

Development of Community's railways (amend. Directive 91/440/EEC). Railway package

1998/0265(COD) - 19/12/2009 - Follow-up document

The Commission presents its second report on monitoring development of the rail market. The report sets out the main trends observed during recent years across the EU rail market, particularly during 2008. In addition to the consequences of the current economic crisis – which are as yet unclear – it has nevertheless been confirmed that **the development of a European rail area and the gradual opening up of the market to competition have allowed the share of the railways in the transport sector to stabilise**. The document also provides an overview of the initial tangible effects of the crisis which has affected the sector since mid-2008. Its impact has been more evident in the rail freight sector than in the passenger transport sector. The crisis is also affecting the rolling stock segment to a greater extent than infrastructure, which is expected to benefit most from the economic recovery measures planned by Member States.

The recovery plans announced are expected to benefit the rail network to the tune of up to EUR 20 billion, primarily in EU-15 countries. However, doubts have been raised regarding whether certain countries are financially capable of providing all of the investments that were provided for in spite of budgetary difficulties and the increase in debt which are expected. For its part, the EU has mobilised available funds in order to participate in these recovery efforts and in order to speed up the development of trans-European networks, inter alia by bringing forward the allocation of EUR 500 million under the TEN-T budget. On the other hand, in the context of the current crisis, an acceleration of consolidation in the rail freight sector can be seen, marked by the expansion abroad of groups like DB Schenker.

The main points of the report are as follows:

Operation of the EU rail transport market: with regard to freight transport, the report notes that after several years of a constant decrease which was particularly marked in new Member States, rail freight transport has grown at a not insignificant rate between 2000 and 2007. This is particularly the case in certain countries where non-incumbent rail undertakings have acquired significant market shares. In 2007, EU-27 countries saw a rise in rail freight transport of 2.8 %, as opposed to 1.1 % in EU-12 countries and 3.7 % in EU-15 countries. In 2008, trends in rail freight transport varied enormously across the EU-27 group of countries. Transport in this sector fell by 29.2 % in Estonia and 21.5 % in Ireland, whilst in Denmark and Latvia it increased by 9.7 % and 6.9 % respectively. Since mid-2008, the economic crisis has had a major impact on the transport of goods by rail, affecting, inter alia, the economic sectors that traditionally used rail freight services, such as the mining and steel, chemical and automobile industries. Provisional data would put this reduction at approximately 28 % across the EU as a whole between the second quarter of 2008 and the second quarter of 2009.

With regard to passenger transport, provisional CER figures indicate that between the second quarter of 2008 and the second quarter of 2009, passenger transport fell by 5 % in EU-15 countries, and by 0.7 % in EU-12 countries. This would appear to be more pronounced for business travel, where it potentially exceeded 10 %.

Opening up of the rail market: there are over 600 rail operating licences in the freight sector, including 315 in Germany and 67 in Poland. The number of licences in the passenger sector now exceeds 450, including 302 in Germany and 45 in the United Kingdom. With regard to passenger transport, non-incumbent undertakings have particularly large market shares in Estonia (58 %), in Sweden, and also in the United Kingdom, where several undertakings created in the wake of the previous monopoly have been

integrated into a variety of holdings. As far as freight is concerned, the Estonian, UK and Romanian markets are the most open. De facto monopolies still exist in several Member States.

Performance of railway undertakings: the report notes that on **financial health**, there is also another significant disparity between rail undertakings' performance in EU-15 and those in EU-12 countries. The poor financial health of EU-12 railway undertakings is mostly due to insufficient payment in respect of the provision of public services, undertakings' continued debts to the State and the poor investments made by certain operators in recent years. The current crisis is affecting all EU-27 countries, hence a general worsening in undertakings' health.

Trends in infrastructure investment: the EU-12 group of countries can be characterised by the poor level of investment provided for rail transport. 2006 figures provided by the CER indicate that average investment per kilometre for the maintenance of railway lines was five times higher in EU-15 countries than in EU-12 countries. It should also be noted that there has been stagnation in rail investment co-financed under the cohesion policy, compared to figures for the period 2000-2006. This finding is striking, despite a very favourable situation marked by a 69 % increase in the budget allocated to transport under regional policy. Within EU-12 countries, the 'rail' proportion of total national investment in the transport sector is largest in Slovenia, Lithuania, the Czech Republic and Slovakia and lowest in Poland. Investment in road infrastructure is therefore far higher than investment in rail, in both western Europe and especially in EU-12 countries.

Particularly since 2008, the Commission has received several complaints on the operation of the market, particularly in relation to the conduct of market players, for example as regards the management of terminals and access to services. It is in the light of these comments that the Commission is considering clarifying or amending certain provisions contained in the first rail package by means of a recasting exercise. It is in the light of these comments that the Commission is considering clarifying or amending certain provisions contained in the first rail package by means of a recasting exercise.