Brussels, 8th July 2019

Dear Member of European Parliament,

From the independent rail operators' associations – ERFA (freight) and ALLRAIL (passengers)

On behalf of the European independent rail freight and passenger sectors, we want to warmly congratulate you for your (re)-election in Brussels to sit in European Parliament.

Job provider for 2.3 million EU citizens, the Railways are playing an essential role in the creation of added value, combined with a huge contribution to the CO2 emissions savings, that's why it deserves the title of unique transport mode that can support a green and sustainable growth.

Since 2007, the **rail freight sector** is fully liberalised, which means that independent railway undertakings are authorized to build and propose to its customers efficient and competitive rail freight services on the European rail infrastructure. ERFA members have since then demonstrated that the competition they bring to the rail freight sector has brought growth, much better reliability and service quality as well as setting an example to other operators and infrastructure managers as to ways of increase the rail freight market.

For historical reasons and short-term considerations, not all the infrastructure managers have developed a commercial approach able to allocate rail capacity between a large panel of freight operators. Nevertheless, this is an essential pre-requisite to encouraging fair competition above rail on the market.

The **rail passenger market** has been liberalised more recently, and progress has often been slow owing to the opposition of some member states' governments and their incumbents.

However, we can cite several cases of where competition above rail has brought very significant growth in passenger numbers and service quality on the relevant routes. For example, in Italy, competition on high speed lines has between 2013 and 2017 increased passenger demand by 101 % with average fares down 41 %; in Austria, passenger numbers were up 80 % and fares down 35 %; in the Czech Republic, numbers up 80 % and fares down 25 % and in Sweden numbers up 25 % and fares down 10 %.

These examples demonstrate that competition above rail not only brings benefits to new operators but also reduces the subsidy to existing operators; and most importantly, it gets more passengers onto rail.

Challenges for the independent rail sector:

In this context, the independent operators are currently confronted with different challenges.

ERFA – European Rail Freight Association asbl; Rue Montoyer 23, B-1000 Brussels, Belgium
T.: + 32.478.303.005 E-mail: carole.coune@erfarail.eu Web: www.erfa.be
Registration number: 0478.440.721. Publication in the Belgian Official Gazette: 26 November 2007. VAT: BE 0478.440.721
ALLRAIL - Alliance of Rail New Entrants, ALLRAIL asbl; Rue Washington 40, B-1050 Brussels, Belgium
T: + 32 485 832 991; E-mail: info@allrail.eu Twitter: @ALLRAIL_EU.
Registration number: 675 784 944. Publication in the Belgian Official Gazette on 29 May 2017. VAT: BE 0675784944

They need:

- **Sufficient capacity available on the rail infrastructure at an affordable price and with capabilities to resilience.** Missing links or missing re-routing options to main infrastructure remain a real problem. There is an urgent need to develop infrastructure resilience for contingencies. A lot of infrastructure managers are not able to involve the independent railway undertakings on an equal basis. They have to provide a qualitative, consistent and affordable offer taking into account all the different contingencies and improve the performance of the sector.

- I**ntegration of new technological developments bringing competitivity improvements on one side, and human resources development on the other side.** Freight operations can offer a unique opportunity to contribute to an improvement of professional communication by adopting English as the single European language for international rail operations (as had been done in the air sector). We suggest a referendum among all the European drivers and frontier staff, monitored by the European Parliament, before executing such a mandatory goal. By this approach, the Parliament would give priority to human development that is coherent with the ERASMUS European program and a key indicator of 96 % of European students who are fluent in English.

- **Independent and well-staffed regulatory bodies across Europe**. Fair competition above rail remains limited in many countries, in particular in Eastern Europe. Most of the time this is due to the lack of efficient regulation and regulators who must of course be totally independent of their member state governments.

- **There is a need for a healthy market in second hand rolling stock of all types, as there is one for air and road vehicles.** At present, many state-owned railway undertakings refuse to sell the rolling stock they no longer require to private companies since they prefer to scrap it rather than see it in the hands of a competitor. In most cases, this rolling stock was purchased using state funds and, in order to encourage a fair competitive market, we believe that such rolling stock should be offered to any operator in the market, perhaps through a leasing company.

