

What Next for Rail Infrastructure Charging in Europe?

IMPRINT-NET EG-Rail, 4th Meeting

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Brussels, November 28, 2007

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A Little Perspective

- The EU is a lot younger than its railways
 - Only 12 members when 91-440 introduced 16 yrs ago
 - 3 new members in 1995
 - 10 new rail CEE members in 2004/2007 (some warning)
 - Rail reform hard, time has been short
- The nature of the railway members is changing

	Entry	Ton-Km	Pass-Km	% Pass
Original 12	57-86	202.0	295.8	59.4
Middle 3	95	39.9	17.6	30.7
CEE 10	04-07	142.8	45.2	24.0

Source: 2005 traffic from UIC

Improved Information

- Improved Network Statements
 - Make available data needed for analysis
 - Establish financial viability of I/S provider, define the role of access charges in I/S financing
- Line of Business reporting to identify clearly the performance of each service
- Include data from private sector operators
- Expand to all EU railways, and publish results
- Will ERA replace or supplement UIC?

Analysis: Continued work needed on MC measurement

- Push convergence of data and analysis
- Analyze MC for specific services (freight, suburban, regional, ICP, HSR) and equipment
- Improve classifications used in establishing access charges (speed, density/congestion, service mix)
- Define/simplify marginal cost charging variables (gt-Km, wagon/coach-km, train-km, etc)
- Define/refine two-part charging factors (€/month, €/train path, train path-km, etc)

Implementation Issues

- Agreed definition of competition goals by market
 - IN (which) market for freight?
 - IN/FOR market in ICP
 - FOR market in suburban/regional
 - FOR market in HSR
- Refine the access charging regimes by market
 - Freight: all variable, simple and low as possible (CEE conflict)
 - ICP; if IN market, then variable, simple as freight: if FOR market, 2 part. Franchising difficult if multi-country service
 - Sub'n/regional: 2 part, competitive franchising possible
 - HSR: FOR the market seems most likely, so 2 part
- Realistic goals for EU rail policy (% rail share)
 - Note: seasonal tickets ~25% of p-Km, other domestic ~69% of p-Km and international ~6% of p-Km
 - Note: for original 12, **domestic** frt is 52% of ton-Km; for mid 3, 47% of ton-Km; and for CEE 10, 45% of ton-Km

Some Broader Concerns

- Access priorities must be reviewed, especially freight in peak hours
- Slot assembly will be critical for real-time freight
 - Response time (hrs not days or months)
 - Slot availability information in real time, and EU-wide
 - Secondary market in slots?
- Freight operator structure (coordination versus competition, private versus public)
- Passenger operator structure (interaction with access charges, role of franchising)
- Interaction of separation with structure

Draining the Swamp: the underlying objectives

- Originally system efficiency, cross-border operation, operator integration and operator competition, financial stability for I/S provider
- Becoming more important: congestion, safety and GHG reduction
- Growing desire to shift traffic from air and highway to rail (passenger and frt): but what kinds of traffic, when and where?

Personal Thoughts (My Opinion)

- Rail reform politically difficult. Timing unrealistic
- Reforms not well understood at outset by professionals, esp. importance of markets and clear competition policy: policy makers still don't fully accept the practical need for reforms.
- Regulatory tension between Commission and Member States limits vital information and causes inconsistent implementation
- The 25 railway "system" is different than the 12 railway system. CEE entry creates larger market, emphasis on (international) freight. Opportunity for rail will be missed if access is limited or complex, or if high access charges on freight continue
- Balance between EU level and Member State level for system planning needs adjustment

