European Rail Freight Association

PRESS RELEASE

17th November 2017, Brussels

Weak state of rail competition undermines greener, safer transport in Europe

The unfriendly business environment for rail freight and weak state of the industry were the key themes at a meeting of private rail freight companies, as ERFA held its annual strategy workshop in Brussels this week.

The failure of rail to make any significant gains from modal shift was highlighted as a key symptom of weak competition in the market. As rail does not have a competitive market, it is not in a strong position to compete with road on price, quality or innovation.

In most EU Member States one dominant market player, normally the state-owned company, trounces the competition, with the nearest, biggest competitor trailing far behind. The monopoly situation fosters pricing distortion; limited customer-orientation and unsustainable business models.

The lack of crucial and complete data, readily available in other industries, regarding finance, industry, customer ratings, pricing and performance of rail, is a clear weakness for the sector. The poor data availability, particularly regarding the finances of the dominant players on the market, the state-owned companies, hinders any pressure for vital restructuring to support sustainable growth.

The crucial role of national governments and infrastructure managers in supporting the competitiveness of rail freight was also highlighted, particularly in view of the Rastatt disaster and the ensuing loss of customer confidence in rail. National rules and requirements continue to block rail's ability to offer any real competition to road. Infrastructure Managers must offer a standardised service across the European network. Rail companies, who have to adapt to different operational rules, signalling systems, language requirements, technical requirements for their equipment each time they cross a national border can never deliver a competitive offer.

The German Master Plan, a collective effort by the German Government and rail industry, to cut road traffic and air pollution, is a welcome initiative. ERFA intends to build on the initiative and use it as best practice in other EU countries in order to foster modal shift. Developing international rail traffic must be a central part of any national Government's support for rail freight, as too must a plan for either reducing rail access charges or increasing road user charges to a comparable level with rail and an RU compensation scheme in order to minimise the impact of disruptions on rail services and thereby increase the quality of the rail offer.

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The on-going different charging policies for rail and road continue to distort the price signals in favour of road transport. While the European Commission's revision of the Road Charging legislation is welcomed, ERFA urges more support from national governments, infrastructure managers and rail regulators to keep the costs and prices low for rail and also to implement sustainable, fair and efficient charging schemes for road.

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ERFA - European Rail Freight Association - represents new entrants, i.e. all those operators who want open access and fair market conditions, and sustains their role of pushing forward the development of the railway market. The Association is very much a spin-off of the First Railway Package, adopted by the EU in 2001, and its vision of creating an open and competitive European rail market.

In 2017, ERFA represents 32 members from 16 countries. The members of ERFA all share a commitment to work towards a competitive and innovative single European railway market by promoting attractive, fair and transparent market conditions for all railway companies.

The members of ERFA represent the entire value chain of rail transportation: rail freight operators, wagon keepers, service providers, forwarders, passenger operators and national rail freight associations.