



Handbook on Railway Regulation

Regulatory challenges in Europe

Juan Montero

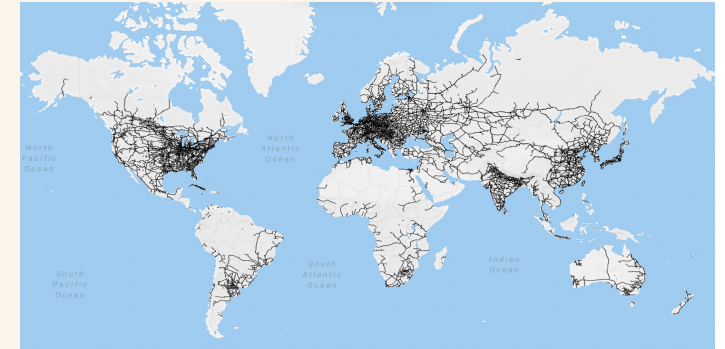
Florence School of Regulation-EUI

UNED (Madrid)



EUROPE

- Dense railway infrastructure...
- Successful high speed services...
- Popular rail commuting services... BUT...



CHALLENGE: EVOLUTION FROM NATIONAL TO EUROPEAN NETWORK

30,000 DESTINATIONS.
BOOK YOURS NOW.



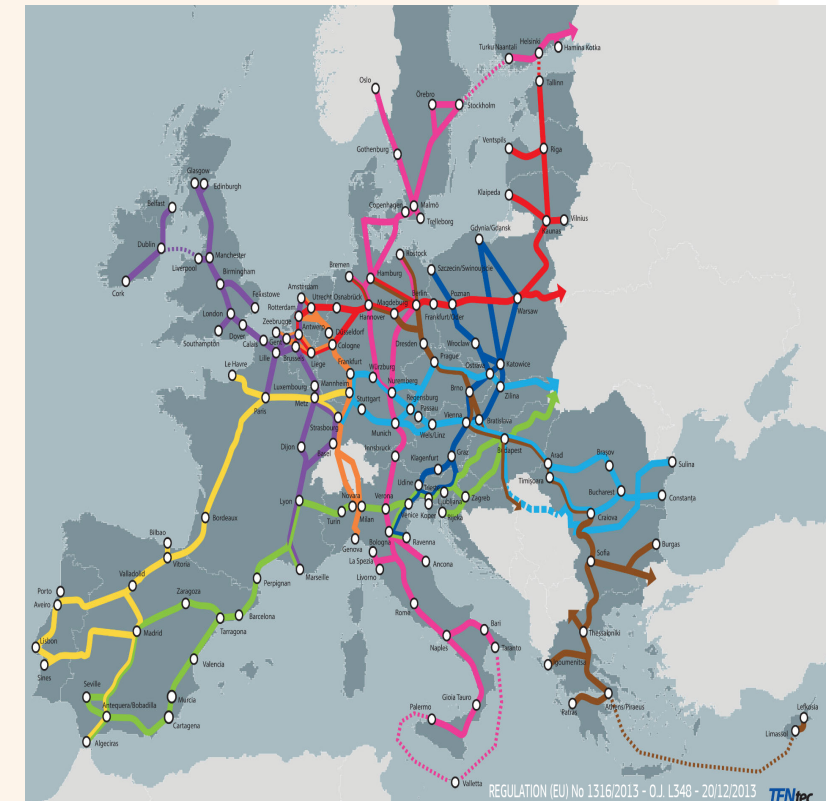
- Infrastructure built as national systems...
- Bottlenecks in internal borders...
- Interoperability problems...
- No EU market for rolling stock...
- Cross-border freight services not reliable



CONSTRUCTION OF THE SINGLE EUROPEAN RAILWAY AREA

- Rail infrastructure: natural national monopolies
- EU investment in TransEuropean Networks.
- Special attention to missing cross-border links.
- Interoperability (ERTMS).
- Rail Freight Corridors.

