

# Domestic Passenger Market Opening

## *The Position of CER*

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# Three key elements: infrastructure, intramodal competition and intermodal level playing field



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**Intermodal level playing field**



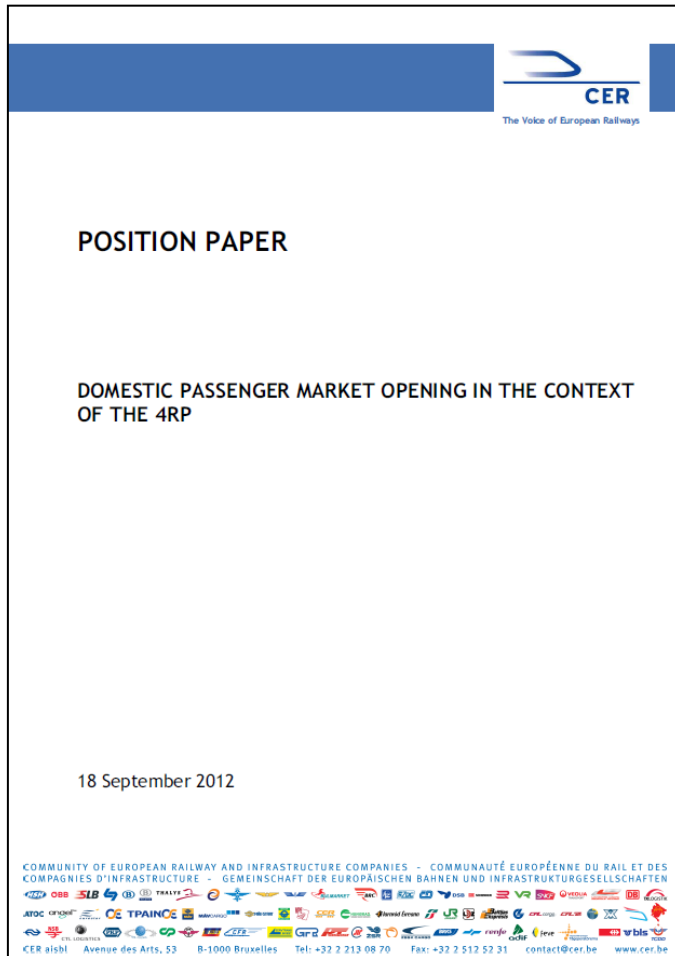
**Intramodal competition**

**Infrastructure**

# CER recently adopted a new Position Paper on passenger market opening in the context of the 4RP



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- **CER warmly welcomes the entry of new open access market players, e.g.**
  - **WESTbahn** in Austria serving the (Freilassing)-Salzburg-Vienna line
  - **NTV** in Italy serving (notably) the Milan-Rome line
  - **REGIOJET** in the Czech Republic serving the Prague-Ostrava line
  - **HKX** in Germany serving the Köln-Hamburg line
  
- **CER believes that competition on the market should develop further**
  - **Open access should apply on the entire network in every EU Member State**
  - **Ensure that measures designed to protect Public Service Obligations do not hamper market entry**
  - **Streamline the processes for the safety certification of undertakings and for the authorisation of placing vehicles in service (“ERA component”)**

- CER opposes a universal adoption of competitive tendering for PSOs
  - Performance and service quality can be high both with tendering and with direct award if adequate financing and in-contract incentives are in place
    - See e.g. “*2012 European Railway Performance Index*” published by the Boston Consulting Group
    - Examples: Switzerland (direct award) and Germany (tendering) are ranked higher than Belgium (direct award) and Great Britain (tendering)
- Within the framework given by national states, Competent Authorities are the best placed to determine the needs of the travelling public and to determine how best to procure the relevant services

- **The CER Position stresses the following key components:**
  - PSOs should apply where open access services cannot be viably operated
  - **Bundling of viable and non-viable services** into single PSO/franchise contracts must remain possible for efficiency reasons
  - Where open access and a PSO overlap on the network, States may take measures to **safeguard the economic equilibrium of the PSO**
  - Conversely, **open access operators should also be protected** - e.g. where a new PSO is created or the scope of an existing PSO is extended

## Certainty and Transparency

**before any individual PSC is to be re-awarded**

- The Competent Authority must commit, credibly and transparently, to whatever social arrangements will be in place
- Potential bidders - and the existing staff - must be well informed

## A Sound Knowledge Basis

**Standards and arrangements differ widely within the Union, as does the prevalence of competitive tendering**

- CER will proposed to the social partners to set up an EU-funded project to review and document the situation in Member States

## Open Access

CER supports a **universal adoption of open access competition** across the EU

## Public Service Obligations

For PSO, **free choice of geographical size and award mechanism** should be maintained

Further progress is also essential on **accompanying conditions**:

- Improving the **financial architecture** of national rail sectors
- Addressing **social conditions**
- Deepening **technical alignment** between national rail sectors
- Effective and **independent national regulatory bodies** and an **effective network of regulatory bodies**



Thank you for your attention!



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