

International Rail Passenger Services- Interim Position Paper

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1. Introduction

For the past decades, the international rail passenger offer was stagnating in comparison to the constantly increase of the air travel. In 2019, nearly 1 in 2 air passenger (46%) preferred intra-EU flights while a growth of +8% in the air market was documented between 2017 and 2019. Rail travel on the other hand remains predominantly domestic: international rail traffic has stagnated under 7% in 2018. The targets in the Smart and Sustainable Mobility strategy and the European Green Deal gives new impetus to increase railway passenger services and CER Members are determined to be an active partner in the push to realise the modal shift. CER is an active participant in the International Rail Passenger Platform, is engaging the European Commission in its activities and is establishing internal working groups (CEO coalitions) on the highest level to boost passenger services in EU.

It is important to underline that cross-border international rail passenger services must be economically sustainable and profitable to be successful and for this purpose must be based on a sound demand analysis.

2. Ticketing and data shall rely on voluntary contractual agreements

The rail sector has come a long way in implementing e-ticketing for rail passenger services and providing dynamic travel information according to the legislation in force. Innovation and digitalisation are key in providing access to simple, reliable and comprehensive information to customers of rail services. To develop cross-border services we should:

- raise capacity, affordability and reliability on the existing network
- foster pan-EU integrated ticketing and harmonise booking time intervals through reasonable and non-discriminatory commercial agreements between operators
- clarify liabilities vis-à-vis passengers between operators and railway services distributors, thanks to reasonable and non-discriminatory commercial agreements following the rail passenger rights regulation
- increase booking horizon

There are many ongoing sector-based initiatives to create new standards for distribution, pricing, ticketing, accounting, etc. such as OSDM/FSM (open sales and distribution model), OSDM/FSM will, in a medium term, enable the sector to create international door-to-door tickets and to meet customer requirements even better. It is a voluntary industry initiative between railways and third-party ticket vendors and should be promoted as an industry-driven and EU wide standard. OSDM specification will be transposed into TAP TSI making it more than just a voluntary industry initiative. Financial support for a rapid implementation of OSDM/FSM would bring a step forward for European cross border rail travel.

Data sharing should be based on a level playing field and the principle of reciprocity while respecting the protection of trade secrets and intellectual property rights. It is important to realise that data has value and should be treated as a commodity. Data sharing needs to happen based on interoperable standardized interfaces and formats with taking previous integration of static data as a good practice in a diversified market.

3. Customer experience as the focus point

When it comes to customer experience, the action plan should go beyond ticketing and digitalisation. Customer experience also include the affordability of ticket prices, the speed and duration of rail passenger travel, the reliability of the services as well as on-board services supported by 5G and 6G connection during the passenger trip. Seamless travel experience is one of the key areas to focus on, with high-frequency services, frictionless ticketing and comprehensive and easy to understand and reliable customer information. It is imperative that Commission makes customer experience one of the focus points of the action plan to achieve the modal shift.

4. A seamless infrastructure and European network

TEN-T network should be the basis for international rail passenger cross border services. The rail sections of the Core Network have been identified following a thorough market analysis. Any new international rail connections should first and foremost reflect the market needs both from demand and supply side and leave room for flexibility for further developments. Therefore, the support of the timely completion of the TEN-T Network by 2030 and 2050 should ensure the removal of bottlenecks, completion of missing links and cross-border projects all from a European perspective. It should also optimize the interconnection and interoperability of national networks as a priority for the EU and the Member States.

The long-term vision of the sector is the creation of a seamless European high-speed network, linking European capitals and major cities, connecting urban nodes and airports and supporting the development of an international passenger service market.

5. Interoperability to achieve the Single European Railway Area

Several legal and technical obstacles exist in relation to setting up new cross-border international train services, including night trains. Harmonised technical and regulatory framework conditions in Europe still need to be fully implemented and obstacles to full interoperability pose major technical, operational and economic challenges for cross-border passenger transport. Fast harmonisation of technical and operational rules, norms, and requirements is needed.

Many of these barriers hamper also day cross-border train services: language barriers (drivers, infrastructure staff, network statements), interoperability issues, national legislative obstacles (e.g. safety) and missing links.

Different national certification regulations & technical systems make it difficult to use the same rolling stock for cross-border rail services while establishing new lines in the European Union. In Europe, international cross-border traffic is hampered by, among other things, differing approval processes, train protection systems and power systems. Even though many technical solutions already exist, they often lead to considerable complexities and additional costs, which severely limit the expansion of international connections.

The rail sector is determined to achieve the completion of the Single European Railway Area, supporting market opening and ensuring interoperability with the support of the Commission and the Member States.

6. Capacity management

Optimized capacity management is another key condition for ensuring successful cross-border services. Digital capacity management (DCM) and the implementation of TTR for Smart Capacity Management should significantly increase capacity as well as the quality of infrastructure and rail passenger services. Despite the expected higher overall capacity, it must be ensured that sufficient usable capacity is secured for international passenger transport due to the demand growth for PSO transport in various countries.

With regard to capacity allocation and timetabling, any structural change must be based on the needs of the different types of customers (passengers, freight, short and long distance, domestic and international) that in most cases operate on a shared infrastructure, take into account the contrasting geographical realities that favor the timetabling model in different ways, and be built in compliance with the optimization of network operations and the needs related to its modernization and maintenance.

