



House of Commons  
Transport Committee

---

# European Commission's 4<sup>th</sup> Railway Package

---

Twelfth Report of Session 2012–13

*Volume II*

*Additional written evidence*

*Ordered by the House of Commons  
to be published 16 April 2013*

## The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its Associate Public Bodies.

### Current membership

Mrs Louise Ellman (*Labour/Co-operative, Liverpool Riverside*) (Chair)  
Steve Baker (*Conservative, Wycombe*)  
Sarah Champion (*Labour, Rotherham*)  
Jim Dobbin (*Labour/Co-operative, Heywood and Middleton*)  
Kwasi Kwarteng (*Conservative, Spelthorne*)  
Karen Lumley (*Conservative, Redditch*)  
Karl McCartney (*Conservative, Lincoln*)  
Lucy Powell (*Labour/Co-operative, Manchester Central*)  
Mr Adrian Sanders (*Liberal Democrat, Torbay*)  
Iain Stewart (*Conservative, Milton Keynes South*)  
Graham Stringer (*Labour, Blackley and Broughton*)

The following were also members of the committee during the Parliament.

Angie Bray (*Conservative, Ealing Central and Acton*), Lilian Greenwood (*Labour, Nottingham South*), Mr Tom Harris (*Labour, Glasgow South*), Julie Hilling (*Labour, Bolton West*), Kelvin Hopkins (*Labour, Luton North*), Mr John Leech (*Liberal Democrat, Manchester Withington*) Paul Maynard, (*Conservative, Blackpool North and Cleveleys*), Gavin Shuker (*Labour/Co-operative, Luton South*), Angela Smith (*Labour, Penistone and Stocksbridge*), Julian Sturdy (*Conservative, York Outer*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at <http://www.parliament.uk/transcom>. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

### Committee staff

The current staff of the Committee are Mark Egan (Clerk), Farrah Bhatti (Second Clerk), Richard Jeremy (Committee Specialist), Helen Agnew (Senior Committee Assistant), Adrian Hitchins (Committee Assistant), Stewart McIlvenna (Committee Support Assistant) and Hannah Pearce (Media Officer).

### Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6263; the Committee's email address is [transcom@parliament.uk](mailto:transcom@parliament.uk)

# List of additional written evidence

---

(published in Volume II on the Committee's website [www.parliament.uk/transcom.com](http://www.parliament.uk/transcom.com))

	<i>Page</i>
1 Transport for London	Ev w1
2 Freightliner Group Ltd	Ev w3
3 Freight Transport Association	Ev w4
4 RMT	Ev w6
5 Network Rail	Ev w9
6 European Rail Freight Association	Ev w12

# Written evidence

---

## Written evidence from Transport for London (ECR 01)

### 1. Introduction

1.1 Transport for London (TfL) welcomes the opportunity to contribute to the Committee's inquiry into the European Commission's Fourth Rail Package. The evidence provided to the Committee is based on the information TfL has received on the Package to date. TfL will be working with the Department for Transport (DfT) to review the Package in more detail over the coming weeks and will finalise its view of its impact once this activity is complete.

1.2 TfL's interest in the Fourth Rail Package is centred largely on its impact on TfL's National Rail concessions: London Overground and Crossrail. Most of the evidence TfL has provided below is therefore centred on the impact of the Package on the rail network in Britain.

1.3 Based on the information received to date TfL does not consider that the scope of the Package will cover metro and light rail operations in the capital; were this to prove to be the case then TfL would have very significant concerns over its application to the UK.

### 2. What will be the impact of the measures on the GB Railway?

#### Deregulation of the passenger market and independence of infrastructure managers

2.1 TfL anticipates that the measures relating to the deregulation of the passenger rail market and independence of infrastructure managers (IMs) will not have a major impact on the British rail industry. The proposals largely mirror the current structure of the industry.

2.2 One potential area of concern is the impact on integrated operator/IM control centres. These have had a positive impact on the management of the network (particularly during the 2012 Games) and TfL would not want to see their continuation prevented or undermined by the requirements of the Package to separate IMs from operators. Similarly the provisions of the Package must not prevent Alliances arrangements between IMs and operators where these can be demonstrated to improve efficiency and reduce cost.

2.3 The Package must not prevent third parties (such as TfL) from managing and developing stations on the rail network where such arrangements can be used to encourage the development and improvement of facilities to the benefit of the passenger. The existing legislative framework provides safeguards for the interests of all current and potential operators using stations managed by third parties. Such an approach does not therefore contravene the objectives of the Package.

2.4 TfL's understanding of the Package is that the scope of the measures will not extend to metro and light rail networks (including London Underground and the Docklands Light Railway). TfL would be very concerned if the requirements for independence of IMs and deregulation were applied to these types of rail operations as this would require major changes to the manner in which they are currently organised in London. These changes would in turn take funding and resources from other projects to improve capacity and service quality which are critical to the future of these networks and the contribution they make to the London economy.

2.5 It should be noted that the metro and light rail networks in London have enjoyed an excellent record of increased patronage and service quality in recent years under the current organisational framework. The number of journeys made on London Underground increased by 21% during the period from 2000–01 to 2011–12. Growth on the Docklands Light Railway has been even more impressive, with passenger journeys increasing by 88% between 2002–03 and 2011–12 as TfL has invested in and expanded the network to meet the transport requirements of the areas it serves.

2.6 TfL measures service quality through Customer Satisfaction Surveys (CSS) that cover all modes. The scores shown are out of 100, with 100 being the best possible score and 0 the worst possible. At the network level the score for overall satisfaction on London Underground has increased from 75 to 80 during the period from 2000–01 to 2011–12. The upgraded lines have recently recorded CSS scores for overall satisfaction as high as 86. A CSS has been undertaken on the DLR since 2008–09. Between 2008–09 and 2012–13 the scores for overall satisfaction on the Docklands Light Railway have improved from 79 to 88.

2.7 It would not be sensible to jeopardise the achievements outlined above through further organisational change, particularly as one of the stated objectives of the Package is to increase usage of public transport and the service quality it offers. TfL continues to deliver on this objective using its current organisational framework to best effect.

2.8 TfL has used specific forms of contracting out for its services that do not comply with the requirements of the Package. One example of this is the franchising process for the Docklands Light Railway which covers both the infrastructure and operation of the railway. These bespoke arrangements have delivered good value for money alongside substantial improvements to capacity and quality as well as increasing usage. Again, it would not be sensible to change what is clearly a successful formula.

