulty in keeping their market share. Since liberalisation, the market share of air transport has grown consistently. In comparison with the air sector, the international rail sector offers a very heterogeneous picture: in some countries national railway operators still dominate the market, while in other countries, smaller, more flexible private operators have launched international services in competition to traditional services provided by national undertakings.

A mystery traveller analysis revealed the principal problems that rail passengers face while travelling throughout Europe by train. In general, the level of information about the availability and cost of services is very low and rarely satisfactory. The complexity of different fare systems, which apply to each country, makes it difficult for the customer to make the right choice. Moreover the lack of links between different reservation systems may cause serious problems in booking an international train trip. Despite some good examples of passenger comfort like the drinks and meals served in first class on some trains, the overall service offered to the customer is generally rather poor in comparison to that of the air sector. These factors contribute to the public's low perception of international train services.

The willingness of rail operators to co-operate and to provide data is usually very low. The availability of data about international services in general is very poor. As a result, a documentary research has been conducted to evaluate the market. When considering the supply side, it has been found that the size of the market for international trains is relatively small in comparison with other transport modes that offer international services. The overall size of the network consists of about 2,600 international train services in Europe every day. National railway companies offer the majority of these services using a static approach to pricing. In contrast, connections that are operated by new operators tend increasingly to use a market price approach.

When considering the demand for international train services, it has been shown that most of the international travel done by Europeans is for holidays, a segment that has grown consistently in recent years. The business segment represents only about 15% of the demand for international travel. In general terms, the demand for international train services in general varies between countries, from about 3% to approximately 20 % in Switzerland.

The analysis of the performance of international rail services has clearly shown that in comparison with air, car and coach, train services on the 72 routes studied are in a favourable competitive position: in the cross-border segment they offer acceptable journey times in comparison to car and coach and in the long-distance segment they also offer equal journey times in the first 300 km of an international trip, particularly when direct high-speed services exist. Beyond that distance, the time advantage of air transport becomes more and more important. In terms of price, international train services already offer reasonable fares in comparison to their competitors. For each consumer group studied, the train offers journeys for half the price of the plane. Even so, the train may be an expensive way to travel, especially for families, when compared to the direct costs of a car trip.

In contrast to the current situation, the future development of international train services may be very successful as indicated by some current examples like Thalys, which over the last four years has gained approximately 50% of the market share on the Brussels-Paris link. However, this kind of success depends on active new players overcoming the difficulties they currently face at the moment in entering the international train market. In particular, lack of clarity in access conditions for networks and some of the practices of traditional operators, which try to hinder new competitors from entering the market, are a considerable barrier to the further development of the market. There is therefore a potential field of action for the Commission in order to stimulate the supply side of the market.

The users' experiences of international journeys, the prevailing static and traditional approach to the organisation of services, the existing potential for effective and flexible international train services and the barriers perceived by new players underline the importance of a political move towards a more liberalised market together with measures to improve standardisation and interoperability.

# 1 Introduction

The European Commission aims to develop a coherent rail policy throughout Europe. In order to prepare further policy proposals the actual and potential market for international rail passenger services needs to be assessed. To fulfil this task, it is necessary to identify more specifically the potential impact in terms of passenger flows and market development, roles of actors (newcomers, traditional actors) and relations between them and the actual condition of the railway market (level of service provision, minimum guarantees for passengers, etc.).

This implies having a better view on the present situation concerning market forces, institutional issues and main trends emerging from the demand and supply sides. Moreover, the general context of passenger transport, and in particular the railway sector, has to be taken into consideration; of special importance is the fact that the international railway market has strongly decreased as a consequence of a significant development of air transport, that has captured a large part of the non-automobile market (i.e. through a reduction in fare prices, increased capacity, increased competition between airlines and the entry of new operators with a greater possibility of connecting destinations).

Furthermore, the demand for rail services has been weakened not only by a continuous increase in long-distance car use (for example through the modernisation and extension of road infrastructures, increased safety, reliability and comfort of vehicles and better services to drivers and passengers), but also by an inadequate strategy of the national railways in relation to the market for long-distance trains, both regular and chartered, and to the context of European rail competition, in particular in terms of prices, which are often higher than airline tickets. Overall, the above situation requires action by the railway sector.

## 1.1 Purpose of the study

During the adoption of the so-called 'Infrastructure Package', the European Commission had planned to put forward proposals on railway safety, rail freight and rail passenger transport by the end of 2001. The present study was launched in order to assess the current situation and to consider further proposals for the development of international rail passenger services within the EU. OGM were commissioned by DG TREN in May 2001 to undertake research on the current situation of international travel by train within the EU and assess the potential for the development of this sector. The study should focus on the following tasks with regard to an EU regulatory framework for international rail passenger transport:

- Analysing the international rail passenger market by estimating current supply for international rail services in the long-distance and cross-border segments, based mainly on existing data and research.
- Estimating the current supply and demand of competing modes, based mainly on existing data and research.
- Reporting on at least 30 interviews conducted with operators and service providers from the rail, air and road sectors, consumer organisations and user group associations and governmental authorities.

## 1.2 Methodology

During the period from May to mid-October 2001 the consultant has:

- completed a broad desk research, covering 50 recent key documents dealing with rail, including an analysis of annual reports from national railway undertakings (see reference documents)
- analysed the competitive position of passenger rail on 72 international rail segments according to journey time, frequencies and price in comparison to competing modes such as the plane, private car, and coach (see Annexe for the complete list of the railway links used in the study)
- undertaken a qualitative market survey, under the form of “mystery travellers” on international trains
- interviewed 48 key actors in Europe belonging to the rail business or the transport and tourism sector (see also detailed list of interviewed actors in Annexe)

This research was conducted in connection with the following European initiatives:

1. Infrastructure package<sup>2</sup> including the Rail Market Monitoring system (RMMS)
2. Second rail package<sup>3</sup>
3. European Standard on Service Quality in Public passenger transport<sup>4</sup>
4. Protection of Air Passengers in the European Union<sup>5</sup>

The preliminary results of this research were presented on 15-16 October 2001 during a hearing of consumer associations and during a meeting with representatives of national transport ministries and observers from several national railway undertakings. Following these meetings, a preliminary report was sent to the national transport ministries with an invitation to react and provide any additional information if felt appropriate.

The complete report is composed of the following elements:

- General report
- Annexe I: Users’ experiences of international rail services
- Annexe II: Study of the competitiveness of 72 international rail links
- Annexe III: Overview of recent studies dealing with rail
- Annexe IV: Case studies
- Annexe V: List of persons interviewed
- Annexe VI: References

## 1.3 EU international rail passenger transport – a complex field of study

The international train services analysed in this survey concern passenger trains connecting at least two stations from different countries, where at least one of them is situated within a member state of the European Union. ‘Place of departure and place of destination (of the train) are situated in two different states, irrespective of the domicile, the place of business or the nationality of the parties to the contract of carriage (6)’. International long-distance trains can be regular, seasonal or chartered trains. The survey considers the following categories of international train services:

- Standard international day trains
- International high speed trains
- Standard international night trains<sup>7</sup>
- International autotrains (night trains for passengers travelling with their cars)
- Cross-border trains

Except for French high-speed night trains that operate on the national level, this category of service has not yet been identified at an international level. These previous categories are ‘production-oriented’ rather than ‘user-oriented’. When a passenger considers international travel, the use of international trains can cover the need for access to a foreign destination, or be only one of the modes used to fulfil the demand for access to another country, region or city. For an international traveller, the train can also be an extension of a trip done by plane,

<sup>2</sup> Infrastructure package: Directives 2001/12 EC, 2001/13 EC, 2001/14 EC

<sup>3</sup> second rail package: COM (2002) 18

<sup>4</sup> CEN/TC 320 Public Passenger Transport -) Service quality definition, targeting and measurement pr EN 13816

<sup>5</sup> European Commission, COM(2000) 365 final

<sup>6</sup> Intergovernmental Organisation for International Carriage by Rail (OTIF), *Uniform rules concerning the contract for international carriage of passengers and luggage by rail, (CIV), Appendix A to the Convention concerning International Carriage by Rail (COTIF) of 9 May 1980*, OTIF, Berne, 1980. Text available on <http://www.unece.org/trade/cotif/>.

<sup>7</sup> Except for French high-speed night trains that operate on the national level, this category of service has not yet been identified at an international level.

ferry<sup>8</sup>, car or coach<sup>9</sup> (and vice versa). An international trip may also necessitate boarding different connecting trains, and using a mix of international, national and regional trains for the same trip. In fact some international trips connect with other modes like ferries (Berlin-Malmö night trains), airlines (for EU or long-distance trips) or coaches (e.g. access to ski stations). These points show how difficult it is to identify international trips undertaken purely by train.

International trains cover different distance segments, from local cross-border short distance trains to international long-distance trains. Usually, international trains are available to local/national passengers. At regional level, cross-border short distance train services can be part of the local transport system, including local buses, tramways or metro services<sup>10</sup>. When appropriate, links with other countries have been considered, mainly to include Switzerland and the Accession Countries.

#### 1.4 Serious data problems

Concerning the supply side of rail passenger services in general, a certain “cult of secrecy” from the railway companies has to be noted. This mainly concerns the availability of data dealing with international rail services. Often data exists only for national services, resulting in a serious lack of information relating to, international services.

National railway companies were asked to provide figures on turnover generated by different services in a way which enabled to identify the market segment for international rail services. Some companies had difficulties in providing figures in such a way due to the low role that these services play in certain countries (e.g. Ireland), or due to the fact that data exists only for national services or that no distinction is made between income from national and international services. Other companies were not willing to offer detailed figures other than those presented in their annual reports.

