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PRESS RELEASE

Implementation of EU legislation on rail liberalisation in Belgium, France, Germany and the Netherlands

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This Working Paper provides a detailed and easy-to read overview of the railway liberalisation in Belgium and the three neighbouring countries. The European Union's liberalisation Directives are often complex and are implemented in very specific ways in the different Member States. The analysis goes into some detail about the Commission's underlying motives and economic theories for letting network industries, which had previously been regarded as natural monopolies, convert into competitive enterprises with the separation of infrastructure from operations.

The study takes subsequently a look at the impact of the European rail liberalisation Directives in Belgium and its neighbouring countries - France, Germany and the Netherlands. This shows that there are considerable variations in the way in which the Directives are applied. It is reflected in the way in which the separation of the infrastructure and the transport services within the railway companies was carried out, and in the degree of opening of the market in freight and passenger transport. The Netherlands opted for a railway undertaking with full vertical separation, in which two separate companies deal with the infrastructure and operations. In France, there is a legal separation between infrastructure and operations but not a de facto one. The other countries studied adopted a form of holding company structure. And that type of structure was also implemented in varying forms, ranging from a holding company which operates purely as a controlling company, as in Germany, to the Belgian holding structure which is not only the group's parent company but is also responsible for building, maintaining and managing the stations, and is the employer of all the railway workers. Some countries have also gone much farther than others in regard to opening up the railway market to private rail operators. For instance, Dutch and German passenger transport has long been accessible to outside companies, allowing keen competition to develop. The advantages for consumers can however not be entirely measured and demonstrated.

Will the measures imposed by Europe for liberalising the railway market lead to the desired level playing field? On the one hand, the dominance of the former monopolists in the different Member States means that private rail operators face major obstacles. On the other hand, the financial analysis of the railway companies reveals wide variations in economic performance. The combination of better balance sheet figures and a bigger domestic market means that some major players in Europe are financially better off, giving them superiority over the smaller railway companies. This raises the question whether these circumstances will ultimately lead to distortion of competition. Therefore the research question cannot be answered without the necessary nuancing.