## Standards and approvals

2.9 The Fourth Rail Package proposes that the European Rail Agency (ERA) will become a one stop shop for EU wide vehicle authorisations and safety certificates for operators. Currently this activity is undertaken by member states with European oversight. In practical terms this is unlikely to make much difference for vehicle authorisations as these already have to conform to EU wide standards through the Interoperability Regulations. The EU wide safety certification for operators represents a new departure.

2.10 It is important that any change to an EU wide operator safety certification process does not add cost and complexity to the associated processes compared to the status quo. Any EU wide vehicle authorisation process should continue to respect the requirement for derogations from rules to reflect local infrastructure conditions. There is a risk that the recognition of local conditions proves more difficult to achieve under a centralised regime. This needs to be mitigated.

2.11 TfL understands from discussions to date with the DfT that the requirements of the Fourth Rail Package will not affect the authorisation and certification processes used by the metro and light rail networks in London and elsewhere. TfL considers that this approach is sensible and proportionate given the points already made in this response as well as the physical isolation of these networks and the constraints imposed by their design.

## Workforce

2.12 The Package proposes that member states will be given the opportunity to protect workers by requiring them to be transferred when the owner of a public service contract changes. These protections will go beyond standard EU undertakings in this area. The UK already has strong protections for workers in this area through the TUPE legislation. It is important that any further changes to this legislation are considered carefully to ensure that there is an appropriate balance between the rights of the workers and the ability for contracts to be transferred in a timely and efficient manner.

*3. Will the package lead to there being more cross-border rail services through the Channel Tunnel, both passenger and freight? What more could be done to encourage the development of cross-border services?*

3.1 These questions lie outside TfL's remit. Our only comment would be to note that the main constraint on the development of freight services through the Channel Tunnel has been the cost of access to the Tunnel. The Package does not appear to contain any measures that will serve to bring this cost down.

*4. What opportunities will the package create for British rail firms to compete in other EU markets? What more could be done to reduce barriers to entry to those markets?*

4.1 These questions lie outside TfL's remit, so we have no comment to make.

*5. What impact will the package have on EU rail operators which compete for British franchises and, consequently, on the market for GB rail franchises?*

5.1 TfL considers that the measures included in the Package should promote further deregulation of the market for rail passenger operations within the EU. This should lead to the further development and growth of the market for franchising across Europe, encouraging new entrants. This should in turn have a positive impact on the GB franchising market by encouraging new bidders to enter the market, increasing competition and the value for money/quality of the bids made.

## 6. DG MOVE amending Regulations to 1370/2007

6.1 The Package also includes an amending regulation to Regulation 1370/2007 covering the award of contracts for the operation of public transport services. TfL would like to take this opportunity to express some concerns about the potential adverse impacts of the proposed amending regulation.

6.2 As currently drafted TfL has concerns over the new definition of a "competent authority" ie a body that is able to contract public transport services within the European Union. It has been proposed that the authorities' geographical area of competence should cover "the transport needs of an urban agglomeration or a rural district". TfL is concerned that this creates a precedent for the definition of a competent authority in EU legislation.

6.3 TfL provides services that cover both urban and rural areas, so it is important that the amending Regulation continues to permit this to avoid additional regulatory requirements and legal uncertainty in this respect. In a worst case scenario, requiring a separation between urban and rural areas could lead to unnecessary reorganisation and a potential loss of integration within the transport network covering the London area.

6.4 The amending Regulation also imposes a burdensome requirement to publish extensive information on "the supply and performance patterns of public passenger transport". TfL would like this to be simplified so Competent Authorities can make all the information required available in an accessible format, rather than needing to publish one document containing all the information in one place. Publishing a single document

would entail considerable extra cost compared to current arrangements whilst delivering little additional value or information to the public.

## 7. Conclusion

7.1 To summarise, TfL does not consider that the Package will have a major impact on the British rail industry as the industry is already largely compliant with its requirements. Nonetheless it will remain important to ensure that the Package is implemented in a manner that does not result in additional costs, complexity and inflexibility, particularly where vehicle authorisation and safety certification are concerned.

7.2 TfL understands that the scope of the Package will not cover metro or light rail networks. TfL strongly endorses this approach given the success of these networks in London under their current organisational framework.

February 2013

---

## Written evidence from Freightliner Group Ltd (ECR 02)

### GENERAL COMMENTS

The 4th Railway Package, like the packages before it focuses solely on the railway industry and does not consider the wider impacts of the freight transport industry. We are concerned that more and more complicated legislation is introduced on the railway whilst road remains simple, with very little such legislation. In order to achieve the modal shift to rail targets set out in the Commission's White Paper it is of paramount importance that rail and road freight markets are considered holistically and rail is not made yet more complicated for users while road remains simple.

The main focus of the proposals concerns the opening up of domestic passenger markets and the separation of the responsibilities of the infrastructure manager in countries where the same body manages both the infrastructure and operates train services.

These proposals are not likely to seriously affect the UK rail network nor the rail freight business given that the infrastructure manager in this country (Network Rail) has no responsibility for operating commercial passenger or freight services. Furthermore the introduction of non-franchised, open-access services in the last few years has demonstrated that the practices that the proposals are designed to achieve are already taking place reasonably effectively in this country already.

We note that the 4th Railway Package contains proposals to amend elements of the Recast of the First Railway Package, despite this only being concluded in March 2012. We are concerned that these continuing changes in regulation will only act to de-stabilise the recent resurgence of UK rail freight and deliver unintended consequences for operators. This is particularly in terms of increasing the financial risk and commercial uncertainty faced by operators and customers that have made and are considering future capital investments in rail freight.

It is important that existing legislation is implemented rather than continuing to revise legislation whilst much of this previous legislation is not enforced in all countries. We remain wary of the impacts of unintended consequences that will force changes in the UK in already competitive markets, particularly with regard to rail freight terminals.

### *What will be the impact of the measures on the GB railway?*

As explained earlier, the majority of the proposed measures are likely to have a greater impact on passenger services (rather than freight) and on rail systems in other EU countries that are less open in terms of access for non-state funded/franchised passenger operators.

The proposals to grant EU wide vehicle authorisations are welcomed in theory but in our view will be very difficult to implement. As a freight operator with subsidiary companies, both in Germany and Poland, Freightliner has extensive experience of operating services between neighbouring European countries. We have also exported locomotives for use in Europe, having previously been based in the UK.

