

Press Release
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EVES-Rail study: EU-wide imposition of vertical separation in rail would raise costs for society

A study by an international consortium of transport economists has concluded that no particular structural model outperforms all others. No evidence is found that competition within the rail sector works better with vertical separation than with a holding company. The EU should therefore opt for a policy of free choice of structural model for the rail sector.

The EVES-Rail study (Economic Effects of Vertical Separation in the Railway Sector) was carried out by an international research consortium headed by Inno-V (Netherlands) and including researchers from the Institute for Transport Studies at the University of Leeds (UK), the Free University of Amsterdam (Netherlands), Civity Management Consultants (Germany), and the universities of Kobe and Fukuyama Heisei (Japan).

EVES-Rail was commissioned and financed by the Community of European Railway and Infrastructure Companies (CER).

Rather than relying on a single methodological approach, EVES-Rail brings together several lines of evidence based on separate quantitative and qualitative research efforts.

Quantitative assessments are made of the effect of vertical separation on the sector's cost efficiency, its modal share, state spending, and competition within the sector.

The study also develops a structural analysis of the incentives of the infrastructure manager and of railway undertakings (operators), and how these incentives may lead to efficient or inefficient outcomes for the rail system as a whole depending on which structural model is in place. EVES-Rail finds that the effect of vertical separation on rail system costs is not a single positive or negative number that would occur identically in every country. On the contrary, the effect of vertical separation depends on structural characteristics that vary between countries. The substantial country differences within the EU thus call for a differentiated approach, rather than a one-size-fits-all model imposed on all Member States.

Looking at rail sector performance in terms of modal share and in terms of state spending, EVES-Rail finds no evidence that any particular structural model outperforms all others. Furthermore, no evidence is found that competition within the rail sector works better with vertical separation than with a holding company model.

In sum, EVES-Rail finds that rail sector costs would increase in case of a universal imposition of vertical separation in the European Union for no added benefits in terms of any key measure of performance.

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The EU should therefore opt for a policy of free choice of structural model for the rail sector, including the right for Member States to switch freely between the vertical separation model and the holding company model depending on national circumstance.

“The work done by the consortium is solid and convincing,” stated CER Chairman Mauro Moretti. “It demonstrates how the imposition of one single European model for all national rail systems would lead to increasing costs for all stakeholders. Today member states’ budgets could not cope with the rising costs deriving from such a reform, nor could the European citizens. We are confident that the European Commission will carefully reflect on today’s discussion and that the proposal will fully take into account the results of this study. ”

CER Executive Director Libor Lochman stated: *“Policy-makers have a duty to ensure that benefits outweigh costs for any reform they propose. EVES-Rail provides the cutting-edge analysis they need for the case of rail.”*

The study is available at www.cer.be

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The Community of European Railway and Infrastructure Companies (CER) brings together 80 European railway undertakings and infrastructure companies. CER represents the interests of its members towards the European institutions as well as other policy makers and transport actors. CER’s main focus is promoting the strengthening of rail as essential to the creation of a sustainable transport system which is efficient, effective and environmentally sound. For more information, see www.cer.be

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