



# 20 Years of Rail Liberalisation in Europe

*Key lessons from a Swiss Perspective*

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# Agenda

- ① Structure, Conduct & Performance of the Swiss Railway Market
- ② Case study: *Learnings from the liberalisation of the freight market in Switzerland*
- ③ Conclusions & Challenges ahead







**Total annual revenues**  
6.5 billion Euro



**Passenger**

- 951,000 passengers per day
- 325m passengers per year

**Locomotives**  
Passenger: 1,009  
Cargo: 610  
Infrastructure: 422



**Cargo**

- 220,000t/day
- 3500 customers
- 323 access points



**Employees**  
28,143

**Infrastructure**

- SBB normal gauge network: 3,039 km (13%)
- Total public transport network in CH: 24,500 km (100%)
- 303 tunnels



**Annual Procurement**  
2-3 billion Euro

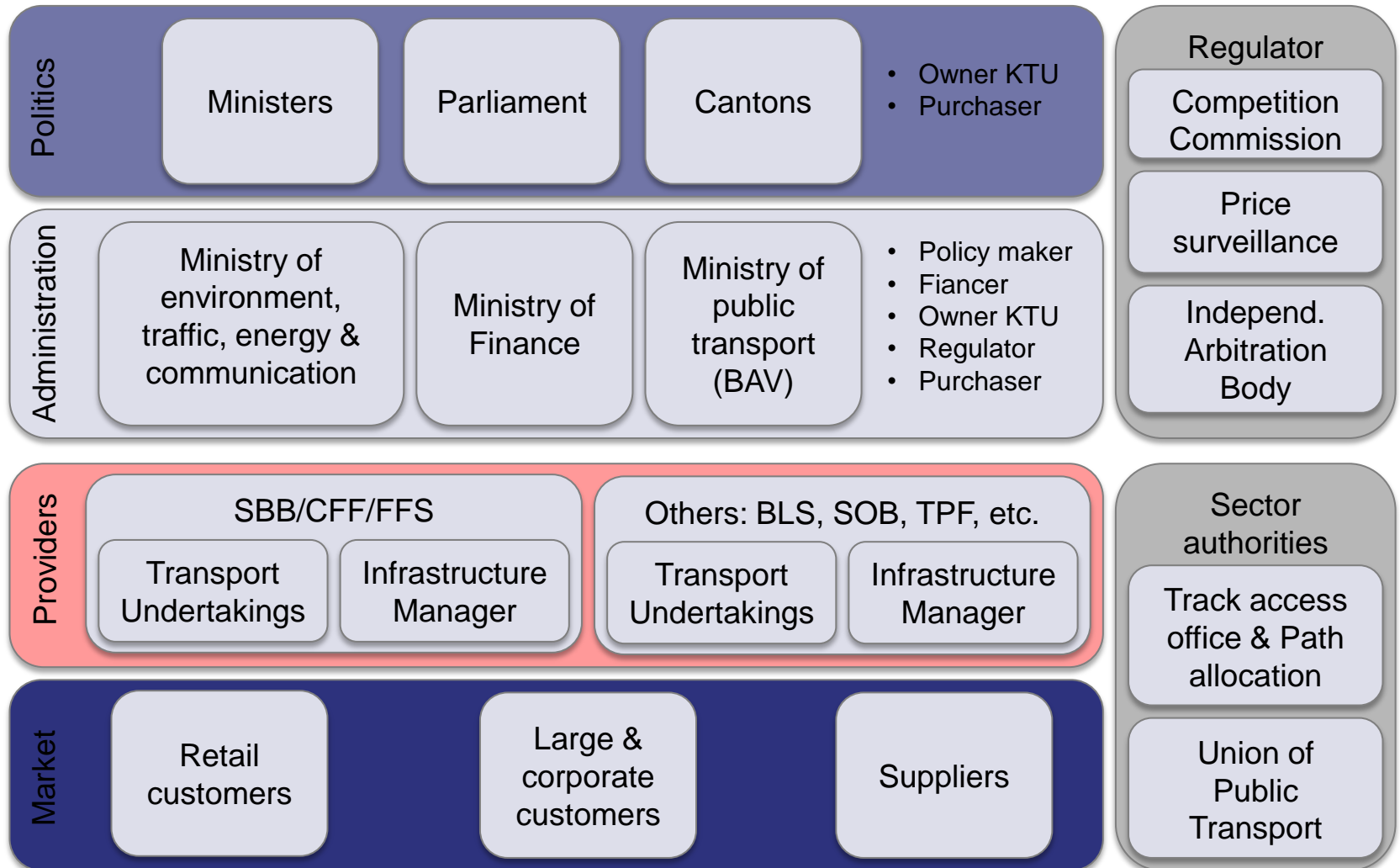


**Real estate**

- 3,500 properties
- 757 stations

# Market structure

## Institutions & Players

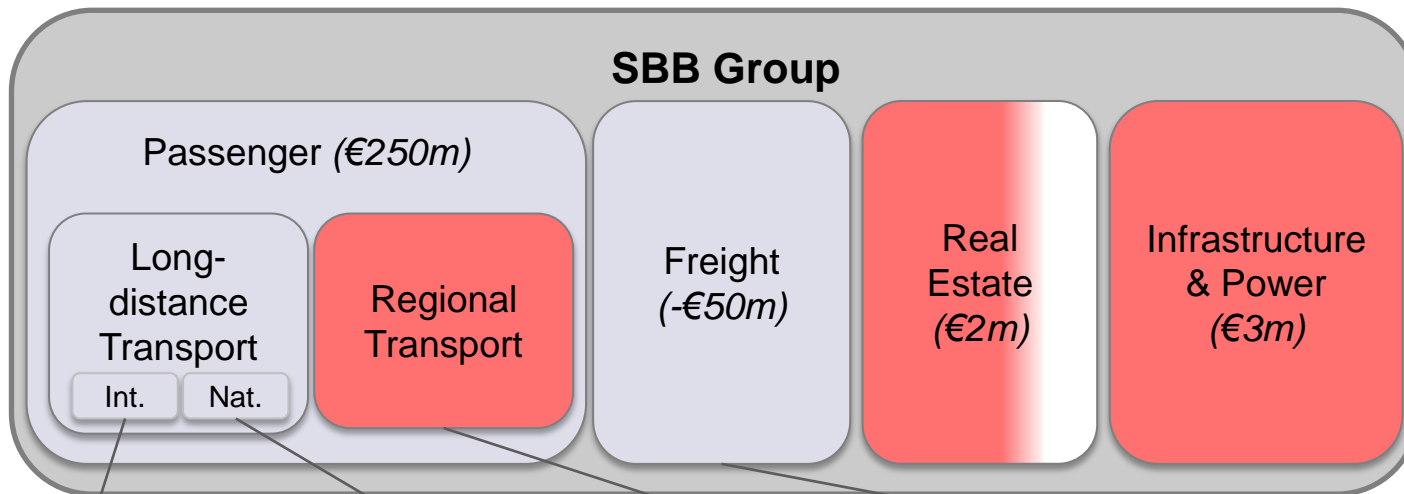


- Tight control mechanism through owner, regulator and financer
- High level of cooperation between market players


# Market structure

Business model & financial viability

Financial viability



Business model



**International**

- Joint ventures & Partnerships
- Connected to the EU HS Network
- Implementation of 3rd RP pending




**National**

- Network Licencing Regime (until 2017)
- Market share SBB: 100%
- Narrowly defined services to be provided




