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### **ERFA urges EU Member States to harness the benefits of competition in order to drive up the quality of rail services**

**ERFA, representing new entrants from the freight and passenger sector, believes that open markets can play a role in promoting investment and growth to the benefit of customers, society and the environment.**

As EU Member State representatives meet on Thursday to discuss how to improve passenger rail services, ERFA warns against a highly centralised approach to market design, which leaves little scope for innovative and efficiency driven strategies.

The latest proposals under discussion would see a majority of contracts for rail passenger services directly awarded to rail operators without the need for a competitive tender.

Let the competent authorities set the objectives, but let the operators compete to find better ways of delivering the services, urges ERFA.

ERFA believes that operators who face competition have greater incentives to adapt their operations in order to minimise their costs, increase traffic and to innovate to find better ways of delivering services. Shielding rail services from any kind of competitive pressure does not help the sector generate growth or attract investment.

Rail's fiercest competition comes not from within, but from the other modes of transport, who are able to far more effectively respond to customer demand.

Where new entrants have entered the passenger rail market, far from taking away customers from existing incumbents, they have generated new traffic for rail services and pushed forward innovative solutions, such as on-board wifi and innovative fare structures.

New entrants have also sought to exploit new markets that were previously not served. The Czech operator Regiojet is the latest example of a new entrant entering the overnight market, setting up new services from Prague to Kosice in Slovakia, at a time when many of the incumbents are closing down their night services.

## PRESS RELEASE



ERFA urges the Member States not to shut out new entrants from the market and the benefits they can bring to rail services and to the rail sector in general, but rather to deal with the competitive distortions that exist in today's rail market, that harm the quality of both freight and passenger services.

The Governance proposal, which is also being discussed under the 4<sup>th</sup> Railway Package, gives Member States the possibility to treat the causes of the competitive distortion by strictly limiting the financial flows within holding structures and by creating a strong and fully independent infrastructure manager, to ensure that there is fair competition between operators.

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

In 2015, ERFA represents 33 members from 16 countries. The members of ERFA all share a commitment to work towards a competitive and innovative single European railway market by promoting attractive, fair and transparent market conditions for all railway companies.

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