One explanation given by operating companies to explain the lack of data is the complexity of the patronage of international trains. They carry national travellers for smaller distances and usually, there are no reserved seats. This means that the companies are not able to identify those passengers who have used an international train for a trip between two countries and those who have used it for a trip within the same country. Furthermore, several tickets may be issued for one international trip and so it is difficult to define the portion of the trip and fare corresponding to an international trip. This creates a lack of transparency and a lack of information about the economic performance of international trains, with the exception of those international trains for which passengers have to make a reservation in advance and where cabotage is not allowed.

The lack of data concerning clients' perceptions of international rail services is equally of great concern. Although the European Commission maintains Eurobarometer<sup>11</sup>, a statistical survey of customer satisfaction, which reflects the perception by European citizens throughout the EU of many public services, including national public transport, international rail passenger services have never been subject to these surveys.

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<sup>8</sup> For instance, the night train service between Berlin and Malmö includes a ferry trip

<sup>9</sup> As this may be the case as pre or post air trip e.g. from Paris, Amsterdam or Brussels, in some cases with fully integrated services (including luggage delivery)

<sup>10</sup> And now more integrated in the form of tram/train services

<sup>11</sup> For more information about Eurobarometer surveys see <http://europa.eu.int/comm/dg10/epo/eb.html>

## 2 Users' experiences

This chapter will evaluate the existing international train service throughout the EU. The observations listed highlight the experience of two mystery travellers during July 2001 and therefore represents a qualitative assessment of these services rather than statistically proven data. Nevertheless they indicate some serious problems faced by international passengers while travelling throughout Europe by train.

### 2.1 Experiences of the mystery travellers

The following categories are listed according to the eight criteria of the European standard for service in public transport developed by the CEN (Comité européen de normalisation)<sup>12</sup>. The aim of the observations below is to form a picture of the current perception of international rail passenger transport from the users point of view. For complete information and the list of rail links studied, see Annexe I.

#### *Availability*

Concerning the availability of international tickets generally it has to be stated that it is very difficult to obtain either the right or the best fare. And, as an example of the complexity of electronic booking systems, it has taken up to five hours to get a couple of train tickets for a family going on an international journey.

Moreover the mystery travellers discovered that:

- International trains services are usually more frequent than planes or coaches<sup>13</sup>.
- There are about four times fewer travel agencies for international rail than for international air trips.
- When you ask for information about a trip for which air and rail compete (or offer complementarity), the agency usually suggests only the air option.
- Reservation systems are sometimes not interconnected.
- International sales counters offer very complex fare systems and only limited journey possibilities..
- When tickets are sold in automats, often only the purchase of national tickets is possible and the procedure is explained in only one or two languages.
- National best fares may be not available at sales counters in foreign countries due to incompatible booking systems.
- National promotional schemes are not known or recognised internationally (up to 87 different schemes identified throughout Europe).
- Prices may vary according to country of purchase (up to 50% difference for the same trip and same passenger profile).
- It was impossible to book a last minute couchette (four hours in advance).

#### *Accessibility*

International services face more or less the same problems of accessibility as national rail services. In detail the mystery travellers discovered the following difficulties:

- Accessibility to stations and trains for people with reduced mobility is usually poor (but there is a positive trend on new trains).
- Accessibility for bicycles is very poor, complex and unpredictable (on board and at station); but in some cases, making a reservation is possible and in others mandatory.
- Stations and services are badly signed (compared to an airport).
- Interface with other modes is extremely varied and may be well organised or not organised at all (for example, on some trains it is possible to get information and/or to buy tickets for connecting services).
- Low level of service when passengers with luggage have connections.
- Drop off parking is not always available.

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<sup>12</sup>CEN/TC 320 Public Passenger Transport -) Service quality definition, targeting and measurement pr EN 13816

<sup>13</sup> This has been stated during the analysis of 72 international rail links and in some personal interviews.

## Information<sup>14</sup>

In general it is the case that information about international rail services is sometimes very poor, especially if compared to the air sector. The main problems faced are as follows:

- Only one comprehensive private guide exists, published in English (Thomas Cook - £ 11.99).
- Internet sites like Yahoo! do not include 'rail' in their 'travel' sections, even when rail has competitive services.
- The available choices are not explained when the ticket is bought (e.g. difference between a first class couchette and a first class sleeping coach).
- No information for people with sensory disabilities.
- It is very difficult to get a copy of the conditions of the transport contract.
- The conditions of change or reimbursement are either not clear or unexplained.
- An international ticket can only be reimbursed or modified in the country and place of purchase, even when the passenger could not travel due to a strike, and did not go back to the country of purchase.
- When a phone number for information is provided on the Internet, the service is usually not accessible from abroad.
- No clear idea on where to complain and get support when obvious basic service provision has not occurred (no information in stations, on board trains, or on the Internet).
- Verbal information is rarely given on board, even when there are severe delays.
- Public Announcement Systems: information provided on board train is frequently incomprehensible (when clear, usually provided in one local language only)
- Written information is very rarely provided on board on trips, connections and services; when provided, it is only available in the national language.
- When delays occur, staff tend to minimise the impact and the problems, and to be unclear about the exact conditions of the trip.
- Some cases of good practice have been discovered with full information on the trip (even the speed) and the services available, in three different modes (acoustic, visual, leaflets).

## Time

- International trains may experience severe delays.
- Time to change locomotive may be very long without clear explanation to the passengers.
- When risk of delay is known at departure station, it is not explained to the passengers.

## Customer care

- In cases of delay, little support from staff on board train or at station.
- The capacity of staff to assist passengers varies.
- Some seat reservations are not possible on board, and when possible they are not always guaranteed.
- Some additional fares are asked from Inter-Rail passengers, without receipts being given.
- Usually, no assistance when boarding with luggage.
- Newspapers or magazines are usually not available.
- Some confidential loyalty programmes are often limited to a specific line or service.
- Often mono-lingual staff with no clear identification.
- Compensation schemes are rare, and in some cases the passenger must prove the responsibility of the rail operator.
- Mediation services may require an access fee.
- No lost and found office has been discovered at an international level.

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<sup>14</sup> Tests done by consumer associations to assess the quality of the information provided to users: in Italy, in 26 tests on the Inter-Rail pass in main stations, 7 were positive; in 43 tests in secondary stations, 2 were positive (ALTROCONSUMO), in Belgium, 6% of responses rated good at ticketing counters for a standard international day train service after one request; this rate reaches 60% at the second request (test-achats)

### *Comfort*

The level of comfort varies widely on international journeys. In some trains an excellent level of comfort is offered enabling passengers to enjoy a relaxing and leisurely journey (including Internet access, luggage lockers on board, 'office' carriage with fax available, parents and children compartments, special lounge at some stations). Problems the mystery travellers faced:

- No bar or restaurant available in some international trains, even for trips longer than 12 hours, without prior notice before boarding (the information may be given on board in the best cases).
- In some trains with restaurants, the menu is distributed even when no food is available.
- Bars close at scheduled times, even when trains are delayed by two or three hours.
- In on-train restaurants, usually no options offered to passengers having special needs (for religious, ethical or medical reasons).
- Prices of services on board may be very high compared to the quality of the food provided.
- In some trains, the luggage rack is too small to accommodate backpacks.
- Passengers may have to use broken seats or equipment.
- Cleanliness of trains may vary (including windows); in some trains, waste bins are missing.
- Toilets are sometimes closed towards the end of long trips due to unsanitary conditions, and sometimes are already closed at the beginning of a trip.
- Telephone equipment if it exists, is unreliable.
- Irregular mobile phone connections even when travelling in areas with good network coverage.
- Comfort adversely affected by the state of the track.
- Baby-changing facilities are rarely available.
- At some stations, no baggage trolley is available.
- In some trains, less than 1 m<sup>2</sup> of personal space per passenger is available on long-distance trips.
- In overcrowded trains the only seats available are in the smoking section; for last minute reservations, seats are provided in the smoking section only.

### *Security*

- Information provided on board trains is frequently not comprehensible and is usually provided only in the local language
- Low presence and visibility of staff on board (particularly in case of problems)
- Sometimes trains are overloaded (impossible to move in the coach, passengers standing for a long time) provoking serious questions about emergency procedures.
- Impression of lower safety than for a plane (open access to trains, luggage or personal belongings at risk of being stolen, less control of passenger access - free movement for drunk passengers)
- Passports retained by night train staff, even when travelling in the Schengen area, without a clear explanation that this is an optional procedure and only carried out to avoid disturbing the passengers at night.
- Smoking/no smoking policy varies from one train to another, and in the same train from one time to another (no smoking when couchettes folded out)

### *Environmental impact*

No specific information is given concerning the environmental impact of train services nor action to raise awareness at this level.

## **2.2 Comment**

As a result of the mystery travellers' experiences, it is clear that any competitive advantage international train services have may be 'erased' by poor customer care and lack of a commercial attitude in many cases. Often the user suffers from the monopoly of the operator and as a consequence, confidence in the system may be reduced.

### 3 Production of international trains

#### 3.1 General information about production

International rail links are clearly less numerous and evenly spread than street infrastructure, for example. In order to get an impression of the importance of the inter state railway links, the following figures provide an idea of infrastructure size according to the number of links between states<sup>15</sup>:

- Between the 15 EU members: 39 links<sup>16</sup>
- Together with Poland, The Czech Republic, Slovak, Slovenia, Hungary, Bulgaria, Turkey, and Norway there is a total of about 62 cross-border rail links between the 24 countries.
- Switzerland occupies a central position in Europe, with 9 links (4 with France, 1 with Austria, 2 with Italy and 2 with Germany).

