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## PRESS RELEASE

### **Increase in tolls in the British Rail System puts the British rail freight industry at danger!**

On 11/01/13, the British Office of Rail Regulation, the ORR issued the new national toll structure on the rail network. It could lead to increases up to 23 %. Even more, some types of freight such as coal, nuclear fuel and iron ore will be compounded by a specific freight charge.

***ERFA express its strongest opposition to this proposal which has been issued by the regulator.***

- The actual British toll system contributed to the recovery of the rail freight industry in UK: why change it?
- The British rail freight industry is rather vulnerable: it is capital intensive, the profitability ranges +/- 2 % and the tolls represent about 10 % of the costing.
- No customer is "rail captive" for what-ever type of freight.
- This new toll structure will generate a geographic distortion penalising remote customers
- The costing models which generated this increase are very complex: it is difficult to understand and to challenge it.
- Under Directive 2001/14 and recast, a mark-up can be charged only where the market can bear it. ORR had previously stated that some decrease in rail volumes would be acceptable – we do not support this interpretation.

***ERFA express its worries that ORR leads such strategic reflexion as the regulator.***

- ERFA always supported strong and empowered regulators having the necessary investigation power to take quick decisions to avoid any competition distortion or institutional system dysfunction.
- ERFA respects the wish of the British authorities to challenge the system to make it safer and more efficient which includes of course the financial aspect.



- But should this reflexion not be led by obvious actors as the Department for Transportation and Network Rail, the infrastructure manager? Up to ORR to challenge it! But it looks that ORR drove the process.
- If no institutional actor remains to challenge the system who will do so? In other words: who will regulate the regulator?

ERFA would like to express its support the EU Commission and the 4<sup>th</sup> railway package which will clarify the relationship between the rails actors: infrastructure manager, the railway undertakings, the authorities including the regulators.

***But this recent British case reminds us that (over)regulation cannot be the only solution to a better system. The new European rail system must be simple, economic, easy to understand and avoiding potential and real conflict of interest... This is what a separated system offers.***

#### **Contacts:**

ERFA (European Rail Freight Association) was set up with the 1<sup>st</sup> Railway Package in Brussels in July 2002 to represent the interests of the new independent and private 'open access' rail freight operators. ERFA is EU Representative Body. Today, the association comprises 30 members (21 rail freight operators, wagon keepers, service providers, forwarders as well as 9 national rail freight associations) from 16 countries in wider Europe. ERFA represents more than 800 locomotives and 55.000 freight wagons. ERFA's main objective is to make the rail freight market fit for competition so that rail freight can expand its market share, attract new investments, become more innovative and create jobs. By doing so, ERFA contributes to a highly competitive EU rail freight market.

ERFA's key mission to achieve its objective is to remove all legal, technical, social and administrative barriers that prevent its members from rapidly establishing international cross-border freight services, using all rail infrastructures regardless of who manages them, and to encourage any developments likely to enable all rail companies to flourish on this market, regardless of their size or age.

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