Country	Entry	Ton-Km	Pass-Km	% Pass
Belgium	1957	8,130	9,150	53.0
France	1957	41,898	76,159	64.5
Italy	1957	20,131	46,144	69.6
Netherlands	1957	4,331	14,730	77.3
Germany	1957	88,022	72,554	45.2
Luxemburg	1957	392	272	41.0
Denmark	1973	2,030	5,459	72.9
Ireland	1973	303	1,781	85.5
United Kingdom	1973	22,110	43,200	66.1
Greece	1981	613	1,854	75.2
Portugal	1986	2,422	3,412	58.5
Spain	1986	11,586	21,047	64.5
Total Original 12		201,968	295,762	59.4
Austria	1995	17,036	8,470	33.2
Finland	1995	9,706	3,478	26.4
Sweden	1995	13,120	5,673	30.2
Total Middle 3		39,862	17,621	30.7
Czech Republic	2004	14,385	6,631	31.6
Slovakia	2004	9,326	2,166	18.8
Hungary	2004	8,537	6,953	44.9
Poland	2004	45,438	16,742	26.9
Slovenia	2004	3,245	777	19.3
Estonia	2004	10,311	248	2.3
Latvia	2004	17,921	894	4.8
Lithuania	2004	12,457	428	3.3
Bulgaria	2007	5,164	2,389	31.6
Romania	2007	16,032	7,960	33.2
Total CEE 10		142,816	45,188	24.0
	Entry	Ton-Km	Pass-Km	% Pass
Original 12	56-86	202.0	295.8	59.4
Middle 3	95	39.9	17.6	30.7
CEE 10	04-07	142.8	45.2	24.0

Source: UIC International Rail Statistics 2005, and EU website

		EU passenger traffic (millions pass-km)			
		Abonnes	Domestic	International	Total
Austria	ÖBB	4,948	1,927	1,595	8,470
Belgium	SNCB/NMBS	4,344	3,426	1,339	9,109
Czech Republic	CD	1,257	4,994	380	6,631
Germany	DB AG	18,429	51,380	2,660	72,469
Denmark	DSB	1,719	3,441	319	5,479
France	SNCF	13,572	54,765	7,821	76,159
UK	ATOC	12,800	30,400	800	44,000
Hungary	MAV	1,485	5,114	353	6,952
Italy	FS	9,896	34,424	1,824	46,144
Lithuania	LG	56	203	169	428
Poland	PKP	4,453	11,583	706	16,742
Portugal	CP	1,161	2,194	57	3,412
Romania	CFR Calatori	1,013	6,803	144	7,960
Slovenia	SZ	181	485	111	777
14		75,314	211,139	18,278	304,732
Percent of total		24.7	69.3	6.0	100.0
Slovakia	ZSSK		2,024	142	2,166
Bulgaria	BDZ		2,345	44	2,389
Luxemburg	CFL		203	69	272
Latvia	LDZ		800	94	894
Greece	OSE		1,804	50	1,854
Estonia	EVR		224	24	248
Spain	RENFE		19,074	734	19,808
Finland	VR		3,402	76	3,478
8			29,876	1,233	31,109
			96.0	4.0	100.0
Sweden	SJ				5,200
Netherlands	NS				14,730
Ireland	CIE				1,781

EU rail Freight Traffic by Country			
	Domestic Traffic	International	Total
Belgium	2,353	5,777	8,130
France	24,558	16,143	40,701
Italy	11,854	8,278	20,132
Germany	36,127	45,595	81,722
Luxemburg	68	324	392
Ireland	303	-	303
Greece	147	464	611
Portugal	2,131	291	2,422
Spain	9,011	2,060	11,071
Total Original 12	86,552	78,932	165,484
	52.3	47.7	100.0
Austria	4,070	12,966	17,036
Finland	6,607	3,099	9,706
Sweden	8,057	5,063	13,120
Total Middle 3	18,734	21,128	39,862
	47.0	53.0	100.0
Czech Republic	5,797	8,586	14,383
Hungary	1,542	6,996	8,538
Poland	29,830	13,961	43,791
Slovenia	620	2,625	3,245
Estonia	357	9,954	10,311
Latvia	1,948	15,973	17,921
Lithuania	3,424	9,033	12,457
Bulgaria	3,923	1,241	5,163
Romania	11,810	4,134	15,944
Total CEE	59,251	72,503	131,753
	45.0	55.0	100.0

Netherlands, Denmark, Slovakia and UK are missing