##### 3.1.1 Scale of train production

There is no consolidated data available to the public about the scale of international train production on these inter-state rail links. The recommended reference by the UIC is the Thomas Cook timetable, which gives a list of international trains<sup>17</sup>. In addition to the fact that, to be considered as international, a train has to cross at least one border, the following categories of trains have been distinguished from the Thomas Cook timetable:

**Cross-border services:** Trains that are not classified at all or that are classified by the national railway undertakings as N/RE/Stop train etc.

**Long-distances trains:** Trains that are classified by the national railway undertakings belonging to the following categories: EC Eurocity, D-Zug, S =Schnellzug, IR =Interregio, etc. The majority of these trains are conventional locomotive-hauled trains.

**High speed trains:** Trains are classified as: ICE, Thalys, Eurostar, CIS, TGVInternational, X 2000, CIS. The definition of this category relates more to the type rolling stock, than to the actual speed of the train itself. These trains usually provide a high level of comfort and reservation is compulsory in most cases. Usually these trains are composed of multiple unit sets. On the majority of the international sections they serve, they are using traditional infrastructure, allowing only a limited speed of about 160 km/h at maximum. Therefore true high speed connections, as for example Brussels-Paris, are still rather rare.

**Night trains:** Trains are classified as CNL (CityNightLine), EN (Euro Night), Train Hotel Elipsos, NZ (Nachtzug), D (Classical night train), ICN (Inter City Night). Every train offers at least couchettes if not sleeping cars and is mainly in service over night.

The table below presents the estimated number of international trains operating daily in Europe (incl. Accession Countries). The number of trains has been counted, according to the definitions above based on the Thomas Cook timetable, and crosschecked with national timetables for each cross-border section.

**Table 1: Estimated number of international trains daily**

Service	Between EU countries <sup>18</sup>	Between EU- and accession countries <sup>19</sup>	Total
Cross-border services	1340	380	1720
Long-distance trains	440	120	560
High-speed trains	240	0	240
Night trains	100	30	130
<b>Total</b>	<b>2120</b>	<b>530</b>	<b>2650</b>

Source: Thomas Cook, OGM

The table gives an impression of the size of the daily production, estimated at around 2650 trains. In addition, there are about 200 international seasonal and night trains, running only for a certain period or, like “ski trains”, on some week ends in winter only.

When compared to national services, the total amount of the production of international trains is however relatively low: In a smaller country like Belgium about 3500 national trains operate daily<sup>20</sup>. The number of

<sup>15</sup> See table in annexe for details (source: Thomas Cook Rail Map of Europe – 13<sup>th</sup> edition)

<sup>16</sup> 2 EU members have no cross-border connection to other member states (Greece and Finland)

<sup>17</sup> European Rail Summer Timetable, 2001 pp 48 to 96

<sup>18</sup> This includes all regular trains, circulating only between the EU member states (CH included).

<sup>19</sup> Includes trains from and to the following countries: PL, CZ, SK, SLO, HU, BUL, TY, N.

national German trains is estimated at about 38000 daily. The relatively low importance of international rail services becomes even clearer when compared to the number of estimated flights throughout the EU of about 24.600 to 26.000 daily (60% of these represent a distance of less than 730 km)<sup>21</sup>.

### 3.1.2 Financial volume of the production

The importance of the market for international services was assessed by examining the financial turnover generated by such services. National railway undertakings were contacted in order to get figures for the turnover generated by the national rail passenger services and by international rail passenger services. Reaching a comprehensive overview of the current income from international services proved extremely difficult partly because the statistics compiled by national or international bodies and those published in annual reports of railway companies do not distinguish between income generated by national and international services, and also because certain railway companies did not dispose of such figures or were unwilling to make them available for the purpose of this study. As a result, out of the 95 annual reports of rail companies that have been analysed,<sup>22</sup> only

- 16 gave data on the number of international passengers
- 13 gave data on international passenger km
- 6 gave data on turnover for international passengers.

This situation reflects the comparatively low interest that national railway undertakings have for international services.

Table 2 indicates the turnover generated for national railway undertaking by all passenger services, highlighting the turnover generated by international services in relation to the overall turnover for passenger services (percentage of turnover for international passengers, excluding cabotage). For certain companies these figures were available as published in their annual reports (CFL, CP, FS, ÖBB, NS, SNCB<sup>23</sup>). Other companies were contacted in order to provide missing data: VR and SNCF provided figures which included cabotage and no additional figures were available for CIE. DB AG were not in a position to provide figures in a more detailed manner than those published in their reports. Figures for international passengers turnover were not available for DSB. No figures were available for SJ and RENFE.

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<sup>20</sup> Source SNCB

<sup>21</sup> Data provided by IATA

<sup>22</sup> 19 European companies (EU and AC), reference years 1985, 1990, 1995, 1999 or 2000 according to availability

<sup>23</sup> Figures given date from different years between 1999 and 2000

Table 2: Turnover from international passenger transport in relation to income from national passenger transport

Company	Turnover for national and international passenger and luggage transport (in million Euro)	Turnover for international passenger transport (excl. cabotage) (In million Euro)	% total passenger turnover
CFL	25.9	18.2 <sup>24</sup>	70,2
CIE	110.4	No figures, only one line to Belfast	-
CP <sup>25</sup>	198	4.4	2,2
DB AG	9187.9	No figure available	-
DSB	355.5 <sup>26</sup>	No figure available	-
FS	1.879	201.5 <sup>27</sup>	10,7
NS	1209.7	69.9 <sup>28</sup>	5,7
ÖBB <sup>29</sup>	502.7	87.9	17,4
RENFE	811.5	No figure available	-
SNCB <sup>30</sup>	482.6	159.7	33,1
SNCF <sup>31</sup>	7940.0	1003.0 including cabotage on Eurostar and Thalys	12,6
VR	275.3	6.9	2,5
SJ	621.3	No figure available	-
CH	No figure available	Only 3 international services	-
CD <sup>32</sup>	1.054.2	25.4	2,4

According to a UIC figure<sup>33</sup> for 1999 the total turnover of rail passenger services for the EU-12 Member State railways was estimated at about 24 billion €. Considering that international passengers services represent on average about 10% of total turnover, the total market volume for international rail passenger services can be estimated at around 2.4 billion €. When considering the number of international rail passengers (80 to 100 million, see Chapter 5), it can be estimated that a figure of around 4 billion € would be closer to reality (supposing an average expenditure of 40€ per passenger). Due to the complexity of the subject it has not been possible to present a general view of the financial consolidation of international train operations.

In some cases, specific financial reports are published (Thalys International, Eurostar). In other cases, it has been said during the interviews that the costs of operation varies from profitable situations (GVG, operating night trains between Berlin and Malmö), to 40 % of coverage for classical international trains (without a clear explanation of the sources of deficit coverage).

No case has been identified where international long-distance trains are subsidised, though for some international trains the cabotage activities are de facto subsidised, when the subsidy is given to the passengers. Therefore cabotage is an important source of revenue. The level may vary from 0% in the case of Thalys to 50% or more of passengers on specific trains. In general it is clear that the willingness to provide information about deficits and their coverage varies considerably from one operator to another.

### 3.1.3 Fares

The basic principle of fares definition is based on the distance and speed of the train. The longer the trip, the more expensive it is (this is not a principle for air flights, where the price paid is more a reflection of the level of competition). Some fixed taxes apply in trains where reservation is compulsory. Considering the types of fares for international services we can distinguish between 4 categories:

<sup>24</sup> Annual report 2000 CFL p. 58

<sup>25</sup> Annual report 1999 CP p. 94

<sup>26</sup> DSB Annual report 2000 p. 106

<sup>27</sup> bilancio di esercizio 1999 p. 111

<sup>28</sup> Annual report 2000 NS p. 12

<sup>29</sup> Annual report 1999 ÖBB p. 13

<sup>30</sup> [www.sncb.be](http://www.sncb.be),

<sup>31</sup> written information from SNCF, figures of the year 2000

<sup>32</sup> For additional information: This company provided also a separate figure for the turnover, generated by international passengers. Source: Annual report 1999 CD p. 8/9

<sup>33</sup> UIC Sheet 72: charges et produit par nature. 1999

1. **Fares based on UIC rules** (addition of national segments with national price plus TCV (Tarif Commun Voyageur) prices for the section in the other country(ies); TCV prices may be similar to national prices or higher)
2. **Market prices** (Thalys or night trains) under specific agreement between the operators involved (yield management, in reference to competition, costs and demand)
3. **European passes**  
Inter-Rail : prices defined at the yearly Inter-Rail conference (8 price zones)  
Eurodomino : pass valid for one country only
4. **Overseas passes** Eurail pass and Eurail tickets: prices approved yearly by GIE<sup>34</sup> Eurail General Assembly

In general public service obligations on tariffs have not been identified for international services. In contrast to Great Britain, where there are reductions for People with Reduced Mobility (PRM) on long-distance services apply, no similar reductions exist for international passengers.

### 3.1.4 Share of revenue

The share of revenue between the operators varies according to different categories of fares:

- For the UIC rules tickets, there is a split of revenue according to the scale
- For the ‘offer entities’, it is according to the contracts between companies
- For the passes, rules are decided at yearly conference, or according to surveys
- Usually, there is a sales commission for the network selling the ticket/pass

As for the classic TCV fares, the special offers follow the same rule that obliges the operator to pay a sales commission to the agency selling the ticket. This sales network, selling international train tickets is, in Belgium for example, 4 times less dense than the one for air tickets. In the case of special offers, valid on international rail links, a capacity management applies:

- All international TGV are managed by a dynamic yield management.
- International night trains have a “static contingent system”.

