

Single European railway area. Recast

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This report is the **fourth report on the development of the rail market**. Data for this report has been collected mostly from the Member States through questionnaires and Eurostat, but has been completed by other sources such as a Eurobarometer survey (service quality), publicly available railway fare information, annual financial reports, as well as data for the State aid scoreboard.

Development of the market: as far as the passenger rail market is concerned, the **share of rail travel journeys in the EU remains modest** compared to other transport modes like car and air. The modal share of rail in 2011 has remained stable at **6.2%**, as in 2010.

In terms of market segments, half of European railway journeys can be assimilated to **regional and suburban services** and half relate to **long-distance/intercity or high-speed services** (27% of all pass-km in 2011). High-speed trains almost exclusively dominate the long-distance market in some Member States: in 2011, in France and Spain respectively, 58% and 49% of total passenger-km were travelled in high-speed trains. Since 1995, rail travel has grown most compared to other modes in the United Kingdom (+70%), Sweden (+42%), France (+37%) and Belgium (+26%). **International rail services**, which represented 6% of rail passenger traffic in 2012, have continued their growth (+25% in the period 2004-2011) by growing some 2% in 2011 and some 13% in 2012.

There are signs however that **international passenger traffic is stagnating** in important international rail markets like Belgium and the Netherlands. Finally, rail international services in crisis-hit Member States have taken a toll.

Unlike passenger rail, **rail freight is far more international**: some 47% of all tonne-km in the EU were international in 2011 (out of which 9% of all tonne-km relate to transit). Germany and its rail infrastructure play a central role in rail freight, representing alone 27% of all EU tonne-km. Rail freight has lagged behind the overall growth of freight in the EU – rail freight has only grown 5% in tonne/km since 1995 while the overall growth for all modes has been 22%.

This begs the question as to whether **specialisation of rail freight in commodities and basic industrial products** does not make its business cycle particularly vulnerable to economic cycles (evolution of commodity prices), energy policies (choices of specific energy sources) and inventory management (commodities cost less to inventory than finished industrial products). Additionally, to be successful, railway freight needs to move into **higher-added value "niches"** and increase average transport distances.

New areas covered: Directive 2012/34/EU has **broadened the scope** of the Commission's regular reporting as compared to the previous Directive² which now includes the evolution of the internal market of service facilities and framework conditions such as investments in infrastructure, price developments, service quality, public service obligations and the development of employment and related social conditions and that are presented for the first time in the Rail Market Monitoring Scheme (RMMS) report.

Services to be supplied to railway undertakings: there are some **22 000 stations in the EU**, out of which some 250 are "big stations" that have more than 25.000 travellers/day. On average, Europeans are **fairly satisfied with stations** (satisfaction rates have slightly increased since 2011). Highest levels of satisfaction with stations were reached in the UK (73%), Ireland (71%) and Luxembourg (70%). The below-average satisfaction rates are found in Germany (40%), Italy (34%) and Central- and South-Eastern Europe.

68% of Europeans are satisfied with the provision of information about **train timetables** and 67% with the ease to buy tickets. Europeans are less positive as regards **cleanliness** of stations (57% of satisfaction) and access to **complaint-handling mechanisms** (37%).

Only 37% of Europeans report “high” or “good” satisfaction levels with all the aspects of **accessibility of persons with reduced mobility**. Satisfaction is highest in the UK (61%), Ireland (56%) and France (52%). **Questions of accessibility are essential** to improve the modal share of rail, in particular in the context of the ageing of the European population. Rail appears not to be reaching some 19% of the EU population because of accessibility issues.

Investment in infrastructure: in terms of investments in the network, slightly less than **EUR 29 billion** appear to have been invested in the conventional network in 2012 (some 7% more than 2011) and some **EUR 34.5 billion** in the whole rail network (including high-speed). As far as the conventional network is concerned, the shares of maintenance (29%), enhancement (36%) and renewal (35%) appear to be roughly equal in 2012.

Railway-related projects financed by **EU funds**, either under TEN-T or structural and cohesion funds, have amounted to some **EUR 22 billion through the period 2007-2013**, hence some EUR 3 billion/year, representing some 2% of the EU annual budget. Much of the funding for rail projects was concentrated in Italy, Spain, Poland and the Czech Republic over the 2007-2013 period.

Price trends: nominal prices for railway services have **increased by 4% in 2012** compared to 2011, based on the harmonised consumer price index (HCPI) – which includes urban transport. Major increases took place in Central and South-Eastern Europe (in Slovakia, the increase reached 35%). In Sweden, prices have decreased by 1%.

The variation of fares greatly depends on the structure of financing of the railway market. Public service obligations normally have regulated prices, whereas commercial services have unregulated prices.

Rail fares in some commercial lines can **vary strongly in relative terms**. The report highlights that from the consumer’s point of view, day returns in some routes remain costly, even if sometimes rail loyalty cards can halve fares. Booking a weekend trip 2 weeks in advance between Paris and London can still cost EUR 260 and an immediate departure from Madrid to Barcelona can cost EUR 173.