

Railways in Europe: preparing for the future

European Parliament rail conference

16 October 2012

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Ladies and gentlemen,

Thank you for inviting me today to the European Parliament to offer some closing remarks about how to make more of Europe's railways as they adapt to the challenges ahead.

As you know, the European Commission has great ambitions for rail. It is an essential element in our project to complete the trans-European transport network - to create a real single European railway area.

Thanks to the European Parliament and Member States, we now have an agreement on the rail recast. In terms of building the single rail area, this is a major step forward. When it comes into force, the recast will mark a major change in the way that Europe's rail market works.

It will stimulate investment, improve market access and reinforce the national rail regulators. This will help us move towards a smooth and efficient rail network offering high-quality, safe and punctual services at competitive prices.

But most importantly, it opens the way for new reforms.

The sector still needs quite a few changes if people are to be encouraged to make more use of railways. Rail could, and should, be achieving much more. It is still far from achieving its full potential.

Rail has not been able to offset the gains made by aviation during the last decade or to take freight and passengers away from Europe's saturated roads. We need to attract more operators into the market and raise service quality and efficiency.

Demand for passenger and freight transport is likely to grow sharply over the next decades. Rail should be ready to provide answers to this challenge. It has advantages of low land use, high energy efficiency and can run off clean fuels.

So what comes next? How do we see the sector evolving in the coming years?

As you know, the European Commission is working on proposals for a fourth railway package. These will build on the progress made with the recast and move along similar lines. We have advanced, but there is still a good way to go.

The objective is to create an efficient, high-quality and innovative railway with a larger role for freight and passengers. But there are many barriers that make it difficult for newcomers to set up and compete with existing service providers.

Rail has many diverging rules, standards and a history of protected national markets. All of these hinder the development of a truly European rail area. Removing these barriers, to create more passenger choice can lead to better quality. That means punctuality, comfort and reliability. On certain important routes, for example, prices would come down with more competition.

Our ideas are not yet finalised. We are still examining the various options and conducting impact assessments. But the main areas – the three pillars – of the package that will be presented are already clear.

These go beyond the need to upgrade and expand the infrastructure for building missing links in the Trans-European Transport Network, especially cross-border.

For rail to thrive, there must be a genuine single market. It should be possible to build a train to certain EU standards, and then certify it to run everywhere in the EU. This is a basic principle of the European single market.

But the system we have today is highly decentralised, and made worse by interoperability problems arising from so many different types of vehicle.

It can also be a lengthy and costly process to get rolling stock authorised. This means expensive new equipment sits idle for long periods for no good reason.

None of this helps to bring more competition into Europe's market for rail services, where one of the largest single barriers to creating a fully open market is access to rolling stock, particularly for newcomers. Without full and fair conditions for access, how can you have a flexible marketplace?

We now need to complete and apply EU-wide standards, using them to move to a single European approval system.

This will save money and give a more efficient service once there is better availability of rolling stock that can cross EU borders.

It will naturally take a great deal of technical work. I believe that here, the European Railway Agency has a central role to play. In time, it could issue single European certificates for safety and authorisation – while still working closely with national authorities.

This would be a European 'passport' allowing rolling stock to move freely in all national rail networks, provided there is technical compatibility.

*This brings me onto the next area to be addressed: opening the domestic rail passenger market to more competition. Ideally, we should have a railway market where operators are able to offer domestic passenger services across the EU.*

Market opening is the best way to bring innovation and private investment into the market. And this is not more competition for its own sake.

Competition leads to service and efficiency improvements. Without it, there is little if no incentive to change, especially for a monopoly or dominant operator.

Since conditions are different across the Member States, I believe the best way forward is a mixture of open access and public service contracts – competition in and competition for the market.

Lack of competition to the existing operators, which often enjoy a monopoly in the national market, is one of the reasons why rail services are often of a far lower quality and efficiency than they should be.

Competitive tendering will create a strong incentive for rail to perform better, save public money and introduce innovation to help improve passenger service. It will ensure that value for taxpayers' money is optimal and railways are properly compensated for the services they provide.

Ladies and gentlemen

Rail cannot develop solely within national borders where Member States protect what they see as their own champions. If passengers are to see rail as a real alternative, Europe's future railway area should have pan-European railway carriers - instead of, and in addition to, national ones.

This raises the thorny issue of the relationship between the infrastructure managers who run the network and the service operators who use it for transporting passengers or goods.

Experience shows us numerous examples of restrictions of competition that would not exist in a separated structure and can only be explained by the conflict of interest that exists in an integrated structure.

Realistically, there is no way that returning to the integrated structures that we had in Europe 20 years ago can be seen as a way forward.

Infrastructure management functions which are potential sources of discrimination should be kept apart from service operations. These have to be exercised in an independent and neutral way.

They include infrastructure charging and the allocation of rail capacity: what we know as "essential functions".

They also include infrastructure maintenance, renewal, upgrade and development, day-to-day traffic management and the provision of real-time information – which are intrinsically related.

The focus will be on ensuring that infrastructure managers have all the key elements they need to be efficient and effective market players.

Ladies and gentlemen: with the help of the European Parliament, if we go about this in the right way, we can really make Europe's railways into a stronger and more attractive alternative than they are today.

Finally, we can build a genuine cross-border railway that offers cost-effective and high-quality services. And finally, we can give EU citizens and businesses the rail service they deserve.

Thank you for your attention.