Once the sales commission is paid to the agency the national networks share the revenues according to the trip length on each network and the national tariffs. The revenue of an Interrail ticket is shared between the members belonging to that zone according to an appropriate key. For the Eurodomino ticket, the revenues belong to the operator of the network the ticket is valid for.

### 3.1.5 Share of costs

Every railway undertaking bears the costs of the international trains operating on its infrastructure. For companies operating within the UIC regulatory framework, a company operating a train service in a foreign using the network infrastructure of or for which the rail operator has to pay a fee to the track another will bear the operating and infrastructure maintenance costs (a country rolling stock circulating on foreign the concerned railway undertaking is reimbursed for the costs of depreciation and maintenance. On the own network this railway undertaking pays for the circulation of foreign rolling stock. The railway undertakings tend to equal the balance in natural based on an axle kilometre basis. If it is impossible to equal on natural basis there is a reimbursement under the form of money transfer between the railway undertakings.

### 3.1.6 Problems encountered

This chapter does not aim to give a comprehensive overview of the issues but rather highlights some of the problems perceived by the operators.

During interviews it became clear that VAT levels for International Trains vary from one country to another (from 0% to 16%). A general coordination of VAT rules would offer better conditions for an EU International Train market (it was mentioned during the interviews, that a higher margin could stimulate international activities).

Further, the level of reliability of international services seems to be lower than that of national services. In Belgium, the punctuality level in 2000 was 76.9% for traditional international trains (5 min max) and 90.7% for national services. The same is observed for international trains between France and Germany. They reach a 62% punctuality level with a 15 min max delay. In comparison to these figures, the level of Thalys is 85%<sup>35</sup>.

<sup>34</sup> Groupement Européen d'intérêt économique

<sup>35</sup> Written information from SNCB

Often international trains face problems due to their priority level. Sometimes they have the same level as freight trains and in some countries their priority level is lower than that of national or regional trains. Further, there is the problem of consistency between countries of both priority level and of capacity allocation. It may be that a train has to 'lose' up to 30 minutes on its journey in order to arrive 'on time' at the border.

It has not been possible to get any quantitative information on chartered trains or seasonal trains in Europe. Chartered trains are considered as marginal (source: interviews, no statistical data has been found).

With the rise of consortiums operating outside the TCV system (eg. Thalys, Eurostar, etc.) a new tariff interoperability problem occurs, whereby tickets issued without reservation for ordinary international services are not valid on such trains. This means, for instance, that a passenger with a Brussels-Aachen return ticket for travel by ordinary train only has a choice of one train every two hours for the return journey, where it should be one every hour (ordinary long-distance train and Thalys are alternating on the same section).

### 3.2 International long-distance trains

International long-distance trains are operated and produced by national operating companies. Co-operation between national undertakings is the basic organisational approach to setting up international services. This co-operation occurs mainly between traditional state owned railway undertakings – authorities do not play an active role in this process.

The UIC Route Management is one form of open co-operation mainly between the traditional national railway undertakings. According to the CODE UIC C6 document, where the principles of Route Management are laid down, there are 9 defined corridors, crossing Europe. Each of these corridors consists of several so-called "routes", managed by the national railway undertaking representing the longest part of the route. These route managements can be seen as working groups, meeting yearly or more often, according to the demand of a route. Inside these working groups new concepts for the offer on international routes are developed and adapted. For each of these routes there is a Route Management (RM), which consists of

- Representatives of marketing and
- Representatives of the technical production of railway undertakings running trains on that route.

The marketing representatives of the operator, which had the highest traffic volume or sales on that route, lead each RM. The general directors of each company involved are informed of the results of each RM session via their marketing representative. The FTE (Forum Train Européen) is the overarching organisation where the results of every single RM are coordinated. The RM develops and prepares time tables, fares, quality standards and travel information. When the final decision has been made about what kind of service will operate, and with what timetable, the responsibility for the final set up of an international service is then also decided there, meaning which railway undertaking is going to provide the coaches and the traction.

Inside the Route Management standard, labels exist to classify international trains: in order to receive for example the brand name "Euro City" several comfort standards have to be fulfilled. Therefore a certain "quality control" for international services exists. However in reality these standards are not monitored in any way.

Usually, international long-distance trains are not covered by public service obligations and are not subsidised. Alongside the traditional approach, new 'offer entities' have been developed over the last few years. These new types of "organizations" of traditional railway undertakings increasingly satisfy the international railway market. They are based on a cooperative structure, in charge of the development of concept, marketing, and resourcing from traditional players.

The so-called "offer entities" are groupings consisting of national railway undertakings: Eurostar Group, Thalys International, Artesia (TGV + some night trains between France and Italy), Rail France-Suisse (TGV Ligne de Cœur), Elipos (Trainhôtel between France and Spain), and TEE. These groups currently manage a considerable number of international links and have replaced the old route management organizations.

Their aim is to address not only the overall service and its marketing (restaurants, customer services) but also the management of rolling stock, staff and capacity. However, these offer entities do not own the rolling stock and the staff, and therefore they might not be considered as "classical railway undertakings". The influence of a national railway undertaking in such an offer entity varies from group to group. In the recent past these offer entities like Thalys have shown their capacity to operate traditional networks successfully, with a new marketing and service approach.

### 3.3 Cross-border services

Cross-border services group together all rail services that cross at least one border between 2 member states, or a member state and another country, while not being classified as long-distance service by the operator. As shown at the beginning of this chapter the cross-border service production has a daily figure of approximately 1700 trains, representing the biggest part of international train production in Europe. However, these services operate under extremely heterogeneous conditions:

- local conditions for public service regulations
- specific authorities in charge of local passenger transport (at least two) with local mobility strategic plans
- different train operators with exclusive rights to operate
- subsidised operations
- national legal frameworks which include the case of provision of cross-border trains

Authorities/operators take the initiative to co-operate and to launch a service. That can be a common involvement operation or a ‘unilateral’ initiative accepted by the other side. The key condition for the development of these services is the willingness of the partners to reach an agreement. Therefore a strong involvement of transport authorities in the decision process may prove to be decisive.

In contrast to that, when there is no shared willingness, it is very difficult to have a successful project, even when there is a market; the diverse administrative procedures may also be an obstacle. In some countries, the position is still complex, as international co-operation requires approval from national/federal Government. In one country, it may be necessary to discuss a public transport line with 5 different local authorities.

Examples of recent new projects or potential projects are:

- Saarbahn (tram-trains) see case study in Annexe IV
- Land Baden Württemberg and Alsace Region
- Alsace Region - Rheinland-Pfalz - Basel Region (involving the authorities and operators; successful formula in relation to a strong urban mobility plan in Basel – the public authorities have co-financed new rolling stock)
- Mecklenburg-Vorpommern and Poland (proposed new direct connection by Connex)
- Potential for new connections (eg. Brighton – Lille)
- Arge Alpe Arbeitsgemeinschaft Alpenländer

#### 3.3.1 Special fares for cross-border services

In general the same fare system applies for cross-border services as for international long-distance services (TCV fares based on UIC rules). Due to the fact that fares for cross-border services are more expensive in comparison to national fares for similar distances, many initiatives have recently appeared, developing special fares for cross-border trains, as for example:

1) Saar-Lor-Lux ticket (Saarland, Lorraine, Luxembourg)

- Leisure market segment (weekend)
- From 1 to 5 passengers, full access to the 3 networks
- Prices range from 15 € (1 pass.) to 45 € (5 pass.)
- 50% of revenue for the network selling the ticket, 25% for the two others
- No subsidy (DB Saar – CFL – SNCF initiative)
- 3,296 clients (in 2000)

2) Flexway ticket (France and Luxembourg)

- Market segment of daily workers
- One pass for two networks + local public transport
- Monthly pass
- Revenue split: according to a contract between the authorities and operators
- 3,900 clients daily (in 2000) out of a potential of 32,000

### 3.3.2 Problems encountered

The initiative to launch such services is mainly taken by regional operators and/or regional – local authorities. Often cross-border services are linked with a political framework (regional mobility plan, cooperation scheme between regions) or a specific need for a commuter segment. As in the case studies shown (see Annexe) production and pricing initiatives are necessary to attract passengers. For cross-border services the client sometimes has to pay higher fares than for national trips of the same length due to taxes which apply to each national segment of a trip.

At this stage no real example (except the case of Copenhagen-Malmö) of a PSR (Public Service Regulation) contract has been identified for cross-border services. It is the case that the development of this kind of services is mostly by informal contacts and negotiations between the actors concerned. As cross-border services often represent only a marginal part of the production, their operators tend to have no separate statistics, so there is a noticeable absence of data. For a more detailed view on the issues related to these services in particular, see Annexe III where a general description of the market can be found.

### 3.4 Night trains

According to the 2001 Thomas Cook European Time Table, international night trains operated in Europe belong to the following six categories:

- CNL City Night Line<sup>36</sup>, operated by a consortium including DB, SBB and OBB
- EN EuroNight<sup>37</sup>, operated by national companies in cooperation or not, depending on the international passenger division of the rail companies or by private companies like GVG or by joint venture like Artesia between SNCF and FS
- Train hotel Elipsos<sup>38</sup>, operated by joint venture between RENFE and SNCF
- NZ DB NachtZug<sup>39</sup>, subsidiary of DB
- D Durchgangszug or Schnellzug<sup>40</sup>, operated by DB
- ICN InterCityNight<sup>41</sup>,

These services are marketed under a specific brand, owned by a single company or a consortium. The night trains are now marketed, using a new approach, basically including

- Appropriate time of departure and arrival
- Non stop trains for at least 6 hours to increase comfort and avoid interrupting sleep
- On – board service
- Choice of level of comfort, from individual seat to large bed room with shower

The profitability of a night train is a direct consequence of the load factor, and regular operation. As the name indicates it can run only once a day, which makes it important to have high load factors. Therefore a certain level of demand is necessary to offer an international night train service that is running profitably.