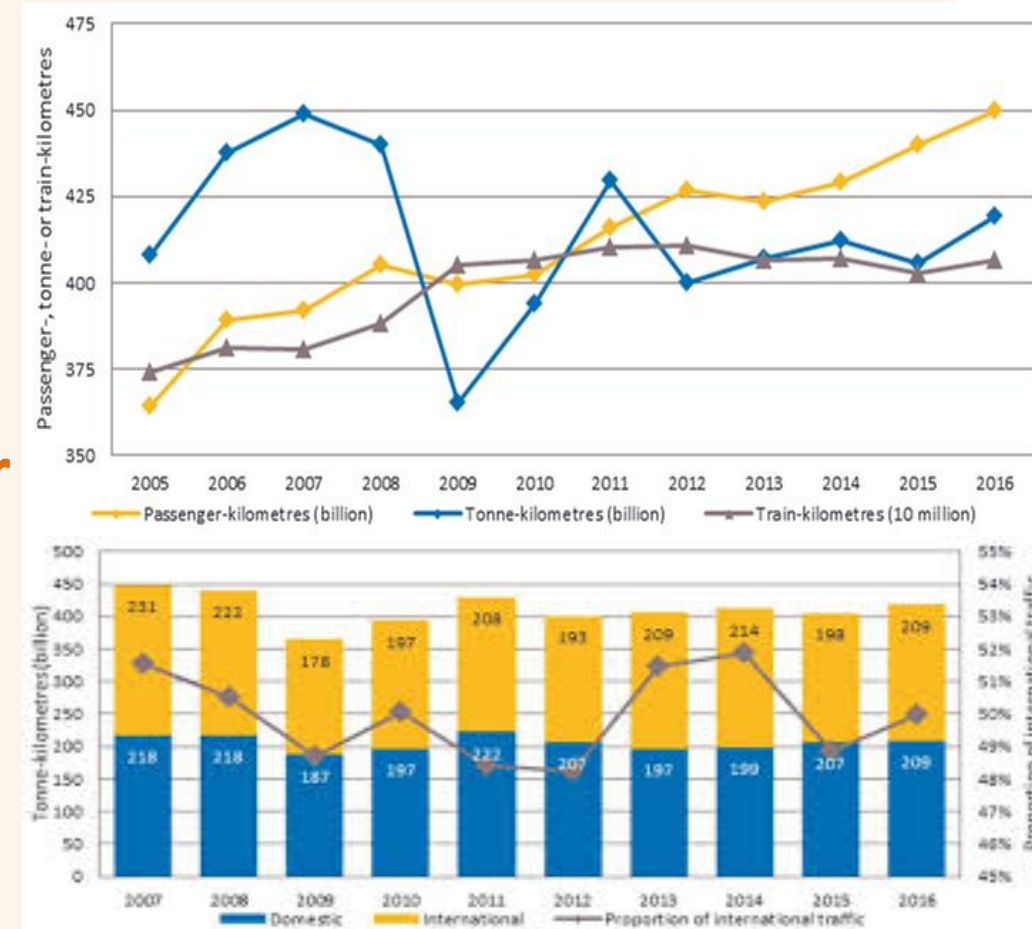
CHALLENGE: 27 Infra Managers...1 network





COMPETITION IN FREIGHT SERVICES

- Market liberalized in 2007.
- Newcomers have 39% market share.
- BUT... no growth in modal share (17%).
- OPPORTUNITY: long-distance, cross-border services.
- The pace of change needs to be accelerated.





COMPETITION IN PASSENGER SERVICES

- Dec. 14th, 2020: Competition in the market.
- Pioneers:
 - UK: Franchises since 1990s... under review.
 - Italy: Successful competition in HS.
 - Czech Rep.: Three competitors, expanding in Central Europe
 - Other: Austria, Sweden...





SITUATION IN LIBERALISED MARKETS:

- Competition limited in scope: only main corridors.
- Competition limited in number: 1 newcomer (2 in CR).
- Reduction in prices: up to 50%.
- Increase in frequencies: up to 100%.
- Financial challenges for railway undertakings.





COMPETITION IN PSO SERVICES

- **PSO 60% of EU rail passenger-km.**
- **Competition for the Public Service Obligation markets.**
- **Competitive tendering already in 41% of services.**
- **Tenders for PSO contracts as from 2023.**
- **Next: France**





Thank you!

juan.montero@eui.eu