Railway Regulation in Europe
Who makes the rules and have they fixed the problem?

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Outline

• What does Brussels control and why?
• The problems Brussels set out to fix.
• The remedies chosen.
• Limits to EU powers.
  • Structural or behavioural regulation.
• Today’s issues.
• Safety
The problem

• Rail’s contribution to
  1. single market
  2. Cohesion

• Economic issues
  – low productivity
  – deficits
  – fragmentation (missing links, interoperability)

• Environment: modal shift
The remedies

• First rail package (EEC/91/440 etc.)
• Sustainable finance – remove accumulated debts, fully fund PSOs, end cross subsidies
• Open freight to new entrants by
  – Independent oversight/regulation of capacity allocation and access to essential facilities
  – Separating infrastructure / train operations ACCOUNTS
European Railways are all Different

- Structure
- Regulation
- Traffic mix
- Traffic density
- Markets
- Infrastructure charges
Access Charges For Typical 2000 Gross Ton Freight Train
(Euros/Train-Km)
Access Charges For Typical Local and Suburban Trains
(Euros/Train-Km)
Access Charges For Typical Intercity Passenger Trains
(Euros/Train-Km)
Access Charges For Typical High Speed Intercity Passenger Trains (Euros/Train-Km)
National Governments and Regulators have the Power
Support to Railways in Great Britain 1985-2008

- Network Rail borrowing to fund additional renewals
- Network Rail borrowing
- Project Development Enhancements
- Other government support / Proceeds of privatisation sales
- Freight grants
- Grants to infrastructure manager
- PSO compensation / Franchise payments

Hatfield accident
Current EU Policy

- Open access required for:
  - International freight
  - National freight
  - International passenger trains
  - National passenger services – to be studied over next 5 years.....
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- Regulation on “Rail Network for Competitive Freight”
- Proposal to replace 3 infra packages with a consolidated text
  - More precise infra charge rules to end freight to pass “cross-subsidy” in CEES
  - More attention to access to essential facilities
- Full separation still not required
Sources:
www.internationaltransportforum.org
Research/infrastructure & discussion papers
Safety

• Report by Andrew Evans, Imperial College
• Japan, UK, EU25, USA, Canada, Australia
• All central/federal regulation except Australia
Organisation of Safety Mgmt

• Co-regulation the norm:
  – Lead industry body (often infrastructure)
  – Regulator (inspects quality of SMSs)
  – Accident Investigation

• Cascade of responsibility

• At the margin higher rail safety investment than on roads, few cost-benefit appraisals

• Integrated or separate from economic regulation?
EU: Safety and Interoperability

- European Rail Agency responsible for interoperability
- and studies safety – review of SMSs by Andrew Evans
- EU funds for rail investment conditional on installing ETCS for safety
  - Political forcing of interoperability, immature technology, cost overruns
Conclusions

- The available data are not sufficient to allow empirical conclusions in favour of one arrangement over another.
- However, it is clear that restructuring has led to a need to substantially strengthen the public safety regulator.
- Even though the railways have generally been getting safer.
Accidents per Train KM

Fatal accidents UK

Accidents Japan
UK Fatalities 1967-2003

Per Train KM

Per Accident