<sup>36</sup> Quality international overnight train. Carries Deluxe sleeping cars (1 and 2 berth) with en suite shower and WC, also has Economy sleeping cars (1, 2 and 4 berth) with en suite shower and WC, couchettes (4 and 6 berth), reclining seats and a bar. Special fares apply and reservation is compulsory.

<sup>37</sup> Quality international overnight express (the night trains operated by GVG between Berlin and Malmö are classified EN).

<sup>38</sup> Spanish international quality overnight train. Has Gran Clase sleeping accommodation comprising deluxe (1 and 2 berth) compartments with en suite shower and WC. Also has 1, 2 and 4 berth sleeping cars.

<sup>39</sup> Quality overnight train, operating within Germany using modernised sleeper, couchettes and seating cars. All trains have a bar. Talgo services also have a restaurant. Special fees apply and reservation is compulsory.

<sup>40</sup> Overnight or international express. Some may convey passengers to international destinations only and are likely to have compulsory reservation.

<sup>41</sup> Italian overnight train, supplement payable.

### 3.5 Auto trains

Auto trains are specialized international services comprising conventional coaches and couchettes or sleeping cars as well as special car transport carriages. Special terminals are required to load the cars. Auto trains satisfy an extremely variable demand during the year, according to the season. The following table illustrates this variation and gives auto train connections<sup>42</sup> in the inventory of the Thomas Cook guide (only between the EU countries):

**Table 3: Number of international auto train connections according to season**

Winter	16
Summer	167
All Year	30
Total	213

Thomas Cook

**Table 4: Frequency of auto train connections during timetable period**

1 day per week	145
2 days per week	32
3 days per week	22
4 days per week	0
5 days per week	10
6 days per week	0
7 days per week	4
Total	213

Thomas Cook

The 2 tables show the high importance of the summer season together with the concentration on weekly services. Due to a lack of marketing auto trains tend to be badly perceived, as a constraining and expensive product. The transportation of one car, excluding passengers, between for example Belgium and Italy (Bologna) costs between 206 and 338 € depending of the period (peak – non peak).

<sup>42</sup> One train can offer multiple destinations or have multiple origins, as these trains may be split or grouped during the trip; the trains leaving Belgium for instance leave two stations (one in Flanders, one in Wallonia) and are connected near the border to the final destination.

## 4 Competitiveness of international trains

This chapter looks at how competitive international train services are in comparison with other modes of transport such as plane, coach and private car. In contrast to the air sector, where IATA makes data on passenger flows on almost all air connections available for a sum, there is very little available data about passenger flows on international rail links. The praxis of cabotage (carrying national passengers on international trains) makes it extremely difficult to obtain relevant figures about the share that rail passenger services have on international trips.

### 4.1 Market share and segments

If we consider the general market share of trains at the European level we can estimate that international services represent a market share of about 6% of the travel market for international trips. This figure is confirmed by other sources such as “EU transport in figures” from 2000 (6%). In research published in 1998<sup>43</sup>, the market shares for the transport modes used by Europeans on holiday were as follows:

**Table 5: Market shares for Europeans on holiday**

Car	58 %
Plane	31 %
Train	10 %
Other modes	1 %

Source: Facts and figures on the Europeans on Holidays

ETM published figures for 1998 concerning the market share of each mode of transport for international trips undertaken by Europeans: the plane (47%) covers nearly half the market, followed by the car (34%), coach (9%), train (6%) and ship (4%). These figures show very clearly the relatively weak position of the train in comparison to the other modes of transport in international travel.

The picture becomes even clearer when considering the findings of the EC research project ARTIST, a general overview of the international trips generated by European countries. The data showed, how the market share of trains varies from country to country (from 3% in GB and Greece up to 20% in Switzerland).

**Table 6: Classification of European traffic generating countries**

Groupings of countries	Alpine countries CH, AUS	Nordic countries SWE, NWE, FIN,	Rhine countries NL, B, L D	Island countries UK, IRL, IS	Link country F	Mediterranean countries E, I, P, HE
Trips abroad / year per person	<b>1,5</b>	<b>1,2</b>	<b>1,1</b>	<b>0,6</b>	<b>0,3</b>	<b>0,2</b>
Main transport mode	<b>45% car</b> 37% plane AUS: 15% bus CH: 20% train	24% car <b>64%plane</b> 8% bus 4% train	<b>47% car</b> 35% plane 12% bus 6% train	15% car <b>75%plane</b> 8% bus 3% train	30% car <b>52%plane</b> 8% bus 10% train	34% car <b>47%plane</b> 11% bus 7% train

Source: ARTIST

If we consider the breakdown of international trips by Europeans by transport mode and purpose of trip, some significant differences can be observed in these categories:

**1. Business:** This segment is clearly dominated by the plane - about 50%. The car is the second most important mode of transport. The train covers only about 8% in that category. Typical characteristics for the business travellers are:

<sup>43</sup> Facts and figures on the Europeans on Holidays

- High time sensitivity: train is appropriate if trip is shorter than 3h<sup>44</sup>, in order to allow same-day return
- Low price sensitivity:
- Highly sensitive to reliability, service and comfort
- Appreciates the right balance of customer care and reward schemes

For non-business related travel the market share of train is slightly higher in the following 3 categories of journeys:

**2. Short break:** The car dominates this segment with 56% followed by the plane and the coach. The train covers only about 9% of that segment.

**3. Holidays:** The plane dominates this category. The market share of the train is nearly half of the bus, which covers 10%. So for holidays the train represents the least frequent mode of transport.

**4. Visiting friends and relatives:** Also clearly dominated by the car but in this segment the train has its highest share of nearly 14% which is significantly higher than in the other categories.

While business travellers are more demanding in terms of time and comfort, other consumer segments tend to be more price oriented when travelling during leisure time, as reflected in the last 3 categories. For the purpose of the comparison of the competitiveness of train versus private car, plane and coach, 3 segments were identified that dominate leisure related travel:

- Families: often travelling with 4 to 5 people (parents with children)
- Teenagers: most of the time travelling alone or in groups
- Seniors: travelling alone or as a couple, sometimes in groups

## 4.2 Analysis of 72 lines

In order to examine the competitive position of international train services in comparison to other modes of transport, 72 railway links throughout Europe have been analysed. For the overview of the lines and the exact conditions of the study and the detailed results see Annexe. The results gained, contain some interesting findings, in particular the fact that the train offers in the cross-border and the 0-300km categories a competitive commercial speed in comparison to its closest competitors, the car and the plane. Above a trip length of 300km the train becomes less competitive, while the plane offers here a higher commercial speed. This is consistent with the argument of the COST 318 study<sup>45</sup> of the competitive advantage of planes for trips above 300km. The details of these results are as follows:

### 4.2.1 Journey time

**Table 7: Relation between train and fastest mode of transport**

Category	Cross-border	0-300 km	300- 600 km	600- 900 km	> 900 km
Average distance	56,7 km	185 km	412 km	742 km	1366 km
Average speed train	59 km/h	62 km/h	71 km/h	64 km/h	85 km/h
Average speed plane	-	55 km/h	109 km/h	180 km/h	322 km/h
Average speed car	83 km/h	75 km/h	82 km/h	83 km/h	86 km/h
Average speed coach	47 km/h	49 km/h	59 km/h	65 km/h	66 km/h
<b>fastest mode in relation to average speed train</b>	<b>1 – 1,4</b>	<b>1 – 1,2</b>	<b>1 - 1,5</b>	<b>1 – 2,8</b>	<b>1 – 3,7</b>

Source OGM

With regard to the time sensitive business segment, cross-border services are very competitive in terms of journey time in comparison to private car and coach. In many cases they offer equal or even better journey times than the car. Long-distance train services are also in a very competitive position for trips up to 300 km. They already offer journey times close to that of the private car, and are also in a very strong position in comparison to

<sup>44</sup> This figure has also often been mentioned during the interviews. For further information see Annexe 3: COST 318 Interactions between high-speed rail and air passenger transport. See also Annexe 3 document: Evaluation of transport advantages.

<sup>45</sup> COST 318: Interactions between high-speed rail and air passenger transport.

air travel, which is hampered by the time spent getting to and from the airport. For distances above 300 km, the plane is currently the most competitive mode for time sensitive travellers.

#### 4.2.2 Frequencies

**Table 8: Daily average frequencies of train, plane and coach**

Category	Cross-border	0-300 km	300- 600 km	600- 900 km	> 900 km
Average distance	56,7 km	185 km	412 km	742 km	1366 km
Average frequency train (Weekend)	26,2 (22,7)	20,0 (16,6)	14,6 (13,9)	11,4 (10,6)	9,3 (8,5)
Average frequency plane	-	4,5	6,6	8,1	5,6
Average frequency coach	1,2	2,4	1,9	1,2	0,7

Source OGM

Considering the frequencies, the train is in all categories clearly dominant. The train has its highest frequency in the cross-border segment, whereas the plane has its highest in the 600-900km category. The best-deserved category by the coach is the 0-300km. In general it can be stated that the train offers almost the double of services in comparison to its competitors.

