

European rules allow Dutch choices on rail transport

In the seminar series 'The Future on the Rails', scientists present their insights on the developments in passenger transport on the rails. After the first seminar in which a picture of the future was outlined, the meeting went into depth on Friday, June 22 with a discussion of the European regulatory framework.

Didier van de Velde, Public Transport researcher at TU Delft and director of inno-V, gave an overview of the development of the European regulatory framework. Central to this development in Brussels is the idea that a lack of opportunities for competition has an inhibiting effect on the development of the railways. This involves a limited focus on customer interest and a lack of incentives for the state railways to work efficiently.

More competition can be achieved in two ways, so goes the European idea. One option is to contract routes, in which there are several serious parties interested via public procurement, another option is to work with an open access system, where transport companies can compete on the same route. The first system is in place in the Netherlands for the regional carriers, the second in Italy, Sweden, Austria and the Czech Republic.

Countries can make choices

While competition plays an important role in the development of ideas behind the European rules, the rules themselves allow for a country-specific interpretation. Not only is there a choice between tenders and open access, but direct allocation is also possible. Although from 2023 onwards, this must be argued on the basis of the performance of the party to which it is allocated.

So it is mainly up to the countries themselves. All the more because there will be no fifth railway package after the current Fourth Railway Package. Van de Velde confirmed this: "I attended a European committee seminar a few weeks ago. The committee clearly said: 'This is it, we do not want a fifth railway package.'

Open access on a full track

The differences between Member States are great though. 'There are countries without open access, there are countries with open access on paper but not in practice, and there are countries with full open access. The most interesting case is **Italy**. There is open access to the rail network and free competition has arisen on the high-speed lines between Milan, Rome and Naples. '

But is this a good example for the Netherlands? 'When I look at the Dutch railways, I see a lot of trains with little tracks', says a listener. "How can you have a good discussion about open access if there is no space for the trains to run?" Van de Velde's answer is pragmatic: "If it is necessary that you have to add extra tracks to make open access possible, then you have to question whether this is the most efficient way. Often the addition of tracks will be an expensive solution, with redundant capacity as a result. With good coordination on the existing network you often achieve much more. For example, it is a fact that with relatively small investments you can achieve large capacity effects. '



Competitive tenders require strong government

In the Netherlands, the responsibilities on the rails are organized differently. Here, there is no open access to the rail network for passenger transport, but various transport companies bid for various regional routes (competitive tendering). This is also the practice in many other European member states.

The most powerful example of competitive bidding can be seen in the **United Kingdom**. There, almost all train services have been tendered out by the Ministry of Transport, both nationally and

regionally. Open access plays a marginal role.

The British system is similar to Dutch, but has a much stronger central direction by a regulator. This regulator ensures that the relationship between the Ministry of Transport, the carrier and the infrastructure provider is balanced. Leasing companies (Rolling stock companies) rent the trains to the carriers. There is no such director in the Netherlands who oversees the relationships between NS, ProRail and the Ministry of Infrastructure and Water Management.

British experience shows that this supervisor plays a crucial role. Chris Nash, transport professor at the University of Leeds, advises: "I would certainly look further into the introduction of competitive tenders. In this respect, the relationship between carriers and infrastructure providers is important and the party that issues the tenders must have a great deal of knowledge."

From full vertical integration to complete separation

The degree of vertical integration, ie the extent to which the infrastructure company and the railway company operate jointly, also differs greatly between countries. In theory, a complete separation between transport and infrastructure is desirable in both open access and competitive tenders.

In the United Kingdom there is vertical integration for regional 'franchises', ie collaborations where there is one management team for both transport and infrastructure has now become the new policy. Nash: 'But then you have to have a strong national system operator, who integrates everything and solves conflicts between different operators. I would start looking at that. "

Germany and **Switzerland** also have forms of vertical integration, even on the main railway network. Deutsche Bahn is one large vertically organized holding-like structure. Passenger transport over long distances is even offered without a concession or contract on the basis of the 'commercial' initiative of Deutsche Bahn. Deutsche Bahn, unlike the NS in the Netherlands, is not subject to a concession controlled by the parliament.

Sweden, on the other hand, is the other extreme. The Swedish version of ProRail is even more of a state organization and, in addition to the tasks of ProRail, also executes that of Rijkswaterstaat. On the main transport network there is competition on the track between the

state-owned SJ and MTR (the Hong Kong metro). And on the regional routes, services are tendered to various carriers.

Control over the strategy

As in the Netherlands, in many countries national rail transport is organized in a different way than regional transport with sometimes more competition at regional level. National direct allocation takes place in the Netherlands.

Van de Velde: 'Organizing more competition on the national level requires a lot of knowledge and experience on the part of the tendering authority. Something that does not exist now. Procurement also means that the carriers will focus more on the short term. This raises the question of who has, maintains and develops market demand knowledge in the sector and how to ensure sufficient investments in infrastructure in the longer term.'

When organizing competition it also remains important to answer the question of who controls the railway strategy?

Further information

More about the European regulatory framework can be found in the slides of the presentation of Didier van de Velde (on the website) and in the article he writes about this (soon on the website). Information about the upcoming seminars can also be found on the website.

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