**Regional**


- Direct authorisation procedure
- 0-sum/profit game
- Market share SBB: 60%



**Freight ("Cargo")**

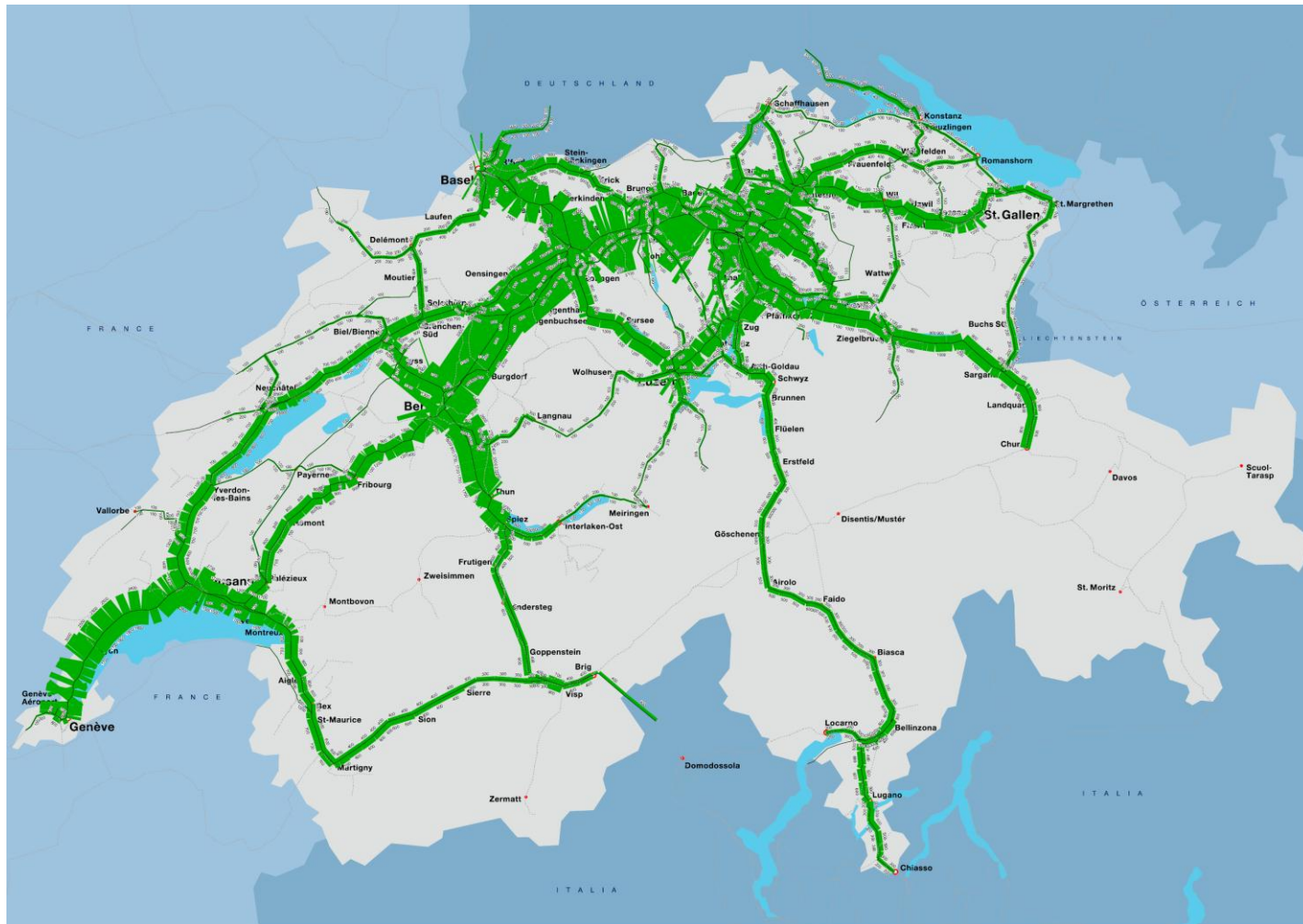
- Open access since 1999
- Market share SBB total: 69%
- Market share transalpine: 48%

 Ability to earn an appropriate return on and of capital invested

 Limited ability to earn return and/or subsidies to cover cost

# Geography matters

Switzerland has a particular geography



**Switzerland: 7.8m (entire population)**

Paris: 10.3m („unité urbaine“)

London: 13.9m („metropolitan area“)

Milano: 7.5 („Grande Milano“)