#### 4.2.3 Fares according to different consumer groups

**Cross-border services:** These trains also represent a competitive offer for the more price sensitive segments, providing generally lower prices and better travel times than the private car or coach services. They also represent a competitively priced offer in comparison with the private car for all consumer segments except for families travelling with 4 people. This still applies if only fuel costs are taken into account.

For long-distance services, however, the picture becomes more heterogeneous for each consumer segment. In general it was found that plane costs for all consumer groups are nearly twice that of a regular train fare even if first class train fares are considered. In particular the relationships are as follows:

**Business (first class traveller):** For a first class traveller the economy class plane fares are on average slightly more expensive than first class train fares. If the real costs of the car are taken into account, a car user will pay approximately as much as plane fare costs.

**Families:** The private car is cheaper for families than the train if only fuel consumption is taken into account. If real costs are considered, however, private car costs are the same as the train. The plane costs nearly twice that of the train. The coach is a cheaper but slower alternative.

**Teenager:** As teenagers do not generally own cars this option has been excluded. The coach is the cheapest way to travel; plane fares are about double the price of a train trip.

**Seniors:** The cheapest choice is the private car if only fuel consumption is considered. The real costs of car travel are 50% more than the train. The coach is cheaper than the train; the plane costs nearly twice that of the train.

As a general result of the line study, it can be stated, that international train services are in a weaker position in relation to their closest competitors, the coach and the car. The longer the distance the more competitive is the plane in terms of journey time. Nevertheless international train services offer a cheaper choice in comparison to planes and, especially with cross-border services, offer better fares than the car if the total costs of car travel are considered. They are also in very close competition with coaches, which in general represent the slowest mode of travel. The train is the mode that offers the largest choice of prices and travel times. Even if it is not the fastest or the cheapest mode, it is always in close competition with all the other modes.

## 5 Future market potential for international trains

The European market for international travel is increasing. The enlargement of the EU is seen as a contributor to the increased demand for international travel. There has been no specific assessment of the rate of growth of this demand. Generally, passenger transport demand is considered as presenting a trend of + 30% to +50 % in the next 20 years. It can be seen as a minimum target for the rail industry to keep the actual market share of about 6% over that period. A recent survey (ARTIST<sup>46</sup>) carried out in the context of the European Research Programme, and other research assessing the market for international trips, provided some interesting data. According to the ARTIST analysis:

- the market for trips abroad by Europeans is fast growing (500% increase from 1979 to 1998)
- the short break market has increased more than the average
- it is estimated that 74% of international trips are dominated by holidays, 15% for business trips, 5% for visiting relatives and friends, 6% for other purposes

Therefore international rail passenger services operate in a market with high growth rates. The question is, what part of the market can be covered? Air transport has ‘captured’ a large market share. In consequence of the liberalisation of the market the offer has increased, and prices have been reduced.

- 170 million intra EU passengers (excluding domestic) in 1998; average trip length 1,000 km<sup>47</sup>
- To be compared with an estimated 290 million international maritime passengers<sup>48</sup>
- And maximum 80 to 100 million international rail passengers

The private car has also increased its performance and keeps a high market share due to improvements in infrastructure, better services to drivers and passengers, better cars with on board assistance etc. Therefore international trains have a weaker position in a growing market (as shown in chapter 3), and must now focus on specific market segments:

- High-speed trains are very successful on trips of less than 3 hours (in particular for the business segments - seen as the limit for same day return)
- Other trains are popular, for example amongst young people, and are adapted to some seasonal demands (ski, sea, historical/cultural cities, sports events)

This is in line with the opinion of experts, who consider that international trains’ potential for business trips is limited to those shorter than 2 hours. Globally, the industry tends to present widely differing opinions on the potential for trains operating on distances longer than 250 to 300 km. Others see strong potential for both long and short distances, in particular in some seasonal markets like the access to winter sports destinations in countries such as Austria, France, Germany, Italy and Spain, or for summer destinations, in the form of regular and chartered trains e.g. from Germany to the French Riviera.

According to French and British data<sup>49</sup> rail market share on the national level may rise to about 20% on long distances (>560 km). Therefore this could serve as a target, to achieve a similar market share on international rail passenger services, too. This figures provides an idea of the lost potential for international services.

Due to the static classic pricing approach, the prices offered for long-distances trips (1.000 km and more) are no longer competitive with airline prices and travel times. Significant reductions in prices, in particular on long distances, is seen by some of those interviewed as a prerequisite for providing a future to trains. Some see a price limit of 0.20 € per km is necessary to generate demand (on airlines, it is possible to get prices of 0.05 € per km on low fares).

The tour operators generally tend to consider international trains as a marginal mode of transport (10 % max of the market for trips of max 700 km, seasonal ski-trains, and night trains) with a limited capacity to compete with the airline industry in the present conditions due to too high consumer prices, the absence of transfer services at the destination, too difficult baggage handling in particular when there are connections, and a very complex price system.

Despite these facts, some of those interviewed see a large potential for rail due to its current low performance. One of the main competitive advantages of trains is their relatively high punctuality (compared to airline connections and car travel in peak periods) and the proportionally longer time spent in the train with the possibility of working, eating and resting in conditions that cannot be offered by airlines. This means that it is possible to retain a competitive advantage even in those cases where the plane takes less time. The new concept of trains, where the internal design of coaches creates different kind of spaces (individual, family, etc...) is also a

<sup>46</sup> ARTIST agenda for research on tourism by integration of statistics

<sup>47</sup> European Commission: Study of transport demand of certain passenger modes; Final report, June 2000 p. 44

<sup>48</sup> European Commission: Study of transport demand of certain passenger modes; Final report, June 2000 p. 10

<sup>49</sup> National Travell Survey 1997/99 update(DETR 2000) and: Faits et chiffres 1999 (Union Routière de France, 2000)

new competitive advantage. Trends should take into consideration the fact that planes are more and more designed around new information technologies (with video screens for each seat, internet access to all travellers in a few years, the possibility of recharging mobile phones and computers in lounges, ...). This trend is widely under-developed on international trains, with some notable exceptions like the German ICE (if set in service on an international link).

## 5.1 Potential for new international high-speed train concepts

Market development potential clearly exists, and some recent cases have proved the capacity of rail to gain market share on air, and even on car (this is true for international and national trains). The market reacts when initiatives are taken and the market responds positively to a higher quality product, marketed with a 'niche' approach. Thalys, Eurostar, TGV "ligne de Coeur", and other offer entities have proved the capacity of high-speed international services to capture a high market share: according to the product (HST) market share can reach about 50%. The following table shows the evolution of the market share of the different transport modes for the precise origin-destination Paris-Brussels-Köln/Amsterdam and extensions. The number of passengers carried by Thalys increased by 10% (1999-2000) - this was the same for all groupings where SNCF is involved: from 1998 to 2000 the demand for these international services increased by about 13%<sup>50</sup>.

**Table 9: Evolution of Thalys market share**

Transport mode	1994	1997	1998
Private car	63%	50%	43%
Coach	8%	6%	5%
Plane	5%	4%	4%
Rail	24%	40% (Thalys)	48% (Thalys)
<i>Journey time by train</i>	<i>(2h20)</i>	<i>(1h25)</i>	<i>(1h25)</i>

Source: Lopez Pita, 2/ 2001(amended by OGM)

Beside these new high-speed connections, one of the most recent developments is the code-shared trains with airlines (Air France, Lufthansa, American Airlines, United Airlines). They offer luggage facilities, and pre- or post- connection with long-distance flights. The preferred transport mode used by passengers to reach Frankfurt airport in the 15 next years, is expected to be long-distance trains, including international trains. International long-distance trains will feed nearly the half of the expected growth of air passengers. The advantage of free slots for intercontinental flights is leading some airports to consider running their own high-speed services in order to replace short national flights.

## 5.2 Potential for cross-border trains

Due to the recent development of the regionalisation of train operations, the regional train market is an 'active' market, and the application of this policy has led to the creation of new cross-border services. Market potential exists in the framework of local or regional mobility policy developments. As shown in some examples (see Annexe) the activity is increasing at both, local and regional level. The driving forces that could further stimulate the "cross-border-market" are<sup>51</sup>:

- harmonisation of legal framework
- promotion of EU good practice
- stimulation of regular contacts between the parties
- financial support
- harmonisation of ticketing
- improvement in supply

As the example of Saarbahn showed (see Annexe IV Case studies) , with an effective approach it is possible to increase demand from 10% to 30% per year and market share of cross-border services may reach 60% of the commuter segment. Further, the example of the SaarLorLux-ticket (see Annexe IV Case studies) shows the possibility of developing international tickets that can attract more users. The sales of that ticket, valid in three countries, have consistently grown and in addition, public authorities consider this example as a successful approach.

<sup>50</sup> Written information from SNCF

<sup>51</sup> According to COMPASS research

### 5.3 The example of the renewal of night trains in Europe

The recent re-development of night trains demonstrates the fact that with a clear concept, a good marketing approach and a clear commitment to the service, night trains can restore a profitable market. The demand for night trains from/to Germany is increasing by 6 % per year according to interviews. Moreover market surveys discovered that 20% of rail customers have already used night trains and 33 % of them are potentially interested in taking night trains. Therefore international long-distances connections like Berlin-Paris have a future, as they allow a good direct connection with acceptable departure and arrival time, within a reasonable budget.

Some new connections have recently been opened, like the Berlin – Malmö night train service. This service is now operated by GVG (Georg Verkehrs Gesellschaft), an independent new private company operating one train per night on that connection. GVG found this connection, not operated by DB, potentially worthwhile.