- **Clear and achievable targets to improve transparency, quality and simplicity are needed.** This applies to the offer of the infrastructure managers towards railway undertakings, and the offer of railway undertakings towards their customers. The target must be to enable the rail sector to compete with the road freight logistics sector and road passenger sector and thus enable a much faster reduction in harmful emissions for which rail has a great advantage.

In the freight sector, ongoing challenges thus include the development of new types of trains and materials: longer and heavier trains on one hand, and lighter and faster ones on the other hand, in order to advance the urban rail freight transport even in the city centres.

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In the passenger sector one of the main obstacles is that directly awarded taxpayer funded public service obligation contracts are still awarded to state-owned rail incumbents with minimum or no competition. These often not only receive priority for track access over commercially viable train services but often compete on the same tracks against them. In other words: new entrant operators are competing against public subsidy. They need:

- Non-discriminatory track access and fees to use the rail infrastructure including maintenance facilities which, for the newest trains, are becoming much more complicated and expensive.

- Open Data for Rail, ensuring transparency for passengers across all available rail options, combining tickets & operators in the most optimal way

- Commercial viability for licensed independent ticket vendors. These companies embrace digitalisation by comparing different rail options on the same tracks and putting together tickets of different operators to provide most optimal rail bookings for travellers.

The way ahead

Your support to solve these different challenges is crucial to succeed in our mission, which is being a central lever to green and sustainable economic growth, decarbonization and social inclusion.

Based on clearly defined targets by the sector and environmental evolutions, the rail market will be able to provide the human resources and technological developments once the Single European Rail Area has been fully completed all over Europe. But for the time being, the remaining (non-technical) access barriers are still under-estimated and the relationships between RUs for quality objectives may be considered as discriminatory.

Future developments

Freight is often just referred to as containers but this segment has considerably grown. Freight has developed a wider scope, including higher speed, lower weight and smaller size freight. One current evolution is for example freight in roll cages carried in old passenger trains from which the seats have been removed. A company has developed an alternative door/ramp to load and unload these roll cages onto station platforms. The dedicated trains will travel at passenger train speed in order to get a better path and they will load and unload at freight terminals or station platforms, with the freight goods´ last mile being achieved in electric vehicles – to provide a very green logistics chain all the way. A number of large customers are now actively exploring this. All these projects and challenges serve a single ambition: to increase the modal share of rail freight in Europe from currently 17 % to 30 % by 2030 as the macro-economically better solution for European growth.

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Passenger

Competition encourages new developments in any sector. The same applies to passenger rail and we can see the need to move faster in response to growing demands for information and service quality. This should include digital information on all modes – rail, bus, taxi and air provided on a non-discriminatory basis. Easy to understand timetables and through ticketing across all branches of mobility, coupled with rebooking for missed connections are basic requirements for an up to date and attractive European standard for the travel industry. Maximum reliability and easy compensation in the event of delays needs to be another self-evident feature in the passenger rail market if rail wants to compete at eye level with other modes of mobility.

Infrastructure

Rail infrastructure has still, in many areas, been unchanged since the days of steam. There is much to be done to create a European rail infrastructure with common standards and working practices and at the same time modernise signalling, train control, track and signal design and many safety issues. Rail safety is very good in general. but there are many changes that could be introduced in order to even enhance it. Encouraging the European Agency for Rail to push forward its many goals of creating a European rail network which is capable of growth by promoting the issues mentioned above will be of utmost importance. As a consequence, the rail sector will not only improve efficiency but also enable its stakeholders to grow and to compete with air and road transport on service and prices and thus provide a very much better environmental footprint that the other modes.

We are convinced that with your support and your energetic input, we'll get it!

Yours faithfully,
Best regards,

Erich Forster
ALLRAIL Chair

Lindsay Durham
ERFA Chair

Nick Brooks
ALLRAIL Secretary General

Carole Coune
ERFA Acting Secretary General

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