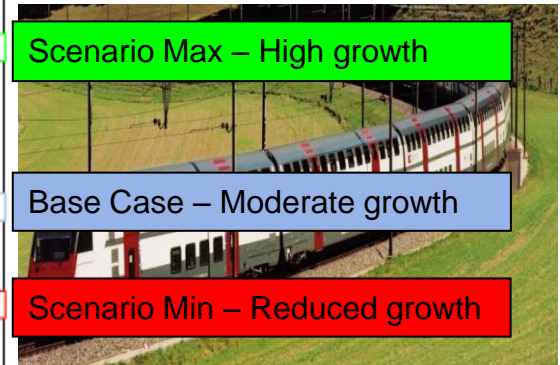
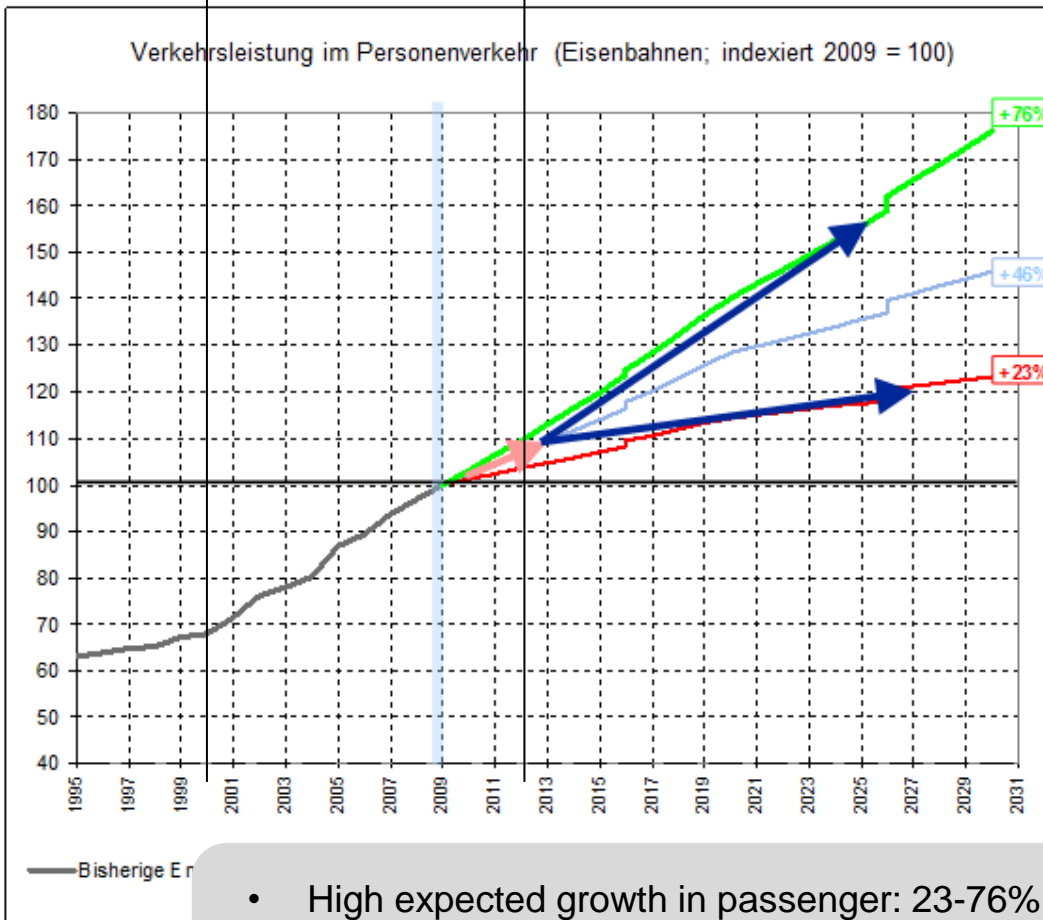
7-8am / 5-7pm



