

25th Florence Rail Forum

# Evaluating the Recast Directive

24 June 2024

Sala Europa - Villa Schifanoia, Via Boccaccio 121 - Florence

Scientific Organiser: **Juan Montero** | European University Institute

## Introduction

The Recast Directive opens the Single European Railway Area to competition. Competition is gradually emerging across the EU, but there are obvious asymmetries across Member States in particular in the passenger commercial segment, which includes high-speed services (see RMMS 2023, Figure 79). While some markets have vibrant competition in high-speed services, others have competition for the market in public service obligation services, and yet, in some markets, no significant evolution has taken place.

Barriers to entry to railway markets are particularly relevant. Rail infrastructure is a natural monopoly. Traditionally, infrastructure managers were vertically integrated and enjoyed exclusive rights to provide downstream rail services (freight, passenger, etc.). The elimination of such exclusive rights enables competition in (commercial services) or for the market (PSO services). However, barriers to entry can deter newcomers. Access to infrastructure is the key factor, as in the rest of network industries, as well as access to service facilities.

The Recast Directive aims at reducing the barriers to entry related to access to infrastructure: rules on capacity allocation, traffic management, temporary capacity restrictions, etc. Furthermore, it defines the basic principle of non-discrimination by infrastructure managers in favour of the vertically integrated railway undertaking when vertical integration exists, as well as specific rules for the governance of vertically integrated undertakings.

Article 63 of the Recast Directive requires the Commission to evaluate the impact of the Directive by the end of 2024, and in particular, to draft a report assessing whether discriminatory practices or other types of distortion of competition persist in relation to infrastructure managers which are part of a vertically integrated undertaking, and in particular evaluate the development of high-speed rail services and assess the existence of discriminatory practices regarding access to high-speed lines.

Hence, the 25th Florence Rail Forum, co-organised by the Transport Area of the Florence School of Regulation together with the European Commission's DG MOVE, aims to discuss the current situation of competition across the Single European Railway Area: Are there discriminatory practices or other types of distortions of competition in relation to vertically integrated infrastructure managers? What is the impact on the market? How is competition evolving in high-speed? Has vertical integration impacted the evolution of competition? How are the rules to govern vertically integrated infrastructure managers implemented? Are they effective? What new rules could be introduced?

## Draft Programme

### 24 June

08:45 - 09:00 *Welcome coffee*

09:00 - 09:30 Setting the scene  
**Juan Montero** | European University Institute  
**Sandro Santamato** | DG Move

09:30 - 11:00 Session A  
**How is competition evolving in the Single European Railway Area?**  
*Discussion Questions: What is the reality in the market? What are the entry strategies? Are the vertical separation rules effective (separation of HR, information, financials)?*

Roundtable discussion

11:00 - 11:30 *Coffee break*

11:30 - 13:00 Session B  
**What are the real barriers to entry?**  
*Discussion Question: Technical barriers, authorisations, rolling stock, service facilities, ticketing, track capacity, others? How to overcome them?*

Roundtable discussion

13:00 - 14:00 *Lunch break*

14:00 - 15:30 Session C  
**Competition in high-speed services**  
*Discussion Question: How is competition evolving in high-speed? Is there room for newcomers not active in the market?*

Roundtable discussion

15:30 - 15:50 Synthesis and concluding remarks  
**Matthias Finger** | European University Institute  
**Juan Montero** | European University Institute  
**Sandro Santamato** | DG Move