

18 July 2014

**OPEN LETTER TO CEOs
Deutsche Bahn Rüdiger Grube and
FSI Michele Mario Elia,**

Dear Sirs,

DB and FS criticise the rail structures UK and France but get their facts wrong!

Meeting in Rome 10 July - CEO Deutsche Bahn Rüdiger Grube e di FSI Michele Mario Elia to discuss the Fourth Railway Package and the Italian Presidency of the Transport Council.

I note with interest and with some surprise the reported statements you and others made at this event in opposing the European Union's proposal in the 4th Railway Package to separate infrastructure manager from railway undertaking. You criticise the separation of infrastructure manager and railway undertakings in the UK as being 'likely to lead to loss of efficiency and synergy'.

The facts are rather different, as I am sure is known through DB subsidiaries that operate successfully in the UK. We in the UK's separated market certainly do not fear greater competition for the simple reason that it promotes growth and investment in the railways.

For example:

- Since 1995 we have increased our passenger kilometres by over 90% compared with 18% in Germany.
- In freight, volumes have increased by around 60% over the same period, largely as a result of competition between operators and the resulting improved service quality and competitive pricing.
- Government funding of the UK railway has remained the same in 2012/3 as in 1993/4, but includes a very significant increase in Government investment in new rail infrastructure to improve service quality and capacity. The UK compares well with other governments' funding of the railways (2009): UK € 5.1bn, IT € 8.1bn, FR € 10.9bn, D € 13.5bn (source EC)
- As reported in the Eurobarometer survey of 'Rail and urban passenger satisfaction 2013', UK rail shows high levels of satisfaction with punctuality, speed and frequency of train services compared with other European countries, particularly Germany and France.

Delivering choice for business

I am also curious to know what is meant by the statements regarding France. I have many reports about freight services of DB and other operators being adversely affected because SNCF often gives its own services priority of access to the network. SNCF can do this since the tasks of managing the infrastructure and operating the trains are *not* actually separated. The infrastructure manager RFF is forced to use the incumbent operator SNCF for maintenance and renewals and for timetabling of train paths, which leads to the type of problems that other freight services encounter. In spite of this effectively integrated structure, SNCF's freight volumes have dropped by around 50%.

We have many operators in the UK owned by national railway companies of other member states – including from Germany, France and the Netherlands. They would not be with us if they did not accept our structure and the ability not only to provide efficient and competitive services but also make a reasonable profit. Conversely, many of our UK operators would like to operate in many other member states, but fear the uncertainty caused by too close a relationship between infrastructure managers, incumbent operators and their governments.

So can it be that DB, FS and many other incumbents fear that the EU proposals would lead to the type of open competitive market of which SNCF, NS and DB take advantage in the UK, but from which incumbents do not want others to benefit in their home markets? **Why do incumbents fear competition on their home territories, when they take such good advantage of it in other Member States?**

The single European transport market should be accessible under the same conditions to all, be they private, public or new entrants. Only this way will we achieve seamless, fair and competitive rail transport across Europe, leading to real growth. It would be good if all operators and infrastructure managers supported this view!

The Rail Freight Group fully supports the European Rail Freight Association's campaign to see implemented the European Commission's 4th Railway package, and is urging the Transport Council members and its Italian Presidency to take forward the governance part along the equally important technical issues.



Tony Berkeley
Chairman

Attached - details of the Rome event (D) and FS statement (IT)
FERPRESS cutting (IT)

Delivering choice for business