In our view, the Technical Specifications for Interoperability, drafted by the European Railway Agency (ERA) are impossible to harmonise completely as there are a number of areas of the train operating system that vary considerably between countries—signalling, cab radio systems and gauge being the main examples. Experience has found that for locomotives exported from the UK to mainland Europe have required considerable adaptation and to provide a single set of licencing regulations to cover every EU member state and operating system would be totally impractical. The principal of this idea is welcomed but requires more detail to understand how it could work in practice.

*Will the package lead to there being more cross-border rail services through the Channel Tunnel?*

Freightliner does not currently operate cross-border services through the Channel Tunnel as it is not commercially viable to do so. A number of barriers remain in place that makes such an operation costly and difficult to undertake. The charges through the tunnel imposed by Eurotunnel are currently approximately 10 times the charge per mile on the UK or French rail network. This is particularly due to the additional security and freight train marshalling charges that are only imposed on rail freight operators and not faced by road hauliers competing in the same markets. The current level of regulation and the lack of transparency over the allocation of network capacity also favours Eurotunnel (which also owns its own rail freight operating company, Europorte) over independent operators, adding further difficulties to run a cost effective and efficient operation.

It is also likely that the proposed merger of Eurotunnel and Sea France Ferries will further strengthen its competitive position and ability to control cross-channel freight movement prices further.

Until these fundamental barriers are overcome, Freightliner believes that it will remain difficult for rail freight operators to grow its market share and compete with road hauliers who do not face the same charges or complications when offering competing services. Nothing in the 4th Railway Package will fundamentally change the current position.

*What more could be done to encourage the development of cross-border services?*

The proposals to strengthen cross-border co-operation between Infrastructure Managers, particularly in terms of the projects such as the TEN-T network and the development of European Rail Freight Corridors are to be welcomed, although as with the single licencing proposals, further detail is needed to understand how these improvements will work. However, the UK is unlikely to be a beneficiary from these schemes.

For cross-border rail freight to work efficiently, the level of administration and licencing to accept locomotives and wagons between neighbouring countries needs to be minimised wherever possible. For non-bulk commodities such as intermodal, the same barriers are not faced by competing road and water operators so any additional cost and complexity faced by a rail freight operator can make the difference in being able to compete effectively.

The opportunity offered by the ERTMS signalling system, if planned and developed carefully will allow greater inter-operability for locomotives between different countries and remove the barriers that currently exist. The proposals state that it (presumably ERA) will play, "An enhanced role in the facilitation of ERTMS deployment", although it is not clear what this will mean. It should be noted that the implementation of ERTMS is already well underway with varying levels of progress across different EU member states, so if ERA intend to have a greater involvement it should happen sooner rather than later.

Looking to the longer term, the development of the HS2 network needs to be developed with careful planning to ensure that long distance cross-channel passenger and freight services can utilise the network without the same barriers that are currently faced when switching between High Speed 1 and the conventional networks in each country.

We would be happy to discuss any of the issues raised further should you require any clarification.

*February 2013*

---

#### **Written evidence from the Freight Transport Association (ECR 03)**

1. The Freight Transport Association (FTA) is pleased to respond to the Committee's inquiry into the EU's 4th Railway Package (hereafter referred to as the Package).

2. FTA is one of the UK's largest trade associations and represents over 14,000 companies relying on or providing the transport of freight both domestically and internationally, to or from the UK. Our members include hauliers, freight forwarders, rail and air freight operators, through to customers—producers, manufacturers, wholesalers and retailers. They cover all modes of transport—road, rail, air and sea. FTA members operate over 200,000 commercial goods vehicles in the UK, approximately half of the UK fleet of goods vehicles; 90% of goods moved by rail and around 70% of goods moved by air and sea. We operate a full campaigning presence in Brussels, which governs a significant proportion of the legislative and regulatory environment in which our members operate across all modes.

3. Please find below FTA's views on the issues raised by the Committee for this inquiry. We will respond to the issues that affect our members or where we have a view we wish to express.

4. FTA has sought and received assurances from the European Commission that the proposals contained within the Package would not negatively impact upon current GB practices, as the UK is viewed as one of the more mature rail systems in terms of Infrastructure Manager (IM) separation and private operators in place. The Package, however, will be decided through the Ordinary Legislative Procedure within the European Institutions, the Council of Ministers and the European Parliament; so the potential is there that the final legislation will be different from that contained within the original Commission issued proposals. It is important that British ministers and MEPs monitor the developments carefully.

5. The Package offers the thoughts of the Commission as to why there are obstacles in the market hindering the development of its full potential and to identify possible solutions. One of the key issues the Package addresses is that of the role of the IM and discusses three specific points: position of the IM as a natural monopoly; lack of international cooperation between IMs; position of the IM within an integrated structure.

6. The Commission considers a natural monopoly as unable to efficiently adapt to market signals thus hindering the entire network development. Network Rail is the monopoly infrastructure provider in Great Britain. As such it is both a monopoly provider, but also a monopsony purchaser from contractors. The McNulty Rail Value for Money Report did look at an option of concessions of infrastructure that others than Network Rail could bid for. Examples cited were Merseyrail where the PTE specified operator would like to take over infrastructure and also London Overground. FTA's position in all of this is to ensure that there is proper GB wide provision for freight in terms not just of infrastructure, but diversionary capability and a joined up approach to engineering possessions etc. A good example is the Freightliner Southampton to Coatbridge service which crosses many Network Rail boundaries, a complexity that would be added to if they were to be franchised out commercially.

7. In regards to the second concern of the Commission, FTA would like to highlight to the Committee that there are different models for international cooperation between IMs. The UK Office of Rail Regulation (ORR) has been instrumental in establishing IRG-Rail, Independent Regulators' Group—Rail, that is active on a number of Working Groups and Task Forces that will look at access, market monitoring, charges and legislative proposals. FTA supports this method of international cooperation between IMs, providing there is respect on the rules governing collusion, if it delivers a more coherent policy to cross-border freight movements.

8. FTA is disappointed, but not entirely surprised, to see that the Commission backtracked on the issue to move away from vertical integration of IMs and rail freight operators in national markets, given the pressure applied at a late stage of negotiation from certain EU Member States that wish to maintain their status quo. The Association would prefer to see the option allowing this, under certain safeguards, to be removed from proposed Article 1(4) of document COM(2013)29 amending Directive 2012/34/EU and all Member States move to a separation of IM and rail freight operator.

