

NEWS IN BRIEF

EC URGES SPAIN TO TRANSPOSE EU OPEN MARKET RULES

The EC has found that Spain has not completely transposed all the requirements set by EU rail market opening rules, especially on the **powers of the Regulatory Body** and the **transparency of charges**. The EC is continuing its analysis of Member States implementation of EU rules. Infringement procedures against other Member States are expected beginning of the summer.

EC COMPETITION REPORT 2016 PUBLISHED

Every year the EC publishes an [annual competition report](#), highlighting the main cases and priorities. The ongoing investigations against the CZ incumbent railways for anti-competitive practices, aiming at shutting out competition, appears as one of the major cases in 2016. The EC also underlines in its [staff working paper](#) that there are **on-going investigations for potential antitrust between incumbent operators** in several Member States.

MODAL SHIFT TO RAIL, THE BEST WAY TO REDUCE EXTERNALITIES

[T&E](#): modal shift to rail is the best way to reduce externalities. This is the conclusion of a T&E article on rail freight in the UK. Multimodal rail freight would be three time more efficient in removing trucks from the road than previously thought.

LAUNCH OF ALLRAIL, ALLIANCE OF RAIL NEW ENTRANTS





Together with the passenger rail new entrants LEO Express, MTR Nordic, NTV, Regiojet, Trainline and WESTbahn, ERFA has launched a new European rail association. ALLRAIL aims at maximising synergies between freight and passenger new entrants in order to boost the voice of non-incumbent rail companies

and promote a more dynamic rail sector. ALLRAIL members are committed to fair competition and open markets as the only way to shift freight and passengers from road to rail. The [objective of the association](#) is to unite non-incumbent rail companies to take forward much-needed changes in the rail sector.

ROAD CHARGING REVISION: OPPORTUNITY TO FOSTER CLEANER TRANSPORT SYSTEM

The EC has published a so-called “mobility package”, which gathers legislative actions concerning social aspects in the road sector, road charging and automated vehicles. [ERFA welcomes the EC’s proposal](#) as a good opportunity to address the different charging policies for rail and road, which today distort the price signals in favour of road. Whereas 100% of the rail network is covered by track access charges, only 20% of the main roads are tolled. In addition, it is vital that the right price signals are put in place to better reflect the high costs created by harmful pollution, a high level of accidents and the congestion caused by the different transport modes. Including external costs in charging schemes can play a role in incentivizing transport users to adopt smarter and greener behaviours, by choosing to shift from road to rail and multimodality.

		
User-pays principle	✓	✗
	<ul style="list-style-type: none"> • Trains pay for every single kilometer of track, in line with the distance-based principle. • 100% of the European rail network is tolled. • Covers 60% infrastructure costs² 	<ul style="list-style-type: none"> • Trucks’ charges are limited and fragmented: depending on Member States • 20% of motorways and main roads in Europe are tolled. • Covers 20% of road infrastructure costs³
Taxes on fuels and electricity	✓	✓

ERFA MEETING WITH RAIL REGULATORS

ERFA met with rail regulators from DE, BE, NL, IT and FR in May to discuss the role of the regulatory bodies in supporting a **competitive rail market**. Key issues discussed were the role of regulators in ensuring that RUs do not pay too much in access charges, both in terms of how directly incurred costs are calculated and in how IMs allocate mark-ups. ERFA also stressed the need for rail regulators to be heavily involved in scrutinising the use of public funds in rail. The definition of an applicant was also discussed, where the regulators confirmed the interpretation as any legal entity who has a commercial interest to run services. Other topics discussed included coordination of infrastructure works and the regulators closer involvement with ERA.

DIFFICULT FINANCIAL CLIMATE FOR RAIL NEW ENTRANTS

As a result of the recent Locomore insolvency ALLRAIL highlights the cost challenges and entry barriers for rail new entrants. [ALLRAIL](#) calls for a strategy at European level to improve the financial climate: **Transparent infrastructure charges** based only on the direct costs and transparent and **non-discriminatory access to service facilities** are the prime conditions to restore confidence for investors. Moreover, support for financing tools **to reduce the risk for short term lack of liquidity** and improved financing and **non-discriminatory access to all unused second hand rolling stock** for rail new entrants will contribute to boost rail's modal share and investments.