7. Level Playing Field and competitiveness

There is an urgent need to improve the competitiveness of rail transport mode and to create a level playing field for all transport modes e.g. by abolition of VAT on international train tickets in all Member States (as is already the case for international plane tickets) and equal treatment in energy taxation. The aim should be to shift short and medium distance travel in Europe from air to rail to cut CO₂ emissions. Therefore, it is also essential to fully internalize environmental externalities with a smarter approach on pricing that is based on the 'user-pays' and the 'polluter-pays' principles.

Rail's competitiveness and affordability vis-à-vis more polluting modes are also affected by the way in which track access charges (TACs) are determined. This also applies to long-distance cross-border services. One way to address this would be a discount for new services. When setting up new (international) services, it takes time to build up demand and, hence, to reach break-even. In this regard, Infrastructure Managers may introduce time-limited discounts in line with Article 33 of Directive 2012/34/EU provided that sufficient financing scheme will compensate the IMs in case full cost recovery is at risk. Beyond the start-up phase, for all services, steep increases in TACs from one year to another should be avoided, unless it is sustainable for the market. It is important to correctly apply the existing provisions on charging to international rail services all over Europe whilst taking the interests of infrastructure managers duly into account.

8. Robust investments are needed

The successful realization of the international rail passenger network will depend by targeted smart investments on infrastructure following a network approach from a European perspective and in accordance with the market and societal needs. Today,

European funding does not cover all the needs identified for building the core network and developing interoperability. Priority must be given to modernizing and improving the current network, which is also crucial for network availability and to meet existing and upcoming challenges set by European Sustainable & Smart Strategy.

Deployment of consistent (and accelerated in comparison to previous years) ERTMS on board and on track to meet the target by 2030 on the Core Network needs robust public investment.

Rolling-stock availability and investments will significantly improve the quality of cross-border services and enhance the passenger experience. Newly planned rolling-stock investments (for the speed of 200-230 km/h or even 250 km/h) will significantly improve the quality of cross-border services and enhance passengers' experience by allowing operation of trains both on high speed and modernized conventional infrastructure. Investments for multi-system technology for rolling stock should be eligible for European financial support.

Investments in meeting regulatory obligations should be financially supported by the ones who are imposing those burdens on the sector. The implementation of OSDM/FSM and other digital tool is subject to investment to build it in the company implementation systems. To assure implementation, the sector needs to be sure that the investments in OSDM/FSM will be supported as "the solution" to improve ticketing and no additional regulatory measures will come on top as it is foreseen with the planned integration into TAP TSI.

Investments in TTR and Digital Capacity Management will ensure the optimization of IMs' capacity and the increase of capacity for cross-border long-distance passenger trains. The CEF2 Programme must include calls for actions supporting European interoperability of processes and information exchange of rail infrastructure managers and actions supporting improved international capacity and performance management on the existing rail infrastructure.

9. For night trains to thrive in Europe, PSO regulation shall evolve

Besides the known operational issues, night trains, as purely open access connections, are currently a very risky investment for rail companies because of the difficult legal and economic framework. Without public support or without fundamentally changing the legal framework for intermodal competition, Europe will not experience utilization of the night trains to its fullest potential. Although the European Union's PSO regulation (1370/2007) allows public contracting entities to treat cross-border train connections as PSOs, this option has remained underutilised. The regulation does not focus enough on the fact that one or more EU Member States or contracting entities from different states can contract cross-border service. Thus the PSO regulation could be revised to help the promotion of cross-border night trains. Using public funds for night train services can be a way to offer less expensive night train connections and encourage more people to use climate-friendly travel options.

10. Conclusions

In conclusion, CER calls the European Commission to:

- Add customer experience as the main pillars of the action plan, with affordability, reliability and speed as the focus.
- Create a level playing field for all international passenger transport modes by implementing user-pay and polluter-pay principle and with regard to energy costs.
- Base cross-border international rail passenger services on sound demand analysis to ensure their economical sustainability and profitability.
- Facilitate the contracting of night train services as cross-border public service obligations (PSOs).
- Abolish VAT on cross-border train tickets.
- Promote OSDM/FSM specifications as an industry -driven and EU wide standard and support sector stakeholders financially for its implementation.
- Propose a plan for a seamless European high-speed network linking European capitals and major cities.
- Create an EU framework on data governance of B2B data where data exchange continues to rely on voluntary contractual agreements and the rights of data generators are explicitly recognised.
- Take TEN-T Network as a basis for any new cross-border rail passenger services and pilot projects.
- Invest in interoperable infrastructure, rolling stock, deployment of ERTMS, OSDM/FSM, and TTR and Digital Capacity Management.

About CER

The Community of European Railway and Infrastructure Companies (CER) brings together railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies. The membership is made up of long-established bodies, new entrants and both private and public enterprises, representing 71% of the rail network length, 76% of the rail freight business and about 92% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policy makers and transport stakeholders, advocating rail as the backbone of a competitive and sustainable transport system in Europe. For more information, visit www.cer.be or follow [@CER_railways](https://twitter.com/CER_railways) on Twitter.

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