9. The Association does support the concept of alliancing that has come from Sir Roy McNulty's Rail Value for Money Study "Realising the Potential of GB Rail", which was published in May 2011. Specifically it features in Section 6.3.3 "Alignment of route infrastructure management and Train Operating Companies (TOCs)", where to overcome the problems caused by lack of aligned interest in the fragmented structure of the privatised railway three options were proposed on alignment of route infrastructure management and TOCs. The model that has been introduced into the UK is the second, the Intermediate model of "joint venture/alliances between Network Rail and train operators".

10. With two alliances now in place within GB, between Wessex Network Rail and South West Trains and between ScotRail and Network Rail Scotland, FTA has been reassured by the Commission that their proposals will not affect such a method of working. The Association hopes that the Commission will take the same message to the European Institutions and obtain the same assurances.

11. FTA has campaigned for many years to bring down the track access charges for the Channel Tunnel. The Association views them as a significant and active impediment to increased usage of the tunnel by rail freight. FTA fully supported the European Commission in September 2011 when it announced that it was opening up infraction proceedings against the governments of the UK and of France over alleged failures to fully implement the provisions of the First Rail Package (EU MEMO/11/646). It is the view of the Commission that there were questions to be answered over the lack of independence of the IM of the Channel Fixed Link and the insufficient implementation of provisions in the First Rail Package concerning rail access charging, the independent regulatory body and capacity allocation as regards the Channel Fixed Link.

12. It is unclear whether the Package will "lead to there being more cross-border rail services through the Channel Tunnel", as this specific piece of infrastructure is governed by the Intergovernmental Commission (IGC) set up by the Treaty of Canterbury of 1986. FTA asks the Committee to investigate to the state of play on the infraction proceedings and to push for the governance of Channel Tunnel to be normalised as per Directive 2012/34/EU. This will, in turn, hopefully lead to a track access charging structure that is designed to encourage, rather than dissuade, rail operators from establishing new rail freight paths that use the tunnel.

13. FTA members already compete outside the UK market but have offered examples to the Association of where they face problems, eg of access to terminals, that hamper their effective operation in that host Member State. It is the view of the Association that full implementation of the First Rail Package would create better opportunities for increased competition by UK companies in other Member States rather than the limited amendments to the rules governing IMs contained in the 4th Package. In 2010 the Commission launched Infraction Proceedings against 13 EU Member States for failing to implement the First Package.

FTA would be happy to discuss these matters further when the Committee meets to take oral evidence.

## Written evidence from RMT (ECR 05)

### 1. INTRODUCTION

1.1 The National Union of Rail, Maritime and Transport Workers (RMT) welcomes the opportunity to contribute to the Transport Select Committee's call for written evidence following the European Commission's publication of the 4th Rail Package setting out its plans for completing the "Single European Railway Area". The RMT organises around 80,000 workers in all sectors of the transport industry and negotiates, on behalf of our members, with some 150 employers. With over 44,000 members employed on the railways, RMT is the largest of the UK's rail unions.

According to the European Commission's own figures, RMT organises over 5% of all rail workers in Europe and has the most extensive experience of rail liberalisation of all the transport unions in Europe.

1.2 In this submission we will seek to address the question of the impact of the 4th railway package on GB rail services.

### 2. EXECUTIVE SUMMARY

2.1 Over 50% of rail franchises in Britain are already operated or part operated by European State railways. Recently European State railways have also been given seats on Britain's Rail Delivery Group. The 4th rail package will further increase the influence of European State railways over UK rail policy and will restrict the freedom of future UK governments who may wish to pursue alternatives to franchising.

2.2 The transfer of safety responsibilities to the unaccountable European Rail Agency will mean GB railways, which are already fragmented and complicated by numerous interfaces, will have to work with a further tier of bureaucracy which may also increase safety risks.

2.3 The proposed EU-level framework of coordination of the infrastructure managers of Member States raises concerns that this is a step towards the creation of a Single European Infrastructure Manager.

2.4 Other European countries whose railways are publicly owned have cheaper rail services and higher coverage of electrification and of high speed than the liberalised railways in Britain. Yet the 4th Rail Package will compel countries to tender and break up their rail services by being predicated on a series of myths that privatisation delivers better outcomes than publicly owned railways.

### 3. IMPACT ON GB RAILWAY—FOREIGN CONTROL OF GB RAILWAYS

3.1 The 4th rail package in its current form will require all member states to tender their rail passenger services by 2019. The justification for such a requirement is that the European Commission takes the view that the primacy of the market, in this case private rail companies, takes precedent over the rights of national states to determine how best to run their railways.

3.2 The requirement will not only restrict the ability of a future UK government to consider alternatives to franchising, it is also likely to accelerate and embed the influence of European State owned railways over UK railways. European member states will seek to compensate for the requirement to open up their rail passengers services to competition by seeking more control over UK and other railways.

3.3 Table 1 shows that it is already the case that nine of the current seventeen GB rail franchises are owned or part owned by European State Railways.

**Table 1**  
GB RAIL FRANCHISE OWNERS

<i>Franchise</i>	<i>Operator</i>	<i>Operator Owner name</i>	<i>Operator Owner— Country</i>
Chiltern	Arriva	Deutsche Bahn	German State Railways
Cross Country	Arriva	Deutsche Bahn	German State Railways
Essex Thameside	C2C	National Express	UK private company
East Coast	Directly Operated Railways	Directly Operated Railways	UK state owned company
East Midlands	East Midlands Trains	Stagecoach	UK registered private company
Greater Anglia	Greater Anglia	Abellio	Dutch State railways
Great Western	First Great Western	First Group	UK registered private company
Integrated Kent	South Eastern	Govia (comprising of Go-ahead and Keolis)	French state railways owns Keolis,
London Midland	London Midland	Govia (comprising of Go-ahead and Keolis)	French state railways owns Keolis,
Northern	Northern	Serco/Abellio	Dutch state railways own Abellio

<i>Franchise</i>	<i>Operator</i>	<i>Operator Owner name</i>	<i>Operator Owner— Country</i>
Scotland	Scotrail	First Group	UK registered private company
South Central	Southern	Govia (comprising of Go-ahead and Keolis)	French state railways owns Keolis,
South West	South West Trains	Stagecoach	UK registered private company
Thameslink	First Capital Connect	First Group	UK registered private company
TransPennine	First TransPennine Express	First Group/Keolis	French state railways owns Keolis,
Wales & Borders	Arriva	Deutsche Bahn	German State Railways
West Coast	Virgin West Coast	Virgin/Stagecoach	Virgin and Stagecoach are UK registered private company

3.4 The influence of European State railways has been confirmed in a letter to RMT General Secretary, Bob Crow dated 30 January 2013 from Michael Beswick, ORR director of Rail Policy. The ORR was responding to RMT concerns about the formalisation and expansion of the Rail Delivery Group to include more train operating companies. Mr Beswick admits the expanded Rail Delivery Group will include state owned European Railways,

*“RDG’s decision to extend it alternate director arrangements is consistent with the original formalisation proposal that the rail leadership body should comprise the senior people from the train operators and Network Rail, those who are directly accountable to users and to government for delivery. Some of these senior people are from state owned railways in other European companies, others are from UK companies.”*

3.5 The rationale for the expansion of European State railways was clearly set out by a German Transport Ministry spokesperson in September 2011.

