

Opening of the market for domestic passenger transport services by rail: award of public service contracts. 4th Railway Package

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Ministers held a **policy debate** on two proposals to improve rail services in the EU. The proposals are part of the "political" or "market" pillar of the fourth railway package.

The Council debate focussed on key issues such as domestic market opening, non-discriminatory access to networks, financial transparency and the awarding of public service contracts.

Encouraging investment and innovation and rendering the railway sector more dynamic and customer-oriented: many ministers agreed with this objective but questioned whether market opening would be the best one to achieve this given that EU countries are very different in terms of their population, geography, markets and national rail systems.

Certain Member States were in favour of market opening but even many of them expressed the need to consider certain aspects such as good preparation, the need to do this progressively or the need for a market analysis or a study on the potential economic or social impact.

Cherry-picking: many Member States said they were against "cherry picking" i.e. commercial companies should not be allowed to choose profitable lines to the detriment of loss-making lines that are in the public interest.

Transition period: a large number of member states were in favour of a transition period for any new market opening measures. Several delegations mentioned the need to let the current contracts run their course.

Governance: a few ministers said that it should be up to the Member States to choose their own model. Some ministers said no additional measures would be necessary in this area. Some others mentioned the need to ensure transparency and oversight.

Public service contracts: most Member States considered it necessary to retain the possibility to award public-service contracts directly. Many delegations mentioned the need for public services to include both profitable and non-profitable lines.

Access to rolling stock: a few ministers said non-discriminatory access to rolling stock should be ensured for railway undertakings, whereas a number of delegations stressed the principle of subsidiarity in this connection. Others said no budget obligations should be created.

A large number of delegations considered it important to make progress on and conclude the **technical pillar** as swiftly as possible.

On the basis of the discussion, the Council will go on working towards a strategic, **shared approach to the political pillar** with a view to agreeing on this shared approach by the December Council.