# PODCAST on the fourth railway package

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VOICE 1

You're listening to the European Parliamentary Research Service podcast on the fourth railway package.

VOICE 2 (to introduce the topic)

Railways were the first modern means of transport. Without them, the industrial revolution may not even have happened! But today, the sector faces numerous challenges: from fragmentation to high operational costs, regulatory loopholes, administrative and technical barriers.

VOICE 1

The fourth railway package seeks to address these challenges and move closer to a single European Railway Area. Want to know what's coming down the track? Stay with us!

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VOICE 1

The EU has roughly 220.000 km of railway track! Along which millions of passengers and millions of tonnes of goods are transported every day…

VOICE 2

It is also an important economic sector, employing over half a million people in the EU! But the sector faces numerous challenges, starting with the long and slow decline of "rail's share" of freight and its "flat curve" share of passenger transport, compared to other modes, such as the car, buses and planes.

VOICE 1

But one of the biggest challenges comes down to its high costs! Without public funding, the renewal of infrastructure and rolling stock would be extremely difficult, so this dependency has favored the creation of rail monopolies in many countries... and these are proving difficult to break!

VOICE 2

The EU rail industry is also highly fragmented -due to self-regulated national systems- and faces cumbersome administrative and technical barriers. So since the late 1980s, the European Commission has worked to address these challenges, proposing three sets of measures to move towards a single European rail market.

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The 3 railway packages adopted up to 2012 have brought us closer to that objective, notably by ensuring separation between infrastructure managers and rail service providers, by opening railway services to increasing competition, and facilitating access to rail systems and services.

VOICE 2

The reforms have also contributed to the establishment of independent regulatory bodies in the Member States and the definition of public service obligations, which must be provided in the general interest and regardless of commercial profits.

VOICE 1

Priority has also been given to ensuring the technical compatibility of conventional and high-speed networks across different member states. So, the question is, why did we need a fourth railway package?

VOICE 2

Well, the truth is that despite the progress made, substantial barriers to a truly European railway area remained… we're talking about persistent monopolies and a patchy map of rail liberalization, different governance structures, different technical systems and operating rules, entailing high costs and unnecessary red tape…

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Therefore, in the light of these remaining challenges, in January 2013 the European Commission proposed a 4th railway package. The aim was to enhance the competitiveness of the rail sector and the quality of rail services by removing the remaining legal, institutional and technical obstacles.

VOICE 2

The new package relies on two main areas of intervention, known as the technical and market pillars. But what do they consist of? Let's look at the technical pillar first!
JINGLE TO BREAK THE RHYTHM

VOICE 1

Different gauges, electrification standards and safety and signalling systems all make it more difficult and costly to run a train from one country to another! So the main objective of the technical pillar is to improve the interoperability and safety of European rail.

VOICE 2

According to the European Commission, with 11,000 different national and EU rules, procedures to authorise new rail vehicles can take up to two years, and procedural costs can account for up to 10% of the cost of a locomotive. And the same goes for safety certification procedures…

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So to save rail operators and rolling stock manufacturers time and resources, the renamed European Union Agency for Railways will become a 'one-stop shop' to issue authorisations and safety certificates for train companies operating cross-border traffic.

VOICE 2

According to the Commission, this would allow a 20% reduction in time for new operators to enter the market, and a 20% reduction in cost and duration for the authorisation of rolling stock, leading to €500 million in savings for companies by 2025!

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From now on, the Agency will also play a greater role in the development of the European rail traffic management system, and will keep a watchful eye on the decisions of national safety authorities.

VOICE 2

After securing some modifications, the Parliament's Transport Committee endorsed the set of technical measures in March 2016, the European Parliament adopted it in April and they were officially rubberstamped by Council and Parliament a month later. But what about the market pillar?
JINGLE TO BREAK THE RHYTHM

VOICE 1

The market pillar contains a number of proposals relating to the governance structure and to the opening of the passenger market. One of its main objectives is to strengthen the infrastructure managers' role and independence, allowing them to control all main functions pertaining to the development, operation and maintenance of rail networks.

VOICE 2

But the biggest innovation is the opening of domestic rail passenger markets from the end of 2019, so that railway operators can provide services across the EU.

VOICE 1

According to the Commission, more competitive pressures should lead to better quality services, more frequent trains – and financial benefits to customers and companies of the order of €40 billion by 2035 !

VOICE 2

Provisional agreement between Council and Parliament negotiators on these measures was reached in April 2016, but the earlier interinstitutional talks had brought divergences to the forefront, especially on issues such as the transparency of financial flows in rail groups and mandatory tendering of public service contracts.

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The Parliament will have its final say during next week's plenary session in Strasbourg. So, full steam ahead for the Fourth Railway Package?

VOICE 2

We'll have to see! What's clear, looking back at the previous three packages, is that the transition to a truly European railway area is not happening at the highest speed… the first measures were seen as an answer to the slow decline in rail's share experienced in the 0970s and to make the train more attractive for passengers. But these good intentions ran into structural obstacles…

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… such as the lack of interoperability between national rail systems, the presence of national monopolies and multiple regulatory systems and governance structures...which meant rail operators were nearly all confined to their own countries

VOICE 2

Moreover, different visions of rail policy among Member States and among EU institutions, and the lack of enthusiasm of some governments for implementing the EU rail packages pushed the project of a Single European Railway Area further away…

VOICE 1

But despite the many obstacles… important steps have been achieved. Today, the sector is more open than ever to competition, and rail infrastructure is increasingly interoperable.

VOICE 2

INTRAmodal competition has increased overall both in freight and passenger markets, and the Commission continues to push for greater INTERmodal competition, to make rail more attractive than planes for passengers, and more attractive than trucks for freight.

VOICE 1

And the truth is that, where high-speed trains are available to cover a short distance (on journeys of under three hours), more and more passengers are taking them!

VOICE 2

So the Fourth Railway package takes stock of pitfalls and achievements to date and hopes to bring new impetus to the project of a common EU rail policy. Will it finally gather the necessary speed to become a tangible reality? Or will we need a 5$^{th}$ rail package?

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