

Fourth rail package

Deutsche Bahn and SNCF fear a hasty decision

By Isabelle Smets | Tuesday 16 October 2012

Rüdiger Grube, CEO of Deutsche Bahn (DB), has asked the European Commission to present a detailed analysis of the benefits that would result from further separation of railway infrastructure managers from transport operators. Deutsche Bahn, part of a holding company to which the manager of the German network also belongs, is concerned that the Commission will present proposals imposing a reorganisation of the German model as part of the fourth railway package due by the end of the year. "We do not want a hasty decision based on a dogmatic approach," he said, on 15 October. Grube urged the Commission to be "honest enough to postpone the decision" if a thorough cost-benefits analysis cannot be presented.

Grube spoke at a press conference accompanied by Sophie Boissard, head of business strategy and development at the SNCF Group (French railway). The two are on the same wavelength. "The coming legislative framework will shape the future of rail in Europe for the coming decades. So it is important not to make a mistake," she commented. "We have the feeling today that choices are not being made with sufficient documentation. We do not understand why we still do not have an impact study."

Concerning such documentation, the SNCF and DB presented the Commission with a new study that analyses the structures of the main railway undertakings outside Europe. Drawn up by Roland Berger Consultants, the study concludes that common management of railway infrastructure and exploitation (an integrated model) helps improve rail performance (see box). Although the markets studied are very different from the European market, the two rail groups find that they are relevant as input for reflection at European level. "I find it curious that the Commission considers that markets outside Europe are not relevant for Europe. These are markets that work well, that earn money. They are extremely relevant for Europe," noted Grube. For Boissard, the conclusions of this new study show that "an integrated structure is not synonymous with an absence of competition and an inefficient public monopoly".

The study is available at

www.rolandberger.com/media/pdf/Roland_Berger_Railways_Outside_Europe_20121015.pdf

Roland Berger study

The study analyses rail structures in the United States, Canada, Japan, Russia and China, ie "80% of global freight transport by rail and 50% of passenger traffic". It is meant to serve as a "contribution to support the discussion on the advisability of a full and mandatory separation between infrastructure managers and railway companies in Europe". In these five countries, the railroads are all integrated systems, where the infrastructure manager and the main railway undertaking are combined in a single company. "China is the only one that has attempted to introduce a vertical separation in the system. But negative results from pilot regions a good ten years back have led to a return to the integrated system," explained Andreas Schwilling, partner at Roland Berger.

The study's conclusions obviously support the views defended by the German and French railway undertakings, namely that the separation of infrastructure from transport is not the ideal model for

improving rail performance. According to the consulting firm, the systems studied have significantly improved their volume of traffic over the last ten years. Staff and asset productivity have also grown strongly. “The integrated model also has advantages when it comes to investing in assets,” note Roland Berger Consultants. “In most countries, investments at least doubled during the period examined.”