European Parliament

Fourth railway package: Market pillar

At its December plenary session, the European Parliament is scheduled to vote at second reading to confirm trilogue agreements on a set of proposals to liberalise rail markets further and to improve their governance. These proposals form the 'market pillar' of the fourth railway package, put forward by the European Commission in January 2013. After the adoption on 28 April 2016 of the 'technical pillar', dealing with rail safety and technical compatibility, the market pillar measures would set a new milestone for the EU rail sector.

Context

Beginning in 1990, the Commission presented a set of proposals to revitalise the rail sector and to create an integrated and efficient railway area at EU level. Since then, much has been achieved; most importantly: the separation between infrastructure managers and rail operators, full liberalisation of rail freight from 2007 and of international passenger transport from 2010, the establishment of independent regulatory bodies and of rail services of general interest, known as the public service obligation (PSO). Despite these significant steps forward, in 2013 the Commission observed that obstacles still hampered the rail sector. It pointed to heterogeneous forms of rail governance or inconsistent implementation of legislation throughout the EU, the persistence of anti-competitive practices by incumbent operators and infrastructure managers, and the lack of competition in both passenger and freight rail markets. To improve this situation, the Commission put forward its fourth railway package in 2013, containing three legislative proposals referring to governance and passenger market issues.

The legislative proposals

The 2013 Commission proposals aim primarily to increase competition, in order to achieve more affordable, cost effective and better rail services. Granting access to all EU rail operators on domestic passenger markets from 2019 is a major innovation. The package proposes to introduce competitive bidding as the norm from 2023 onwards to award public service contracts (PSCs), which represent the biggest share of passenger rail services in the EU. Direct award of PSCs would still be possible, on condition that rail operators comply with performance criteria, such as service punctuality and customer satisfaction. To improve the rail governance system, the package aims to prevent conflicts of interest between infrastructure managers and rail operators, by imposing financial transparency so as to avoid distortive cross-subsidies. It also provides for non-discriminatory access to rail networks and rolling stock in order to ensure a genuine level playing field between operators. Finally, the package proposes to repeal an old regulation relating to state aid for railway companies.

European Parliament views

In its 2014 first reading position, the Parliament underlined the need to give competent authorities the choice between tendering procedures or direct award of PSCs, insisting on the service quality requirements to be fulfilled in cases of direct award. It also highlighted the social aspects of the proposals, stating that market liberalisation must not lead to a worsening of rail workers' social and working conditions. After an early second-reading agreement was reached by the Council and the Parliament in trilogue on 19 April 2016, Wim van de Camp (EPP, the Netherlands), rapporteur on the PSC award proposal, underlined the positive effects of the market pillar on rail sector competitiveness and sustainability that could, in turn boost economic growth. David-Maria Sassoli (S&D, Italy), rapporteur on the market opening and governance proposal, welcomed the decisive role of the Parliament in the negotiations, especially on opening high-speed services to competition. Merja Kyllönen (GUE/NGL, Finland), rapporteur on the repeal of the normalisation of accounts regulation, expressed the hope that the package would boost investment in both passenger and freight transport, contributing to the EU's decarbonisation objectives.

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