According to interviews, however, special night train coaches are very expensive -a completely equipped new train costs about 15 million Euros. Some of the consortia offering night train services have refurbished coaches. At the end of their life cycle (expected in the next 5 years) these coaches need to be replaced. This high investment, including a big financial risk, is a big obstacle to continuing these services in the future.

On the other hand, the future for these services can be seen in a more positive light in the further development of “wagon groupings” assembling coaches with different destinations on central routes that are able to cover more connections with a minimum of rolling stock and staff and therefore at lower costs. By doing that, even links with a relatively weak demand can be served.

### 5.4 Potential for autotrains

Demand for auto trains (international car-carrying trains) is increasing by more than 10 % each year (1998-2000), according to interviews. These services offer the advantage of removing the problem of luggage (it is in the carriage) and they compete favourably with car rental rates for stays longer than 2 weeks for a return ticket. These trains may be very useful for people with reduced mobility who need a specially equipped carriage, which is not available in the car rental market. To run these services an extensive infrastructure is required to load the carriages. This infrastructure hinders potential operators from launching new short-term international connections. Therefore future connections are likely to concentrate on links between existing terminals.

### 5.5 Potential for chartered trains

The advantage of operating chartered trains may be to offer a different service on board (ad hoc staff, entertainment, food, information). Past experiences on charter trains have left bad memories for some operators, in particular due to the need for large numbers of passengers to be profitable (300 to 800 passengers needed per train) and the difficulty of organising cabotage (e.g. TUI Ferien Express, trains organised by TUI).

In contrast to that, international chartered coaches have a competitive advantage even for trips longer than 800 km in comparison with trains, due to their good level of comfort, their potential to take the traveller to the final destination, without worrying about luggage. They also need smaller numbers of customers to be profitable (40 passengers) which makes it very difficult for trains to compete with them. For school groups it is usually less expensive to hire a coach for a return trip than to go by train, even when there is a direct international train. Generally the coach operators may see their market share increasing in the future as a result of accession, as the low fare policy of coach trips is competitive with trains and cars, in a very price sensitive market.

## 6 Roles of actors in the market

### 6.1 New players

99,9% of current international trains are organised and operated by traditional national railway undertakings. This figure shows clearly how underrepresented new players are in the field of international train services. Usually these services are operated under a specific directorate or in ad-hoc subsidiaries.

Airport managers see themselves as potential players in the international train market. High-speed trains will be a substitute for some air connections. Developing HST links from airports can be a means of freeing slots to satisfy the demand for long-distance air trips. In cases where the train operator would not take the initiative to develop the traffic, the airport manager could do so.

The tourist industry does not seem very interested in operating in that market. Due to their bad experiences in the past they believe more in the future of coach travel, which is from their point of view more flexible, by offering a high level of comfort for the passenger for example, and the through – put of luggage. On longer distances above 700 km, the tourist industry tends to see great potential for the plane, which offers better journey times and also well-organised luggage handling. .

Private national rail undertakings offering subsidised regional services at the moment tend to be very passive with regard to the international long-distance train market. Although they show a general interest in running international services they see many obstacles to being active in that field. In the short term they are more interested in the potential development of international cross-border trains, in the areas where the companies operate. Some of them have already gained potential access to new services like Brighton – Lille as in the case of Connex.

According to interviews, new players need to see signs of a political will in order to become active in the field of international trains, as they did for the operation of local and regional networks. Such signs could be, for example, being given exclusive rights for a limited period of time to operate and market existing train services, or being able to open new direct connections for which one or more public authorities would tender services, with or without subsidies. The approach could be to offer slots for international trains that are not under operation. There would be a demand for a clear commitment to a process of slot allocation in which the response time would be guaranteed.

New players demand a specific organisation to allocate the slots and the routes to international trains, and to give fair and speedy consideration of the demand for new services. In the case of actual investment, or recognising the need for investment, the responsibility of the infrastructure manager has a direct impact on the performance of the service, and its subsequent profitability.

Some touring clubs that used to work together with the train industry now consider it very difficult to work together with the various railway undertakings. The clubs do not currently see themselves as driving forces in that market but if the train industry shows an interest in co-operating with them again, they will be prepared to reconsider their position.

### 6.2 Barriers perceived by new players, in the context of future developments

The arguments put forward in the present chapter are mainly taken from personal interviews and therefore reflect a personal view. They represent a clear demand to raise the level of performance of international rail services. A lot of the above- mentioned problems are addressed in the “infrastructure package” that the European Commission is currently preparing. Moreover the fact that these problems reoccurred during the interviews may indicate the low perception of the current activities of the Commission by those interviewed.

New players all face a particular difficulty: Traditional actors tend to have an ability to work informally between themselves, and yet to be very formal when they have to deal with new companies. Some of the traditional actors interviewed explained, that without the tradition of this informal network of contacts, it would have been impossible to open new international services.

#### *Access to infrastructure*

Any new initiatives cannot be guaranteed adequate operating capacity, as the existing companies tend to reduce access for others. One of those interviewed has tried to launch a chartered train service between Saarbrücken and Nice. He has not yet been successful because he has so far been denied permission to operate in France.

Further, there is the difficulty of reaching agreement on operating slots (there is a need to negotiate and to get reactions to demands) and of allowing “foreign” locomotives and coaches to operate on national territory. This has led to one of the new train operators to file a complaint with the EC.

There is a serious lack of transparency concerning conditions for the operation of new international services. The procedures for getting a licence and the authorisation needed to operate and to get slots, in order to run an international service, seem to be “invented” as and when such a request is presented to those responsible.

A further serious problem is the absence of a time commitment for responses. It was mentioned in the interviews that it was necessary to apply for a slot at least 8 months in advance. Such a procedure reduces the capacity to create flexible products. This difficulty is also raised by traditional train operators: international trains tend to become frequently involved in “slot” competition with peak hour trains, regional trains and freight trains. Discussions with train operators revealed that the level of priority for international trains in congestion situations has generally been reduced which has a direct impact on the level of punctuality of these services.

Once the agreement for a slot is received the question of the quality of infrastructure (track and stations) arises. The commercial success of a particular connection is of course a direct consequence of the quality of tracks, the station infrastructure and service (shelters, information) and the regulation (priorities of passengers trains on freight, respect of slots, etc...). There is no “quality control” or indicators of what kind of quality of infrastructure a new operator can expect to receive for its money.

Operators are only too aware of the serious shortage of capacity, which is due to the lack of infrastructure on several routes. It could therefore be the case that new international services cannot be operated if capacity is missing on only a short section of a route.

### *Financial aspects*

To operate a service like Thalys, 17 trains requiring a high level of investment are necessary, raising the question of high financial risk. As the investment for a high-speed train is very high: 50.000 € per seat (life expectancy 25 years, can operate 2000 km per day), in comparison with full refurbishment of a traditional coach, without locomotive, of 5.000 € per seat (life expectancy 15 to 20 years, 1000 km per day), it is in the new actors’ interests’ to reduce the investment costs. There are two possible options:

On the one hand there is the possibility of falling back on second-hand rolling stock. While capacity exists, traditional operators are said to refuse to put second-hand coaches into this market to reduce the potential for competition.

On the other hand there is the possibility of reducing costs by using large series coaches. An international structure for financing large series production (Eurofima) was launched in the 1970s and 1980s and 3,000 units were produced. According to present manufacturers, a similar strategy of large series production is currently not being initiated or supported by train operators. Eurofima, the consortium consisting of national railway undertakings and therefore is working in the interest of its members.

In comparison to the air sector and coach services, additional costs seem to reduce further the competitiveness of international train services:

- Infrastructure costs for train services accumulate with the distance, as airlines only pay taxes for the airports, and coaches only pay a fixed sum for the infrastructure (with the exception of additional tolls in Italy, France and Spain)
- VAT differs from country to country on train tickets, while airlines tickets are not subject to VAT.
- Energy price for rail: Diesel is subject to tax while airlines have access to untaxed energy.
- Insurance costs seem to be higher for train operators than for airlines.

In addition to that, the international train services suffer from recently privatised infrastructures: no national infrastructure manager will take into consideration international competition in the company’s pricing policy, in order to reduce the competitive advantage of plane and coach operators.

Further, the costs for infrastructure vary from country to country. In some cases operators of international trains are faced with the difficulty of finalising payment according to 3 different systems : the fact that a railway undertaking is operating on 3 different networks causes a very complicated financial situation: in one state the undertaking pays a fixed price for the infrastructure which requires running a maximum number of trains; on another network it pays a price per passenger which requires maximising the average profit per passenger; in a third country it pays per train which requires running a minimum number of trains with a maximum number of passengers.

### *Fares /sales system*

The present logic of fares for international train services is to be proportionate to the distance, which is not the case for airline market prices. Therefore, such a classical pricing approach limits market development. An example may be the Frankfurt-Torino connection: A special offer from an airline will cost about 80 €; the full cost of travelling by train would be about 250 €.

Access to the sales systems is one of the strategic aspects of marketing new connections. Even inside national operators, the marketing of international trains is a problem, due to the complexity of the fare structures. In one case analysed, the national operator finally agreed to market the connection of a new operator (on the internet site and in the train stations) only after discussions lasting a whole year.

### *One shop system*

As the tourist industry is now merging in some pan European group, it expects the rail industry to offer a coordinated management system, integrating all networks, in order to have fewer points of negotiation, a contract for charter trains and standardised procedures. Due to the complexity of contacting the appropriate person in the railway company, in order to create joint initiatives, or to get information, tour operators demand:

- a ‘one-shop’ system including ‘final trip segment’ service
- easier access to information and tickets
- luggage handling services for their clients (currently, when they are available on long-distance national services, they are not available for international services)

The handling of luggage is one of the aspects of the advantage of planes and coaches (safety and ease). Even when a home-delivery service of luggage for rail customers exists in the country where the interview has been conducted, this service is not mentioned, and therefore remains unknown. Unfortunately this home-delivery service is not available for international trains, which leads tour operators to the opinion that international train services are too uncomfortable for their customers.