*“We’re skimming profit from the entire Deutsche Bahn and ensuring that it is anchored in our budget—that way we can make sure it is invested in the rail network here in.”*

#### 4. IMPACT ON RAIL SAFETY WITH GB RAILWAYS

4.1 The transfer of safety responsibilities to the unaccountable European Rail Agency (ERA) will mean the UK’s railways, which are already fragmented and complicated by numerous interfaces, will have to work with a further tier of bureaucracy.

4.2 It is also of concern that safety could be compromised by transferring safety responsibilities’ to a body that is once removed from overseeing the UK’s railways and will not have the same knowledge and expertise.

4.3 RMT believes that there is no credible reason why the ERA should issue EU-wide vehicle authorisations, operator safety certificate or drivers licenses for domestic or international passenger markets. Safety standards should continue to be determined nationally, except by agreement reached for international journeys between the Member States involved.

4.4 The proposed transfer of responsibilities is not grounded in logic but rather, is part of a wider agenda to create a European wide railway market. There are already adequate systems in place for cross-border services, following regulations set down by the Member States involved and based on their shared knowledge of local necessities.

#### 5. IMPACT ON RAIL SAFETY WITH GB RAIL INFRASTRUCTURE

5.1 The proposal for coordination of “independent infrastructure managers” at EU-level, with each manager having full operational and financial independence from any transport operator, raises concerns that this is a first step towards the establishment of a Single European Infrastructure Manager.

5.2 A European wide infrastructure manager would be void of local knowledge in relation to domestic conditions, and, as with the proposals for compulsory tendering of rail passenger services and the transfer of safety responsibilities to the ERA create a serious deficit in democratic accountability. Member States will be less able to determine the best use for their railway national infrastructure.

#### 6. THE 4TH RAIL PACKAGE BASED ON PARTIAL ANALYSIS OF PUBLIC AND PRIVATE OUTCOMES

6.1 The Commission argues that the increase in subsidy payments to the railway in Member States is “partly due to an inability to curb operational inefficiencies caused by a lack of appropriate competitive incentives”. This demonstrates the Commissions institutional bias in favor of competition and the private sector and an

unquestioning acceptance of the myths surrounding GB rail privatisation. We seek to address these myths below.

6.2 Proponents of privatisation for example claim privatisation has increased passenger numbers by 59% since 1994. Yet there is no evidence that privatisation has *created* growth in passenger numbers.

6.3 An RMT analyst of London Underground report and accounts show that passenger numbers on the *publicly owned* London Underground increased by 60% in the same period. Moreover most of passenger growth on the railways in this period took place in London and the South East.

6.4 These facts indicate that increased passenger numbers are in fact related to sustained GDP growth. A fact acknowledged by the Government in the DFT *Response to Reforming Rail Franchising consultation*, (19.01.11), which found:

*“A significant part of revenue growth that has occurred on past franchises has been due to macroeconomic growth rather than solely a result of good management on the part of the operator.”*

6.5 The 59% increase in passenger growth on the UK railways has also obviously been stimulated by the 300% increase in public subsidy since privatisation. It is also the case that while there has been passenger growth there has been no corresponding increase in rail’s *modal share* compared to other forms of transport. That is to say the proportion of people using trains has not changed.

6.6 There is also no evidence of the much lauded private sector investment and innovation in the railway. According to the *Rebuilding Rail Report* by the Transport for Quality of Life think tank less than 1% of all the money going into the railways is genuine, at risk, private investment, the rest is public sector investment.

6.7 It is also hard to find one example of private sector innovation that could not have been carried out by the public sector. Indeed both the McNulty report and *Rebuilding Rail* agreed that fragmentation of the railway mitigates against industry innovation as companies seek to operate in their own short term interests. A good example being the privately owned Train Operating Companies opposing for some time the publicly owned Transport for London’s proposals to extend the oyster card from London Underground services to mainline rail services.

6.8 Privatisation has also created a less reliable, more expensive service. Comparing the last 20 years of British Rail with the last 19 years of private train operating companies, British Rail services were nearly 3% more punctual than privately run passenger rail services.<sup>i</sup> And since 1995 the average ticket price has increased by 22% in real terms.<sup>ii</sup> resulting in Britain having Europe’s highest commuter fares for both day returns and season tickets.

6.9 Yet the most expensive fares in Europe have not translated into better services. According to the 2011 report by the Just Economics Report think tank *A fare return*, GB railways are slower and more overcrowded than publicly owned rail services in Germany, France, Italy and Spain. This is borne out by the fact that according to *Eurostat* these countries have eight times more coverage of high speed rail and GB rail is also bottom of the European league for electrification coverage.

6.10 It is perhaps no surprise that in February 2013 the Consumer group *Which* found that more than half of train companies have a customer satisfaction score of 50% or lower in the UK. In contrast to this approach, it appears that most of the information collected by the Commission is not based on the experience of passengers at all but rather the private rail monopolies wishing to enter the market.

February 2013

## REFERENCES

<sup>i</sup> GB Transport statistics 1974–87 and 1992–98; British Rail Board annual report 1988–89; Booz Allan Hamilton: Report for the Rail Regulator, *Railtrack’s Performance in Control Period 1995–2001*; National Year Trends 2001–02 to 2011–12.

Calculating the punctuality figures quoted in these sources gave the following averages: between 1974 and 1992, 89.7% of British Rail services were recorded as punctual, compared to 87% for privatised TOCs from 1993 to 2012.

<sup>ii</sup> ORR National Rail Trends 1995–2010 and associated RMT calculation.