ACCESS TO SERVICE FACILITIES: FINAL STEPS BEFORE ADOPTION?

In May, the European Commission organised the last stakeholder meeting before the launch of a public consultation on Access to service facilities. ERFA welcomes the new draft legislation as it clarifies the text and ensures consistency with the fair and non-discriminatory access principles. ERFA highlighted several points:

- The possibility for **Regulatory Bodies to exempt some facilities** with “no strategic importance” from the requirements of certain articles should be strictly limited and framed by precise criteria in order to avoid abuses and inconsistencies in the European rail market.
- Ensuring the **optimum use of rail facilities** is one of the cornerstone of the draft legislation. Facility operators should do their best to accommodate all requests and coordinate conflicting requests. Moreover, all facilities should be encouraged to improve their performance.
- The legislation should incentivise all **rail facilities to align allocation of capacity processes** with the main infrastructure.
- The **exchange of operational information such as ETA** between all rail actors along the chain should also be incentivised in order to improve processes.

After this last round of discussions, the EC is going to launch a **public consultation beginning of July** in order to collect views and comments on the draft. The text is due to be adopted by national Member States in September.

EU COMMISSION PROPOSES QUICK WINS TO IMPROVE RAIL RELIABILITY AND PERFORMANCE

Rail services, in particular freight operations, are too often affected by line closures and capacity restrictions at the national and cross-border levels. Although, investment in infrastructures are highly needed, uncoordinated infrastructure works contributes to rail's poor service level. The EU proposal aims at providing a **framework for infrastructure works**, obliging early consultation and publication of disruptions as well as coordination between different IMs in order to minimise the impact of disruptions on the network. [ERFA welcomes the initial intentions of the EC](#) and highlights several additional points to improve the draft. Among others, ERFA believes that significant restrictions should not only be viewed as line closures, but should also be defined as speed reductions and restrictions of train parameters such as length, weight, profile or mode of traction. For disruptions impacting cross-border traffic, a Task Force should be set up, with the close involvement of RUs, in order to prepare timetables and diversionary routes. The additional costs related to diversions should not be included in the access charges for RUs. More generally, a compensation scheme should be promoted at the EU level in order to cover costs incurred by RUs.

ERFA is convinced that a **user-friendly framework, obliging a better coordination of infrastructure works**, is a keystone towards more reliable and performance rail services. ERFA contributed to the public consultation: see [here](#).

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AGENDA

RU DIALOGUE SUBGROUPS:

- **PASSENGER SUBGROUP**
27th June 2017, Brussels
- **ECONOMIC EQUILIBRIUM SUBGROUP**
5th July 2017, Brussels

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PUBLIC CONSULTATIONS

RFC USER SATISFACTION SURVEYS

RFCs will publish their users' satisfaction survey in September: a good opportunity for RUs to raise their views and concerns on the services provided by RFCs.

RFC SECTOR STATEMENT – WHERE ARE THE RESULTS?

The volunteer group, which was set up by ERFA's Irmtraut Tonndorf to speed up the implementation of the Rotterdam sector statement, has been rebranded as the Sector Statement Group (SSG), with "caretakers" for each of the 10 identified priorities and a secretariat (for 2017 CER), which will rotate among the Brussels rail associations. This will improve the visibility and facilitate coordination of the sector statement follow-up work and is supported by all the sector association signatories, including ERFA. The SSG structure and the work of the caretakers for the 10 priorities (e.g developing market-orientated KPIs) was presented to the Ministries and RFCs during the SERAC meeting, organised by the European Commission in May. While the caretakers made clear their desire to make progress on the priorities, some of the Ministries and RFCs were very preoccupied by the new structure of the volunteer group. ERFA strongly hopes that the focus remains on delivering results to improve the performance and quality of the RFCs by the end of the year. In order to provide support, the EC announced at the meeting that €12 million will be dedicated to RFCs in order to fund projects, aiming at removing bottlenecks and meeting the requirements of the Rotterdam Sector Statement.