

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

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In accordance with the requirements of Directive 2001/12/EC, the Commission presents a **third report on monitoring development of the rail market**. The main points are as follows:

Rail freight traffic: the 2009 economic crisis has had a significant impact on rail freight traffic. The crisis resulted in an 18.3% drop in freight transport in tonne-kilometres in the EU-27 in 2009.

- The rebound in the sectors which had been most affected, in particular the steel, chemical and car industries, resulted in a marked inverse trend in 2010, as no fewer than 15 Member States recorded increases of more than 10%, though without returning to 2008 levels at this stage.
- According to figures provided by the CER (*Community of European Railways*), the performance of rail freight in the third quarter of 2011 remained 9.2% lower than that of the third quarter of 2008 across the whole of Europe. The decline has even continued in France and Italy.
- At EU level, it nevertheless appears that the rail sector's modal share is now comparable with pre-crisis levels. The rail sector's share of overall freight transport had experienced a steep decline over previous decades, yet its market share has remained slightly above 11% for a decade, with 10.2% in 2010 as a result of the crisis.
- The rail sector's share in land freight transport, which had stabilised since 2002 at 17.1 %, (in 1995 it still had a 20.2 % share), fell in 2010 to 16.2%.

Passenger transport: passenger transport was relatively unaffected by the crisis.

- The decrease in traffic levels in passenger-kilometres was 1.4% for the EU-27 in 2009, where the increase of 3.6% in the EU-15 was not sufficient to offset the decrease of 8.3% in the EU-12 countries.
- Developments in 2010 were mixed, with a less favourable situation again in the EU- 12 (-11.3% in Romania) than in the EU-15, with the highest increase in the United Kingdom (+5.8%).
- The Commission notes that the decline, which started in the 1990s in the EU-12 countries, has nevertheless continued in 2010. In this context, there is a **clear correlation** between the recent development of traffic observed in each of the Member States and passenger satisfaction levels as expressed in the survey carried out for the Commission, as borne out, for example, by the positive results in the United Kingdom and Lithuania.
- The **rail sector's share of the passenger transport market** in the EU-27 has increased slightly over recent years, rising from 5.9% in 2004 to 6.3% in 2010. However, considerable differences remain between the Member States with railway networks, as this share accounted for some 10% or more in Hungary and in Austria, but scarcely 2% in Estonia and a little more than 1% in Greece.
- **Opening up of the freight market:** the opening-up of the market gathered pace in the rail freight sector during the crisis, albeit at a varying speed from one Member State to the next. At EU level, the number of licences has increased by nearly 16% for the freight sector in two years. It should be noted that this figures does not include national licences, significant numbers of which are still issued by some Member States (undertakings which provide exclusively regional rail freight services may hold national licences only).
- In terms of tonne-kilometre, undertakings other than the largest operator hold the largest market shares in Romania (55%), the United Kingdom (51%) and Estonia (43%).
- Over two years during the crisis, the market share of non-incumbent operators increased significantly in several Member States (from 10% to 23% in Latvia, from 14 to 27% in Belgium and

from 10 to 20% in France), while it remained zero or close to zero in Finland, Ireland, Lithuania and Luxembourg.

- In addition, some incumbent operators now have significant market shares in other European countries as a result of subsidiary undertakings operating locally. The crisis has not generally slowed down the progress of new entrants on different national markets. It is important to note in this context that increasing the number of competitor operators has not had a detrimental impact on the high level of safety of this transport mode.

Opening up of the passenger market: the effective opening up to competition of the passenger market is taking place gradually, but now involves a majority of Member States.

New entrants have particularly high market shares in the United Kingdom (90%), Estonia (50%) and Poland (48%), while countries where the incumbent operator still controls the whole of the market are now in a minority (Belgium, Greece, Spain, Finland, Ireland, Lithuania, Slovenia and Slovakia). However, in some Member States such as Poland, new operators are the result of the partial break-up of the incumbent operator and hold de facto monopolies in their respective regions. This situation is largely due to the fact that the opening up of the domestic rail passenger transport market occurred at a more or less early stage in the different Member States: from 1992 in Sweden, in 1994 in Germany, in 1995 in the United Kingdom, then in Denmark and in Italy, and subsequently in a further ten EU countries.

As regards **international passenger transport**, which was opened up to competition by European legislation on 1 January 2010, alliances between incumbent operators remains the most common operating mode. However, services are gradually appearing on several routes that are in competition with the services provided by the incumbent operator of one of the countries served.

Conclusion: the Commission indicates that the market monitoring process will be complemented in the short term by the publication of a Eurobarometer study on the opening-up of the domestic rail passenger market, currently being undertaken. The results of the study will be taken into account in the preparation of the future legislative proposal on the opening-up of the domestic rail passenger market.

In this connection, the Commission recalls its [White Paper 'Roadmap to a Single European Transport Area -Towards a competitive and resource efficient transport system'](#), stating that it intends to propose a 'fourth railway package' with the objective of opening up domestic passenger transport to competition, improving access to infrastructure and associated services, as well as extending the European Railway Agency's tasks in the area of certification.

Lastly, the [recast of the directives of the first railway package](#) has enabled developments in the areas of regulatory supervision, infrastructure financing and charging and market access conditions. A formal network of regulatory bodies will be created for coordination and exchange of best practice, together with a clause stipulating a review in 2014.