### Written evidence from Network Rail (ECR 06)

Further to the Committee's launch of its brief inquiry into the European Commission's 4th railway package, I would like to take this opportunity to address a number of the issues questions raised and highlight some of the considerations that are emerging from the proposals.

The Commission's 4th Railway Package is aimed at completing a "Single European Railway Area" by removing what are set out as the remaining barriers of technical, regulatory and economic nature—and thereby improve the performance and competitiveness of the railway sector.

In setting out the case for the proposals contained within the package, the Commission has made clear that the proposals attempt to deal with market distortions created by restricted access to resources that new entrants face—including direct awarding of domestic rail contracts, and restricted access to both rolling stock and integrated ticketing systems.

In the UK, many of these issues have been addressed at some point during the development of current industry arrangements and we have established an industry framework aimed at allowing and supporting the open and competitive market that the Commission seeks to achieve elsewhere in Europe.

In respect of Infrastructure Managers (IMs), the proposals in the recast seek to amend the recently concluded "Recast of the first Railway Package" to ensure that IMs are able to fulfil (or in some cases at least be responsible for contracting) the range of functions needed to allow the network to be managed in an optimised, efficient, and non-discriminatory way.

The proposed range of activities that are expected to be delivered by an infrastructure manger are, again, consistent with those performed in Great Britain by Network Rail.

*What will be the impact of the measures on the GB railway?*

In terms of overall intent and framework, large parts of the package are either consistent with, or aligned to, existing GB arrangements. In addition the package offers the opportunity to opening up the wider European domestic rail public passenger transport markets to UK businesses.

The GB railway is similarly likely to welcome reductions on the technical and administrative burdens on businesses—so long as these do not compromise necessary controls in the UK.

The committee will appreciate that with the proposals having been so recently published, work is still ongoing internally, within the industry and with government to fully assess the detailed impact of the proposals.

However, looking at each of the elements of the 4th Rail Package in turn, there are a number of areas that we would highlight at this early stage of the legislative process.

Amendment to Directive 2012/34/EU ... opening of domestic passenger transport services by rail and the governance of the railway infrastructure

We are mindful that in their attempt to change legal frameworks in an effort to remove the potential conflicts of interest and distortions of competition that are cited as the subject of concern regarding IMs elsewhere, the EU institutions do not put in place restrictions to sensible and transparent cooperation between IMs and operators. In addition therefore to the stringent requirements proposed for operators and IMs within the same owning group, the package proposes strict controls on the relationships and links between IMs and operators in separated systems. There are a number of potentially negative impacts that could result from these measures restricting activities including Integrated Control Centres, alliances with operators, or even RSSB.

In the UK we have gained a significant amount of experience over time in learning to work on a cross-industry basis, under transparent regulation, in order to deliver the railway as a whole. We remain keen to communicate the need to maintain this flexibility as the 4th Railway package progresses.

Similarly, we note the proposals contained in the package to tackle the need for IMs to respond to users needs, and address the perceived lack of incentives for IMs to cooperate at an EU level.

The relation to the first of these issues, the Commission proposes the creation of Common IM Governance Rules to create Coordination Committees for each Network that allow stakeholders to highlight their needs in relation to development and maintenance of the infrastructure, performance targets in the IMs funding arrangements, the charging framework or capacity allocation process.

There are a number of mechanisms that have been developed in Great Britain that allow such dialogues to take place. These include the establishment of the Rail Delivery Group; a number of cross industry bodies that have enabled Network Rail to produce Route Utilisation Studies and most recently an Industry Strategic Business Plan to inform the funding considerations for the next control period; and consultation by the regulator on a range of infrastructure funding, charging, and access.

Should the Commission regard achieving the desired level of exchange and input into planning by stakeholders as the goal of its proposals, then we would hope that achieving these by other methods than those proposed would relieve the industry of any unnecessary additional burdens.

In relation to the need to create a coordination committee of IMs from across Europe, Network Rail is already a member of the Association of European Infrastructure Managers (EIM), a grouping of IMs representing around half of Europe's rail infrastructure. As well as working with the Commission on a range of issues, EIM is already recognised by the European Rail Agency (ERA) for the purposes of consulting IMs on proposed changes to TSIs and hosts a growing Asset Management Benchmarking activity—both of which are coordinated by technical experts from the UK. In addition bodies such as RNE and UIC provide forums for cooperation between European IMs—and both receive specific project related funding from IM activities from the Commission.

The market opening elements of this package—open access, access to integrated ticketing, and regulatory test of economic equilibrium—are mostly consistent with GB arrangements.

One notable consequence of the package is that it effectively creates parallel regimes for the separated industry structures at the point of coming into force, based on the existence in each member state of holding companies. It would be surprising if our current position of complying with the principles of EU rail legislation prevented Network Rail or other independent IMs or operators from operating or competing in any way that did not apply to other member states—including restricting British rail firms from competing in alternative elements of EU markets.

Amendment to the Regulation concerning the opening of the market for domestic passenger transport services by rail (1370/2007)

As with the changes to the Directive 2012/34 above, the measures contained in this element of the package are largely consistent with existing GB arrangements in respect of industry structure.

A number of public bodies could be captured by the competent authority definition and be required to develop transport plans.

There would be an additional role for the ORR in reviewing the processes followed in both the production of these plans and the process by which governments undertake their franchising process.

The changes could introduce a time limit of two years for the direct operation of operations where government has been required to step in as operator of last resort.

Directive on Interoperability (recast)

Interoperability aims to improve the competitive position of the rail sector through a more harmonised standards and approval processes for rail vehicles and infrastructure, support an internal EU railway market, and remove unnecessary technical and administrative barriers.

The approach of ERA issuing a single authorisation to place vehicles on the market (in conjunction with NSA) would replace the current system of vehicle authorisation undertaken by NSAs; this is not entirely inconsistent with the existing UK position of not requiring re-authorisation against EU requirements as part of the vehicle authorisation process. Consideration needs to be given as to whether this is a necessary step for single-state operation where the applicants are satisfied with the service they receive from the relevant NSA.

The proposed changes to the authorisation of vehicles being placed into use and for the authorisation of Command and Control Subsystems represent the most significant potential changes to the GB rail system. The changes on entry into use aim to remove the delays experienced by those seeking authorisations to use vehicles in some markets—something that is not perceived as an issue within the current UK system.