Further, there is a bad perception of safety and violence (or perceived violence) on board trains (e.g. “members” of clubs drinking alcohol in the train-bar and creating an unpleasant atmosphere for other travellers).

### *Lack of data*

An explanation for the lack of data concerning supply and demand of international services given by operators is that this is a commercial market, where competition could increase strongly in the next years. Being more transparent would mean reducing the barriers of entry to new potential competitors.

## **6.3 Position of the manufacturers**

Generally the manufacturers believe in a positive market development of international rail passenger services. They expect further growth, particularly in the high-speed train segment.. Concerning the current situation, they tend to perceive the market as stagnant, as a consequence of the lack of competition between the railway undertakings. Further they demand a standardisation of norms and safety standards, facilitating in particular those international services that suffer from incompatibility and complexity. Moreover such a standardisation of norms is also seen helpful in reducing the costs of production and development by, for example, a less complex system of safety measures. A further strategy to reduce production costs, in order to stimulate the market, is the redevelopment of large series as in the 1970s under the Eurofima<sup>52</sup> project. One recent example of success is that due to further improvements in the production of high-speed trains like ICE, the unit cost has been reduced by 40% over the last 5 years.

According to the interviews, the manufacturers are ready for an open operating market. They are prepared to play different roles in such an open market by supplying capacity, traction, or coaches. Further they are prepared to take an active role in maintenance, selling second- hand rolling stock and maintaining locomotive-pools. Recently developing fields of activity include the upgrading and refurbishing of coaches throughout their entire life, at the same time as the life expectancy of rolling stock has been significantly increasing largely due to better maintenance technologies. This type of action already applies to 25 % of the global activity of one of the three manufacturers interviewed.

With regard to the future, the following trends have been identified in the industry:

- There is a strong move towards mergers, with positioning in the high-speed train product grouping, which shows clearly that future development is expected to be in the high-speed segment. The

<sup>52</sup> Eurofima has been created in the 70' to put large series of coaches on the market and providing financing – more than 3000 Eurofima coaches have been manufactured between 1975 and 1985.

development of rolling stock, suitable for classic tracks tends to be automotive units, tilting train sets (with traction equipment incorporated) with a design close to high-speed trains. In addition to that, manufacturers tend to involve the end users in the concept development of their products.

- Manufacturers begin to shift to a more service-oriented business instead of being just 'suppliers' to the railways. They are increasingly involved in the quality of the final product delivered to the clients: RENFE reimburse the clients of the AVE trains when the trains are delayed more than 10 minutes. If this delay is due to a maintenance failure of the trains, the manufacturer will take responsibility for these penalties.

Concerning the stimulation of demand for new rolling stock for international long-distance links, manufacturers represent the opinion that a common market supply strategy should be developed through joint initiatives of the national companies (like the project concerning the next generation of HST, supported by DB and SNCF, the order put for diesel locomotives by CFL SBB and SNCF or the recent joint order submitted by DB, ÖBB and SBB for 100 units of tilting train sets within the framework of their cooperation structure, TEE). Further, they see a differentiation between long-distance and short distance international trains. In order to stimulate the short distance market segment, they believe that only a considerable reduction of operating costs (as with small light units and trams), will stimulate competition and therefore the cross-border market segment.

There is generally no clear view about future market segmentation. For some market segments, according to the interviews, some of the manufacturers did not, for example, have any market research available to assess the future potential of night trains. They gave only a few comments on the TEN-Trans European network – transport and their future development, as if the strategic development of transport networks were not taken into consideration by the industry. Nevertheless they support the initiative of the Commission for interoperability (in particular inside AEIF).

#### **6.4 Position of the Transport Ministries**

The role of the national transport ministries in relation to the development of international rail passenger services is comparatively weak. In most of the member states no particular strategy for international rail services has been identified. Although the transport ministries maintain a well-developed debate about national rail transport policy (in D, F, GB...), the development of international long-distance rail passenger services seems to be only of marginal concern. In general they leave the initiative of supplying the market with international long-distance services to the train operators. The activity of the ministries concentrates more on projects in connection with the TEN-network or infrastructure projects in general, which do of course have a considerable influence in improving the performance of international services too. Only in Switzerland is a process about to start involving a wider debate about a state subsidised and therefore planned international service between CH and D.

In contrast to the international long-distance sector, transport authorities play a very active role in local cross-border connections, while the development of local mobility strategies and networks are the responsibility of local or regional authorities. In the example of the Saar-Lor-Lux ticket it was, among others, German regional authorities, which, facing increasing competition from car travel rates, started action with the intention of improving the attractiveness of the cross-border services.

As mentioned in chapter 1.2, preliminary results of the study were presented to the transport ministries on 16 October 2001. Although the findings of the project were sent afterwards to the representatives of the transport ministries

In a letter dated 21 January 2002, the German Ministry of Transport provided additional comments on the findings of the project. They consider the present legal framework is not sufficient to meet fully the demands of customer satisfaction. This is due to the fact that the traditional UIC system, including the Route Management, does not allow single railway undertakings access to infrastructure. Therefore the German Ministry prefers to expand access to infrastructure by opening the network but under controlled competition; their decision to open the network to competitors has proved to be successful in the development of the German regional rail market. By a system of open access to the network, competitive regional services can be subject to public service obligations, but long-distance rail services have to be offered on a profitable basis by the railway undertakings.

Moreover they consider that a serious barrier for international rail passenger services is the distorted competition with other modes (plane, coach and private car) due to the additional taxes, infrastructure costs and external costs that rail has to cover. Cross-border services should be subsidised by the two concerned regional authorities. Finally they consider the COTIF as a sufficient instrument or basis for international rail passenger services, which can be supported by the development of volunteer commitments like a Charter.

## 7 Demand within the industry in relation to EU action

Concerning EU action the industry has different positions:

**Traditional railway undertakings:** They clearly understand the need to restructure the industry to face the challenge of future development. However, they do not see how competition will be introduced. Moreover they demand a better understanding of their economic situation with reference to the fact that the future development of the entire business of international services strongly depends on the future decisions of the railway undertakings themselves.

Further demands include a better coordination between existing booking systems<sup>53</sup> and a reduction in and harmonisation of TVA on international transport of 6% up to exempting international train services generally from mineral oil taxes. They want the Commission to undertake action in the field of harmonization of safety norms, trace prices and ensure transparent single cost parameters when offering services to foreign infrastructures.

Most of them consider the development of passenger rights is not an urgent matter. Some of them argue that they already implement a system of reimbursing clients who have suffered a severe delay or serious problems with the quality offered, and that the implementation of a total new reimbursing system will cost a huge amount of money, resulting in higher prices for rail consumers.

**New players:** They support the EC's actions, and are ready to react to a clear political strategy.

Some new players do not believe that the EC can guarantee free market access within the next 10 years. They think the EC has already implemented directives where in reality nothing has happened. Nevertheless they believe in the development of passenger rights as a step forward to making the railways more generally attractive.

Further they demand a closer harmonisation of security standards and technical norms. Once permission to run rail equipment has been given it has to be valid in every country. If there are specific norms to respect in one state, they have to be published in advance in order to avoid lengthy and complex inscription procedures.

As most of the new players have suffered from the monopolistic position of the traditional national railway undertakings, they demand the break up of state railways to create space that is necessary for new competitors.

They consider train paths as a good step forward. If these indeed become an option for the future, then priority for each train mode has to be clarified and an access agreement has to be made, which should include a bonus penalty system that covers emergency cases (e.g. where a train blocks the line due to engine failure).

**Unife:** It supports the Commission in its approach of full liberalisation, considering that it will bring a new dynamic to the market.

**UIC:** Due to the complexity of the organisation of international trains, the UIC tends to present a position of maintaining the existing situation, based on the principle that it has proved its efficiency already.

**CER:** Has no official position so far.

**Tourist industry:** It supports the EC, but without strong faith in the future of international trains. The view of the tour operators is that some but not all of them support the idea of more freedom in the rail market. In 1986, *Nouvelles Frontières* contributed to the end of the airlines' monopoly, with a decision of the European Court of Justice, called the « *arrêt Nouvelles Frontières* ». The operators' perception is that it is difficult to get what they want. The air sector is seen as more flexible and more responsive, in terms of ease of getting a service, response time and ability to offer the service.

**Airline industry:** This supports the EC actions of opening the market and demands a better respect of economic conditions for rail in competition to airlines, in particular the fact that rail infrastructure is heavily subsidised.

**Airports:** They consider the development of fast railway links as an integral part of their capacity to develop. Further they see a strong potential for improving rail services by amending and increasing intermodality between air and rail. They also support the EC in the development of rights for rail passengers.

**User associations:** Although mostly organised on a national or regional level, sometimes even, only around a certain rail link, all user associations support the Commission in the development of better conditions for rail. In particular, they raise serious questions about the extremely bad conditions for purchasing international tickets and the difficulties in obtaining proper and helpful information about international services. Some of them even go further by suggesting a 'Passenger Charter' like the German association DBV (*Deutscher Bahnkunden Verband*).

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<sup>53</sup> The better booking system in the air sector has led to improved conditions in the air business (according to interviews). The traditional railway undertakings are said to refuse new more effective booking systems because of their higher costs.