# Demand matters

## Growth scenarios for passenger rail services 2009-2030

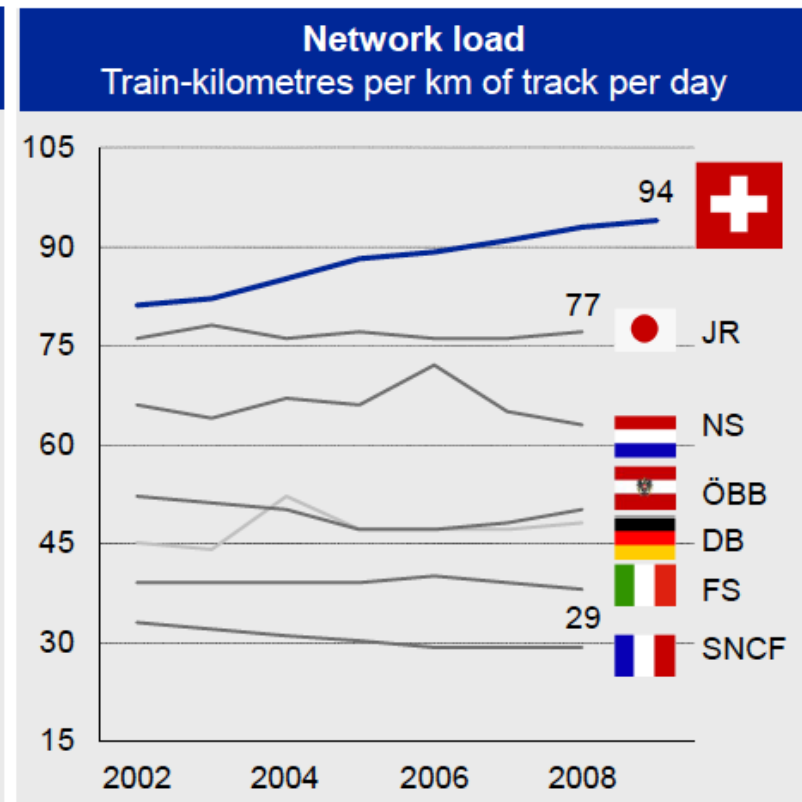
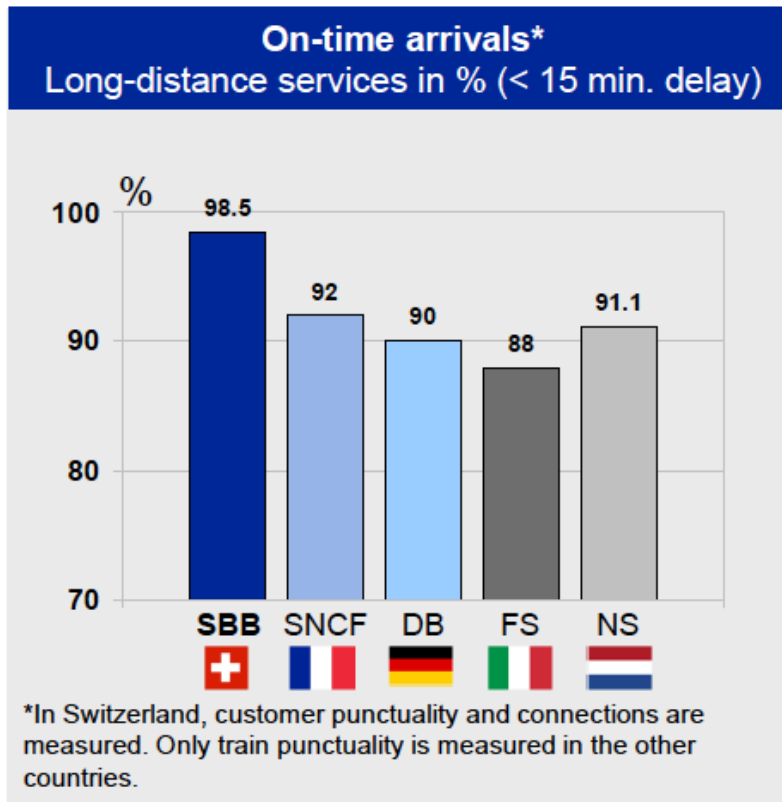
CH: +50%  
EU: +10%



- High expected growth in passenger: 23-76% until 2030
- Currently every Swiss citizen uses rail 50 times a year in average (EU: 15)

# Density matters

*The Swiss railway network is one of the most densely used worldwide*



International benchmarks suggest that...

- ... the Swiss rail network is one of the most densely used worldwide
- ... the Swiss railway is the most punctual compared with its peers



