



International Chamber of Commerce

The world business organization

Policy statement

The liberalization of rail transport in Europe

Cargo Coordinating Forum, 7 December 2000

World business, as represented by ICC, has long pointed out the essential role of transport in facilitating trade and economic growth. Globalization and the steady increase in world trade has led to increased demand from buyers for rapid and time-sensitive delivery of goods. To satisfy those demands, companies are increasingly dependent on user-oriented, time-reliable intermodal transport networks. Only a liberalized and interoperable rail system, that is open to competition, can meet its full potential as an indispensable link in the intermodal transport chain and as a mode of its own.

The efficiency of rail transport in Europe is of crucial concern to the entire global business community that ships its goods on and through the continent. Many companies would like to make more use of rail than they do now, primarily as a complement to the other modes.

In principle, a customer-oriented rail system offers shippers a competitive alternative in price, speed and reliability. And rail transport of goods over long distances offers important advantages from the viewpoint of environmental sustainability.

In practice railways need to improve their service levels to those available in other transport modes. While the transport industry is becoming more international and deregulated, rail transport in Europe is too often based more on national considerations than on customer needs.

ICC welcomes the re-launch by the European Union (EU) of the rail liberalization process, with its year 2000 Railway Package, as a first step to making rail more commercially-oriented and market-driven. ICC urges that EU member states implement the EU policy line for rail liberalization and that other countries in Europe follow this concept. Recognizing the unique nature of the EU rail system, ICC welcomes in particular measures in Europe that will:

1. **Open up access to the rail transport market for new suppliers so that there will be choice, and so that a quality and price structure can develop in accordance with the market's needs**

Licensed undertakings should be able to gain access to the railway market, whether they are public or private. ICC supports efforts to work toward a European rail transport market that includes a variety of operators, and who are given the opportunity to run their railway systems with no discriminatory conditions attached.

ICC attaches importance to having a wide definition of applicants that are eligible to apply for rail path allocation. States should be authorized to consider as applicants shippers, freight forwarders, and logistics companies. Licensed railway operators should be able to enter the market for international and national railway goods transport on non-discriminatory terms.

2. **Provide separation of infrastructure management and transport operations**

To ensure competition in rail transport, providers of infrastructure and transport operators must have clear and separate responsibilities. Enhanced efficiency of railway authorities can be brought about with privatization - partial or whole - of operations, and with benchmarking to

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incite improved rail performance through best practice. This separation between rail infrastructure management and rail operation is a prerequisite for fair competition.

European railway operators competing in a deregulated market will bring about further innovation and development. Competition will also ensure that railway operators take the necessary rationalization measures, acting as commercial companies.

3. Reallocate infrastructure and charges

Access to infrastructure and allocation of rail infrastructure charges have to be fair to the operators and should be non-discriminatory in relation to other transport modes. Charges should be set so as to stimulate the efficient use of infrastructure in line with the demands of the market.

4. Facilitate Pan-European rail interoperability

In Europe proposals for freeways have been raised, with the overall aim of access for additional operators, coordinated infrastructure and simplified border transactions. Up to now however, implementation of the "Freeways" has been slow due to lack of incentives to railways to make them work, and to insufficient logistical coordination.

While this Freeways concept was a good first step, more needs to be done to bring about a European railway market and to move away from the still national railway markets. ICC therefore recommends free access on the whole rail infrastructure network for goods transport, and recommends that the necessary measures be implemented to enable this. For example operators who have been granted permission to operate international rail transport in one country should be granted access to tracks in other countries. This access should not be subject to reciprocity agreements between member states, which in effect would severely handicap the opening up to competition.

Also, to ensure interoperability and to maintain the required level of security, common European standards need to be implemented on signaling control systems and information systems.

Finally, ICC calls for a quick decision on an EU-level on standardization of railway cars and their components. The cost of manufacturing railway car components separately in national markets in Europe is currently considerably higher than in the US due to too short production series. A new load carrier that is approved for transport in one European country, should also be approved for transport in other member states, thereby broadening the market for the manufacture of rolling stock for railways in Europe. With standardized production, and competition in the supply market, volumes will increase, and supply market costs will be lowered.

5. Separate Trans-European railway networks for goods and passenger transport

The use of the same infrastructure by high-speed trains carrying passengers, and long, heavy trains carrying goods creates capacity problems and lowers transport quality. Traditional rail operations tend to concentrate primarily on passenger transport. In the schemes of public service obligations for passenger traffic, the schedule for passenger travel still determines the schedule used for cargo transport on rail. ICC recommends that separate networks be created for Trans-European railway transport, in which one contains high-speed trains and express goods, and the other, long and heavy trains carrying other freight.

Given the above objectives, ICC suggests that as a first step, the transport of goods should be separated from the transport of passengers in terms of management, personnel and technical resources.

Conclusion

For rail transport of goods, an open, commercially-oriented market will mean better quality, increase in demand and increased market share. This in turn would make it possible for rail companies to make new investments. In a well functioning market, rail transport can play an essential role as a viable link in the intermodal supply chain and in the logistical strategies of companies. In this way it can also contribute to the growth of the economy.

ICC understands that achieving the needed change will take time and will require a partnership approach between governmental authorities, shippers, operators and infrastructure owners. Because substantial progress is needed, it needs to be tackled now, with a clear liberalization implementation timetable for EU decisions, and with firm deadlines, as has been the case in the telecommunications sector in many countries and regions.

The most important way to come to an efficient rail sector is to introduce competition so that operators implement the necessary rationalization measures and tap the benefits of a market-based approach.

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