Railway transport: implementation of the first railway package

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PURPOSE: to report on the implementation of the first railway package.

CONTENT: this report is concerned solely with the implementation of the first railway package. It considers the impact the railway package has had on stakeholders as well as its effect on the market. The Report is based on information available to the Commission, discussions held with the Member States and a number of studies which have been commissioned on this matter.

Comprising of three Directives, the first railway package enables any railway undertaking, licensed in accordance with Community criteria, access to railway infrastructure on fair, non-discriminatory terms and to offer pan-European services (starting with international freight services) access to the trans-European rail freight network.

The Report finds that on 1 January 2006, 24 of the 25 Member States had formally transposed the three Directives of the first railway package into their national legislation. The Directives, though, are still having an unequal effect and are yet to lead to the arrival of new entrants in all of the Member States. The Commission gives warning that it will, if necessary and where appropriate, launch infringement procedures if transposition is incomplete or has not been done properly.

As far as the development of the market is concerned, the Report notes that freight transport has displayed a new-found dynamic thanks in large to the gradual opening up of the market. However, the overall market share of freight transport remains low. Taking all transport modes together, including maritime transport, the share of the railways was 10% in 2004 compared to 12.1% in 1995. In the meantime the figures for roads have increased during the same period – as has that of the maritime sector. The share, per transport mode for inland transport, shows that the use of railways has fallen from 19.5% in 1995 to 16.4% in 2004, while the figure for roads has increased from 68.1% to 72.3%.

On the matter of safety, the Commission concludes that the EU is in a “very favourable situation”. Figures show that the number of passengers killed or injured in railway accidents is constantly falling while traffic accidents continue to increase. The opening up of the freight market has not had any impact on the safety of the railway system. Those Member States which have opened their markets most up to competition have not seen any deterioration in their safety levels.

The Report also analyses the development of working conditions and employment in the railway sector. The number of jobs in the railway industry for the EU-25 accounted for just under 1.2 million jobs. One effect of the on-going regulatory reform has been to distribute employment in different ways rather than concentrating jobs in a single overall entity, as was previously the case. As far as working conditions are concerned the restructuring of the railway industry has led to some painful results. The Report points out that the sector is still being restructured, which could result in further negative consequences. Incumbents have reduced the number of apprenticeships in an effort to reduce costs, while the qualifications required are not provided by vocational training. It is, therefore, necessary to develop training networks at a European level for employment in the railway industry. This could help create a genuine employment market for railway companies and infrastructure managers.

The Report concludes by noting that the railway industry, which has been in permanent decline since 1970, has managed to stabilise the volumes transported and in some Member States, to recover market shares from the roads. The fall in employment has also been halted.

The Report notes that the implementation of the first railway package by the Member States is well under way but that more needs to be done with regard to several aspects in order to guarantee its full completion. The Commission, therefore believes that the Member States should:

- complete the restructuring of incumbents whilst ensuring the separation of account and essential tasks;

- establish principles for rail infrastructure charging;

- create the administrative capability required for the proper operation of the regulatory body and the national safety authority – whilst at the same time ensuring that these bodies are genuinely independent;

- contract out the State's financial relations with the infrastructure manager for the funding maintenance and modernisation jobs on the railway infrastructure;

- clarify the financial ties between the national and regional transport authorities and the railway undertakings by concluding public service contracts;

- prohibiting cross-subsidies between freight and passenger transport operations;

- create transparent requirements for access to training centres and safety certificates.

The Commission also recommends that infrastructure managers:

- improve the content and visibility of the network statement, which must be clear and complete and cover all the services;

- set charges based on real costs

- co-operate at a European level on the granting of international paths and establish harmonised conditions for infrastructure access based on standard contracts.

The Commission will continue to place rail at the centre of its transport policy and will closely observe the market situation. If necessary, it will take action to correct undesired situations, by starting infringement procedures or proposing amendments to existing Directives. In line with the commitment given by the Commission in 2005, guidelines on State aid in the railway sector are being prepared in a bid to increase transparency.