# Key success factor

*A fully synchronised integrated timetable within an open system*

## The Swiss through ticketing system

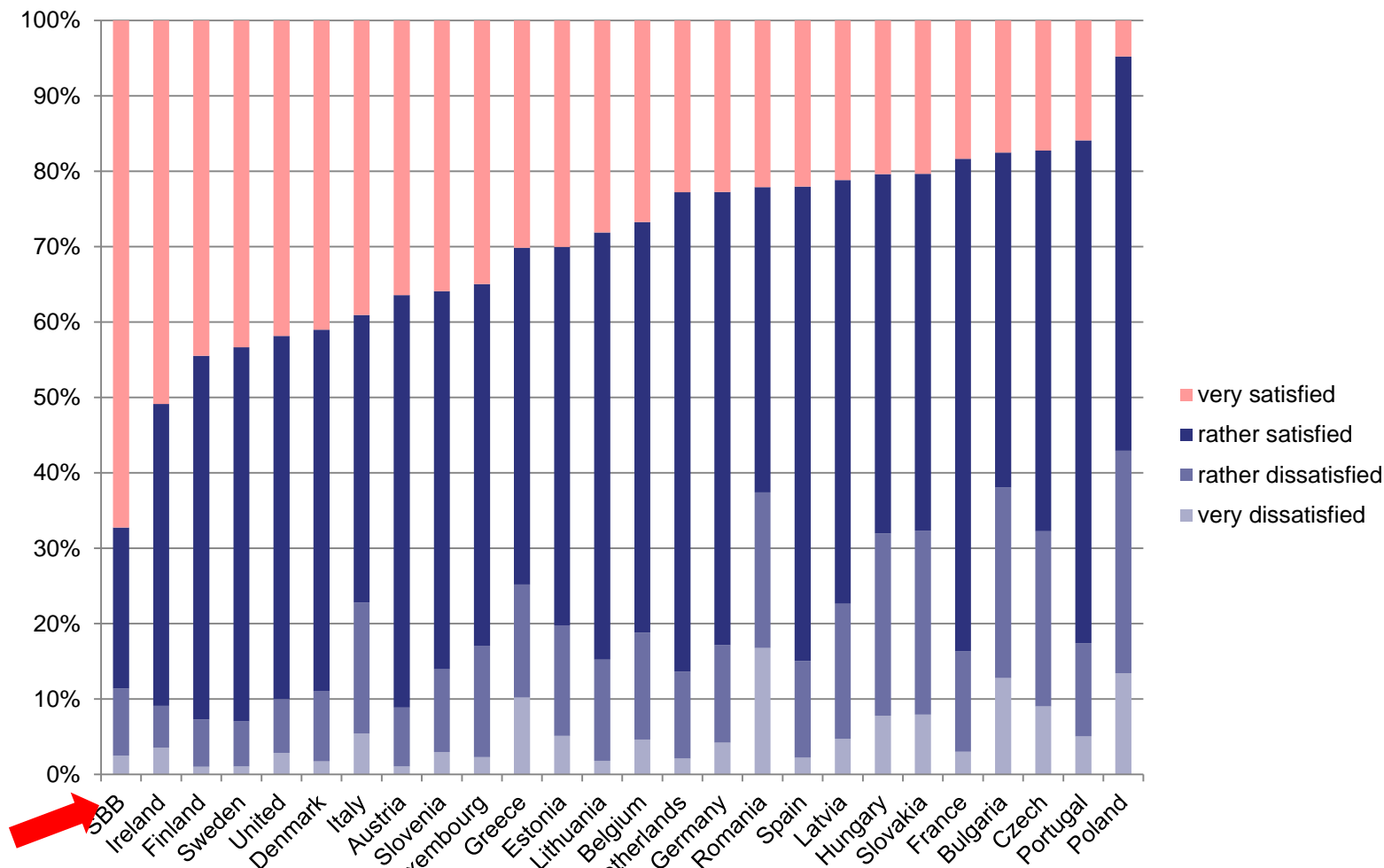


### Customer benefits:

- One ticket is valid for the entire journey (numerous transport companies)
- Synchronised timetable ensures best connections and travel times
- Degressive pricing: Significantly less expensive than the sum of all parts

# Service quality matters

Customer satisfaction with the clock face timetable



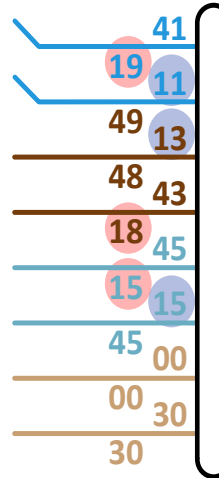
- A high degree of customers being satisfied with the rail service quality overall
- With regards to the timetable about 90% of the customers is rather-very satisfied and also indicate that it's a competitive advantage to have an integrated fully synchronised clock face timetable

