



ALLRAIL

The Future of Passenger Rail

EUROPEAN NIGHT TRAIN SERVICES: COMPETITION AS THE KEY TO SUCCESS

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Agenda

- Introduction
- Benefits of Competition
- New Night Train Services – *powered by the newcomers*
- Objectives & Obstacles
- Key Takeaways

For the Future of Passenger Rail



Alliance of Rail New Entrants (ALLRAIL) is the European non-profit association of independent passenger rail companies, both rail operators and ticket vendors.



ALLRAIL was established in May 2017, based in Brussels, Belgium.

ALLRAIL has the status of an EU representative body.



Our members share the belief that faster market opening is the only way to help Europe achieve its ambitious climate change targets as set down in the EU Green Deal.



For the Future of Passenger Rail



Mission

ALLRAIL seeks fair competition, non-discriminatory conditions & market opening in passenger rail.



Challenge

Passenger rail in the EU is at a turning point and has great potential to become the backbone of the European multimodal network.



Vision

Rail transport as a service driven by passenger needs - leading to modal shift to rail, enabling multimodality.

[#GreenDealForReal](#)



More trains, lower prices, better products



Single European Rail Market must be based on competition.

The airline industry would never have become as successful as it is, had it only been run by state-owned airlines serving solely their national airspace.

Benefits of market opening

- 🕒 Consumer oriented services -> improved service quality
- 🏠 Reduced fares
- 🌱 Higher demand -> modal shift -> good for the environment
- 📈 Higher rail sector revenue/profit
- 👤 New jobs
- 📱 Greater efficiency & innovation
- 🌉 More private investment – less burden on the taxpayer

Easier booking → More services → More demand → Modal shift to rail

	Yield (av. fare)	Demand	Elasticity
Sweden* 2014–2016	-16%	+25%	1.6
Italy* 2011–16	-41%	+78%	2.5
Austria* 2011–2017	-25%	+80%	3.2
Czech Republic* 2010–2015	-42%	+41%	2.2

* = for station pairs with Above Rail competition, not the entire country

Source: ALLRAIL's academic liaison Professor Andrea Guiricin of Milan Bicocca University

Our member rail operators also offer EU cross-border services to & from Poland, Czech Republic, Slovakia, Germany, Sweden & Austria as well as Croatia, Slovenia & Hungary (from 2020) and Denmark (from 2021).

Purported PSO driven night trains solutions are not based on facts

Lets' NOT repeat models that did not work

- *“Rail transport in Europe steadily declined from the 1960th to the end of the 20th century. Both of the passenger traffic volumes have fallen in relative terms compared with the other transport modes.” (3)*
- *“The relative decline in Europe’s railway industry is largely due to the way supply has been organized, essentially on national and monopolistic lines” (4)*
- *“In the absence on competition on the national network, railway undertakings had no incentive to reduce their operating costs and develop new services” (6)*

The Community Guidelines on State Aid for railway undertaking 2008/C 184/07.



SUMMARY OF THE FINAL REPORT
Night trains to the European continent

12 May 2020



Purported PSO driven night trains solutions are not based on facts

June 2020:

Three private operators – **RegioJet**, **Snälltåget** and **ALPEN SYLT Nachtexpress** – introduced new cross-border night trains **without subsidy.**



RegioJet set to launch summer night train service to Croatia

CZECH private operator RegioJet is set to launch a summer overnight service between the Czech Republic and the coast of Croatia on three nights a week from June 30.



Steps to Promote Night Services

International train = open access has to be a default

Government should encourage an international open access rather than PSO (PSO only in case of commercially-driven services not being viable)

-> The KPIs should be rigorously analysed. Could it be done without a subsidy? What data is it based on? Have all potential competitors been consulted? Could other subsidy mechanisms be used that would be fair to all operators?

In case of PSO: clear rules have to be followed (transportation plan, justification of PSO) & competitive tender procedure should follow. **PSO has to be based on an analysis, not a request or a speculative bid.**

International PSO? Procurement must be awarded by all other competent authorities when introducing a public service obligation for the entire route.



Steps to Promote Night Services

Fair access to infrastructure has to be guaranteed

Problem: capacity for new entrants is often not available

- PSCs to block competition: Economic Equilibrium Test should not be used to prevent launching new services
- “Selectively congested infrastructure” (for newcomers)

Solutions:

- Countries should cooperate to make cross-border train paths “freeways” available for international open access operators.
- PSOs **have to be justified. Mixing** national PSO with ‘Add-On’ Open Access in the very same train is **not allowed.**



Steps to Promote Night Services

Lower Track Access Charges

Problem: Costs grow in a linear manner but revenue does not

- Private investors need predictable conditions (stability) that means reducing the (unnecessary) risk that infrastructure fee will suddenly increase
- Lower track access fees and station stop fees
- Operators should **only pay for direct costs** – no mark-ups



Steps to Promote Night Services

Equal access to rolling stock

Problem: lack of level playing field to purchase or lease rolling stock

- if incumbents have tight control over rolling stock, then newcomers cannot help the rail sector grow
- Meanwhile, unlike in other transport modes (bus, plane), **there is no long-distance passenger leasing rolling stock market**
- State guarantee for new EU interoperable rolling stock from 2020 onwards
- Incumbents should be required to rent under-utilised 2nd hand fleet to newcomers, so that a vibrant leasing market can emerge.



Steps to Promote Night Services

Equal access to sales channels & through ticketing

Problem: new entrants lack fair exposure

- We need impartial online & offline rail ticket retail infrastructure
- All passengers see ALL rail options at ALL ticket sales channels
- Operators pay commission (variable cost) per ticket sold to sales channels
- All online ticket vendors receive access to the same data
- Through ticketing



Key Takeaways

Public investment, both financial and non-financial, should accelerate current and further private investments, not limit them or exclude them.

- Member States should **focus on reducing obstacles on the market:** incentivising passenger night traveling is about reducing barriers, not awarding new PSOs. PSO has to be based on an analyses, not a request or a speculative bid.
- Member States should **ensure environment where competition is possible** = ensuring level playing field for a long-term effect: fair access to new services and/or PSO, fair access to rolling stock, fair access to infrastructure, incl. facilities and maintenance, fair access to ticketing and distribution)



Key Takeaways

- **Modal shift to rail can only work if based on competition** & the EU and its Member States should not fund rail projects that distort competition.
- Transition period (until 2023) = Member States **should aim for gradual opening of national markets to competition** -> establishing Single European Railway Area
- **Mixing** national PSO with 'Add-On' Open Access in the very same train is **not allowed**.





Thank you

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