The 4th Package framework recognises the need for an operator to consult the IM on entry into use of vehicles; it also allows for the stipulation of conditions for use in the Register of Infrastructure and the specifying in TSIs of the procedure for checking elements of interoperability.

These are all important element of the proposed methodology—however it removes the verification in the current GB process provided by Network Rail that an overall system view has been taken of the interaction of the new vehicles with the network as a whole (eg the cumulative effects of noise, energy requirements, etc).

Some of these issues could be addressed in the longer term through industry-wide planning and the capacity allocation and charging process, but we believe that the IM as system operator has a crucial role to play in the process for the time being. There may also be national factors that lie outside the essential functions or the CSM and CST requirements that member states still want to be included in national rules to be verified by NSAs.

In terms of Infrastructure Authorisations, the proposed recast retains the disapplication of TSIs from renewal and upgrade activity where they would compromise the economic viability of the work being undertaken. There is a general extension of scope of TSIs and a reduction in the assumed range of exemptions. The full practical impact would only emerge as TSIs are redrafted, but the effect would appear to be to apply pressure on member states to accelerate any migration to interoperable sub-systems.

As a result the proposed changes would at least result in a wider range of assessments and derogations being needed. We would be concerned of the economic consequences if the changes prevented Network Rail seeking

to achieve efficiency and innovation on the GB network and if the derogation process became bureaucratic and increasingly stringent to wider and more demanding European Interoperability objectives

With regards the Command and Control Subsystems (ERTMS) proposals, the transfer of responsibilities from NSAs to ERA would mean that the ORR would no longer be able to issue authorisations. This approach introduces a split in responsibility for infrastructure authorisations between the two bodies. Overall this will result in additional burdens and costs for authorisations—and could allow ERA to seek to influence deployment plans through proposed new guidance and specifications. This has the potential to impact on signalling renewal process generally and could result in authorisations by ERA increasing risk of delay, and costs.

Overall, there could be a benefit from an increased focus of ERA's work towards supporting the implementation and application of the regulatory framework, especially in the area of scrutinizing national approaches of NSA's and NIB's—this should reinforce the role of ERA as one of educating and signalling non-compliance, but not enforcing modifications.

#### ERA Regulation (repealing 881/2004)

The proposals seek to strengthen ERA control over the functioning of NSAs and notified bodies, including rights to audit and inspections. ERA would therefore have a more direct “policing” role in relation to the ORR and RAIB. The changes also grow benchmarking and sharing NSA best practice and builds upon ERAs' current activities in leading an existing voluntary cross-auditing programme.

There are certainly opportunities in enhancing ERA's role as a partner to National Safety Authorities to help inform, harmonise and resolve disputes—particularly across borders. However, the changes should be proportionate and the advantages of NSAs, including their local knowledge base, should not be underestimated.

The agency is proposed to assume responsibility for keeping and maintaining: national vehicle registers, register of vehicles authorised onto the market, and registers of infrastructure (however the member states still appear to be responsible for the vehicle and infrastructure registers elsewhere in the text). The UK will need to consider a wide range of issues related to the transfer of responsibilities for key databases with safety critical roles to ERA. Reassurance should also be sought that the Commission will resource ERA to be able to deliver authorisations and certificates in a timely manner.

Considering the role of other regulators in helping issue single safety certificates applicable in the UK this responsibility should provide mutual reassurance in respect of other member states.

There are wider powers for ERA to inspect and review projects seeking EU funding, however in the case of TEN-T and other funds, such transparency is largely available to the funding agencies and their auditors.

The move to a more strategic and planned approach to ERA's working would allow it to better plan its work, engage with stakeholders, and set longer term goals beyond previously short-term annual work programmes.

Considering the potentially safety critical decisions being undertaken by ERA, the shared nature of authorisation responsibilities, and the legal status that the package proposes for the agency and its staff, the proposals should be examined in relation to the recourse open to parties affected by its decisions and any insurance implications for UK parties.

#### Safety Directive (recast)

Many of the elements of the draft recast Safety Directive relate to elements covered in previous sections—including the responsibility for authorising the safety of the system being split between the NSA (ORR) and ERA.

A key element of the proposal is the move to a single, European-wide, safety certificate for operators issued by ERA replacing the current system of two-part certificates issued by individual NSAs. For cross border operators this offers a significant simplification and lessening of regulatory burden for operators—including potentially for UK based firms operating elsewhere in Europe—though it is notable that while ORR does not currently charge for certifications, ERA proposes to do so. Whether this is a proportionate response for single-state operators entirely under the purview of a single NSA is a matter for further discussion.

Another potential cost to operators flows from the facility to expand the programme of certification of Freight Wagons by their Entity in Charge of Maintenance (ECM) to all other rail vehicles.

Infrastructure managers will continue to receive safety authorisations from the ORR, and can include authorisation for the IM as an ECM.

The proposal introduces a simplification of national rules to cover all binding safety and technical standards and aims to streamline the notification of national safety and technical rules and clarify different regimes—which will require consideration of the process for setting and amending standards.

*Will the package lead to there being more cross-border rail services through the Channel Tunnel, both passenger and freight?*

The measures allowing single safety certification, and simplified processes to authorise vehicles onto the market and into use could aid and speed the process of building cross-border services, particularly if operators have experienced significant delays in other member states.

In addition, the consolidation in some member states of the full range of IM responsibilities under the network IMs should allow easier and more responsive processes for access applications and capacity decision making.

*What opportunities will the package create for British rail firms to compete in other EU markets?*

The largest opportunity for British firms will flow from the 42% of the current EU domestic passenger market is currently operated under directly awarded contracts. Such a simplification of placing vehicles onto the market would be of potential benefit to domestic manufacturers and operators seeking access to other markets.

ROSCOs could find a number of new markets opening to them—particularly if member states do not want to take the option of buying or taking on the residual value risk of rolling stock in franchise contracts. In addition, other UK experiences, such as the provision of an open ticketing system are valuable experiences that the UK could share or sell into other member states.

#### SUMMARY

Overall, the 4th package offers a comprehensive and integrated package of measures aimed at removing potential conflicts of interest and allowing the rail network across Europe to be planned and managed in an efficient and non-discriminatory way.

It contains significant potential for British businesses and expertise through the opening up of domestic passenger markets across Europe, and does so in a manner largely consistent with the existing GB rail structure.

The effects of any measures should be proportionate, should not drive any unnecessary increases in costs, and must allow the management of the system as a whole in terms of national rules and authorisations.