# The integrated face clock timetable

An example



Zürich - Aarau S3



Wetzikon

Zürich S14

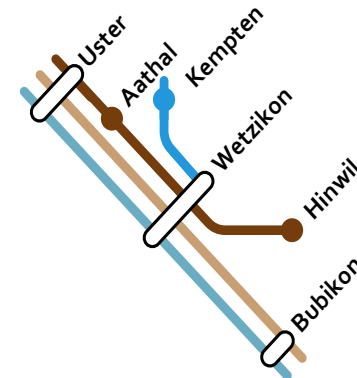
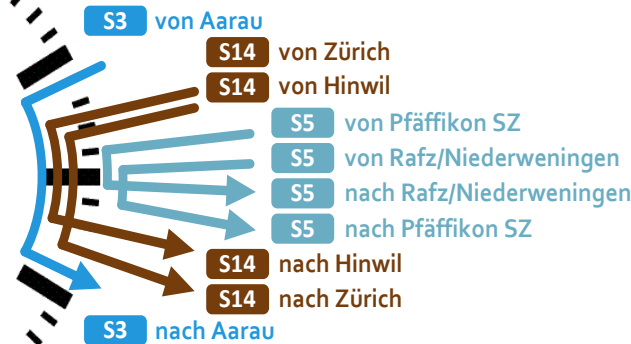
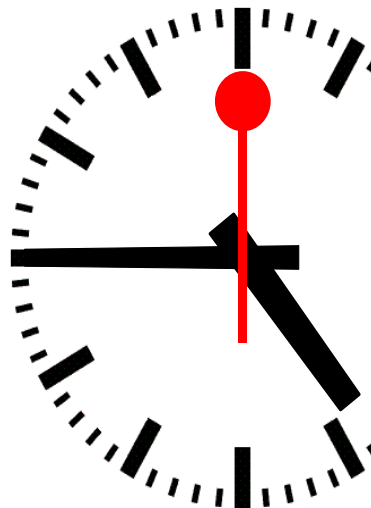
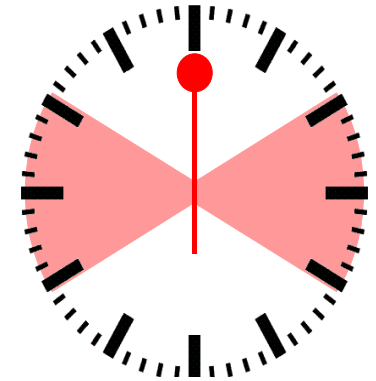
Hinwil

Zürich - Niederweningen/Rafz S5

Pfäffikon SZ

Zürich - Affoltern am Albis S15

Rapperswil





**Case Study:**  
*Learnings from the liberalisation of the freight  
market in Switzerland*



# Case Study (I)

## Liberalisation of the freight market in Switzerland

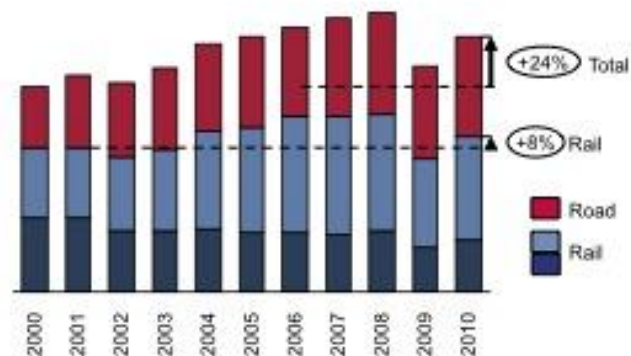
### Implementation of 1st Railway Package in Switzerland

1999

- SBB Cargo AG
- Full market opening for freight in cross-border transport
- 4 years ahead of the EU – very much a proactive move
- Political objective of shifting freight from road to rail

#### Volume increasing in absolute terms

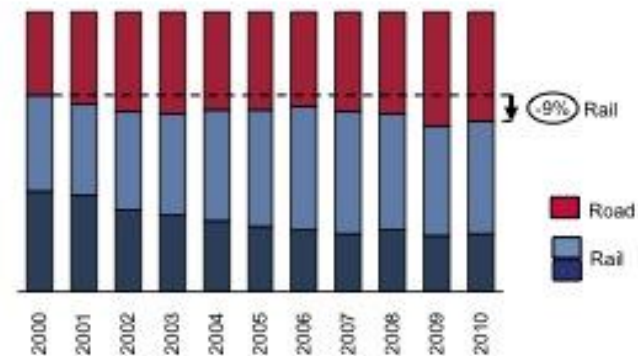
##### Transalpine freight traffic over time [m t]



- Total increase in traffic: 24%
- Increase rail: 8%

#### Modal Split (transalpine) decreasing

##### Modal Split



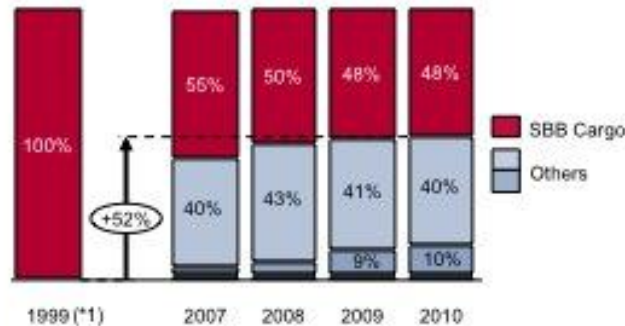
- Relative modal split shifts towards road:  
Decrease of rail volume of 9%

# Case Study (II)

## Liberalisation of the freight market in Switzerland

### Market share SBB Cargo decreasing

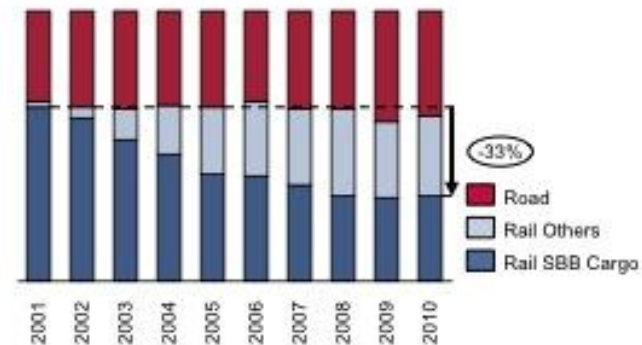
#### Market Share on the basis of transalpine freight volume development



- SBB Cargo lost 52% since 1999

### Modal share SBB Cargo decreasing

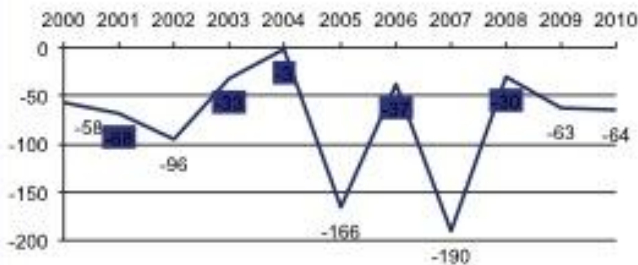
#### Modal share SBB Cargo



- Modal share SBB Cargo decreasing 33% (2001-10)

### P&L SBB Cargo

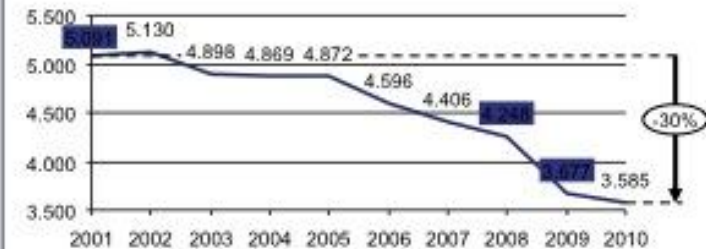
#### Results SBB Cargo [m CHF]



- Since 2000 negative financial result
- Aggregated loss of 800 Mio. CHF

### Reduction in FTE

#### Workforce SBB Cargo [FTE]



- Since 2001 30% decrease in FTE
- Productivity increase of 10%

## Conclusions

- In a liberalised market significant market share gains are possible...
  - ...regardless of the industry structure, i.e. level of the separation of the incumbent
  - ...if the sector is based on a cooperative model
- If opening up a market to competition...
  - ...the financial structure and situation of the market needs to be taken into account
  - ...specific conditions with respect to economies of scale (total market size and its distribution over the country), scope (market size in an intermodal context) and geography (population density, population distribution) are important

## Challenges ahead

- How to create a single European market for the benefit of its citizens and railway customers despite taking into account national differences?
- When introducing competition: How to take into account for the specific features of the railway market with significant investments and a limited scope to generate revenues?

**Thank you for your attention!**



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