The proposals need to be flexible enough to allow industry members to work together where it is sensible and efficient to do so. We would seek to allow existing arrangements to be maintained or supported where they already deliver the objective behind a number of the proposals.

We would be happy to provide further information and analysis either ahead of the Committee's visit to Brussels or thereafter as the legislation develops—and would be happy to do so via briefings, further submissions or oral evidence in which case we would seek to make relevant experts available to support the committees work.

*February 2013*

---

#### **Written evidence from European Rail Freight Association (ECR 10)**

##### *1. What will be the impact of the measures on the GB railways?*

- The fourth railway package targets three essential topics relevant for ERFA: the role of ERA, the interoperability and the structural model.
- The role of ERA, the European Rail Agency will be reinforced and the one the national safety authorities (NSA) reduced especially on the homologation of vehicles.
  - ERFA is in favour of the reinforcement the role of ERA vs the NSA because that will lead to more interoperability, easier and cheaper homologation procedures. The new directive foresees a European passport type homologation for every new train. Only national safety matters would be checked by the NSA's. ERFA would like to point out that in the project of directive, the demarcation between ERA and the NSA is unclear: there is a real risk that all the national homologation relies on the Railway Undertaking (RU) and not the manufacturer. Most of the RU's have not such competencies and it triggers obvious problem of liability between parties.
  - As regards ERA and its new enhanced role: it is important that the necessary financing should be allocated. The directive is unclear on this key matter.
- The fourth railway package focuses on a reinforcement of the interoperability by enlarging the scope of the TSI's which will reduce the national rules. The new European safety certificate and the role of ERA as facilitator of ERTMS deployment.
  - ERFA support this proposal which will boost the interoperability within Europe.
  - Because it will make the different railway system more standard and cheaper.
  - It will reinforce the overall safety of the system by using common rules and practises and by optimizing the communication.

- The key problem of the British system is its quasi total lack of interoperability mainly because of the loading gauge restrictions, because of the third rail electrification. This point will be developed in question no 2.
- The structural model issue looks to be irrelevant in UK but it gives ERFA the opportunity to regret that the British government was not more active in promoting the separation model in Brussels during the very intense debate generated by France and Germany. ERFA is in favour of separation because it is the cheapest model and the most efficient in terms of open access.

## 2. Will the package lead to more cross-border rail freight through the Channel Tunnel?

- The lack of freight Channel Tunnel traffic can find its origin in causes related to the continental railways, the Channel Tunnel environment, the British railways.
- Causes related to the continental railway system.
  - Lack of interoperability: a freight train coming from Italy to UK may have to change from three to five times locomotives, run on four different electric system, use five different signalling system;
  - The train length restricted to 530 m in Italy and 600 to 650 m in Germany and Belgium compared to 750 in some UK route, the Channel Tunnel (CT) and France.
  - The disorganisation of the French railway system: this may be improved by having all related IM functions transferred to RFF (the French IM) instead of having it spread between RFF and SNCF.
  - The lack of maintenance on the French conventional network which generates now a lot of works to catch up.
- Causes related to the Channel Tunnel environment.
  - Complexity of the safety rules limiting capacity of trains to 1300 t in single unit and 1800 t in multiple unit, imposing the use of complex Class 92 like locomotive, imposing a complete check of the train before entrance even coming from a safe environment as HS1.
  - Rigidity of the French authorities for the security controls taking 2 h in the FR-UK direction. These controls cannot be performed simultaneously with the safety control.
  - The lack of competition in the Channel Tunnel: only two operators are serving the CT rail freight market, DBS and Europorte. This is due to the fact that no other locomotive than CL 92 is yet homologated in the CT.
  - CT uses the TVM 430 signalling system which is the one in use on HS1 and the French high speed lines and not TPW or KVB used respectively on the British or French conventional system.
- Causes related to the British rail system.
  - The very restrictive loading gauge in Britain implies the use of ultra low special wagons: these cost twice the price of a conventional container wagons. Per train rake it represent an over cost of +/- 200 000 €/year which represents the cost +/- 13 000 km/train.
  - All diversion routes are not W9 cleared are not electrified: it means that in case of possession by NR or incident, the British operator cannot use an electric locomotive to haul the train on some diversion route.
  - The antique third rail power collection system which implies the use of CL92 which are expensive to operate and fragile.
- As regards the continental railway problems: the package will bring the following improvements.
  - Better interoperability between the various national systems.
  - Better coordination in the deployment of ERTMS.
  - All functions IM related functions in France concentrated in RFF.
- As regard the channel tunnel railway problems: the package will bring the following improvements.
  - Reinforcement of the role of ERA vs the ICG -/> guarantee of strict TSI enforcement.
  - More standardised locomotive type to be homologated -/> more competition.
- As regards the British railway problem: the package must be connected to a significant interoperability enhancement of the network (see question 3).

## 3. What more could be done to encourage the development of cross border services?

- ERFA suggest that the British government lobbies the French and German government in order to promote de British model based on independence between IM and RU's. From the choice of the structural model will directly depend the degree of the market opening. Free competition is a key condition for the development of cross border services.

- ERFA welcomed the decision of the DFT to join the rail freight corridor network. Nevertheless, ERFA regrets that this corridor is only restricted to London. It should be extended at least to the Midlands by the WCML and in a later stage to the ports.
- ERFA suggest that the British government lobbies the French government in order to make the security and safety check more fluid in Frethun. It is also difficult to understand why the RFF Frethun yard is subject to a security fee unlike the other French yards.
- As said in question 2, only major improvement of the actual situation can be expected if the infrastructure in not gauge cleared and if the third rail is not converted to 25 kV. The TEN-T network of corridors is a unique opportunity the British government to apply for EU funding. HS1 is continental gauge compatible but freight trains can be only operated during the night because of passenger traffic and in the night with tight restrictions. ERFA therefore suggests that the Channel Tunnel becomes connected with the electrical spine project of Network Rail

4. *What opportunities will the package create for British rail firms to compete in other EU markets?*

- The level of competition is directly connected to the interoperability degree and the structural model. If a suitable model is found with reinforced interoperability: this can be only of benefit to the British Rail firm. Two British members of ERFA are already competing on the continental market.

5. *What more could be done to reduce barriers to entry to those markets?*

- As already said in question 5, from the adequate choice of the structural model will depend existing or potential barrier.
- ERFA strongly believed that the British model prevents barriers to entry. It is why the British government must promote it openly in the coming debate on the fourth railway package.

February 2013

---