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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**on**

**"THE FOURTH RAILWAY PACKAGE – COMPLETING THE SINGLE  
EUROPEAN RAILWAY AREA TO FOSTER EUROPEAN COMPETITIVENESS  
AND GROWTH"**

(Text with EEA relevance)

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## **1. INTRODUCTION**

The 2011 Transport White Paper<sup>1</sup> unveiled a vision for establishing a Single European Railway Area (SERA) and set out the Commission's approach to ensuring the competitiveness of EU transport in the long term, while dealing with expected growth, fuel security and decarbonisation. An important aspect of the policy is to enhance the role of rail, given the difficulty of reducing oil dependence in other sectors. But this can only be achieved if rail provides efficient and attractive services, and if we eliminate regulatory and market failures, barriers to entry and burdensome administrative procedures which hamper efficiency and competitiveness.

The European rail industry generates turnover of €73bn<sup>2</sup> and has 800000 employees<sup>3</sup>. Each year public authorities invest considerable sums in the rail sector. In 2009 this amounted to €20bn in government payments for public service obligations (PSOs) and €26bn in public investment for infrastructure<sup>4</sup>.

In most EU Member States (MS), public payments have increased substantially, while the growth in passenger-kilometres has been more moderate. Overall passenger-kilometres increased by 4.3% between 2005 and 2010<sup>5</sup>. Substantial public sector investment, particularly in the newer EU Member States where subsidy payments more than doubled in six years, has not in itself secured equivalent increases in rail demand. This is partly due to an inability to curb operational inefficiencies caused by a lack of appropriate competitive incentives. Yet in some MS, public funding is awarded directly without competitive tender. Efficiency gains are desperately needed to create sustainable growth and for the benefit of the public purse.

Although there have been positive developments in some markets the modal share of rail freight has decreased from 11.5% to 10.2% since 2000<sup>6</sup>. Over the same period passenger rail in intra-EU transport has remained fairly constant at around 6%. The development of domestic rail market segments has been uneven among MS, ranging from a decline of more than 10% in Hungary to a greater than 20% increase in Sweden from 2005 to 2010<sup>7</sup>. This is

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<sup>1</sup> Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system COM (2011) 144 final

<sup>2</sup> Includes Infrastructure Managers (IMs) that are integrated with Railway Undertakings (RUs) (holdings) 463000 working in passenger railways

<sup>3</sup> IA on the [opening of the market for domestic passenger transport services by rail](#) (IA)

<sup>4</sup> 2011 Transport White Paper

<sup>5</sup> SWD(2012) 246 final/2

<sup>6</sup> SDG Report - Further action at European Level (2012)

<sup>7</sup>

despite the introduction of circa 6000 track km of high-speed line over the period<sup>8</sup>. High-speed networks have gained market share over air transport, becoming the preferred passenger choice over certain routes and allowing rail to compete more efficiently on numerous routes. Over the period 2020 – 2035 high-speed rail is expected to have the highest growth in demand of any transport mode<sup>9</sup>, providing significant growth, investment and employment opportunities, which this package aims to develop further.

The latest Eurobarometer<sup>10</sup> survey suggests that only 6% of Europeans use the train at least once a week<sup>11</sup>. Among consumers<sup>12</sup> rail services are ranked 27th out of 30 services markets, with particularly poor scores on comparability and satisfaction. The market records the second highest number of problems with a wide divergence existing across the EU. Consumers do not believe that problems can be satisfactorily solved. Since the mid-1990's, in parts of the EU (relatively newer MS in particular) underinvestment has created a vicious cycle of decline, with the decay of infrastructure and rolling stock rendering rail unattractive, especially given the wealth-driven high growth of car ownership. Cars have a large share of urban transport and 59% of Europeans never use suburban trains. Against this background and the fact that the EU27 has a 75% urbanisation rate, there is a huge market development potential for suburban and regional passenger rail transport, especially given the rising congestion on roads.<sup>13</sup>

## 2. WHERE DO WE STAND

With the goal of establishing an internal market for rail and thus a more efficient and customer-responsive industry, early EU legislation laid down the basic principles guiding the improvement of rail efficiency via progressive market opening, establishment of independent Railway Undertakings and Infrastructure Managers and separation of accounts between them. Since 2000, these principles have been progressively translated into reality, not least through the adoption of three successive packages of EU legislation. However the modal share of rail has remained modest, partly due to suitability issues (for example rail is not practical for many short distance urban journeys such as trips to the supermarket) but also because of obstacles to market entry hampering competition and innovation.

In 2012, parts of this legislation were simplified, consolidated and further reinforced by Directive 2012/34/EU establishing SERA<sup>14</sup>, bolstering existing provisions on competition, regulatory oversight and financial architecture of the rail sector. This strengthens the power of national regulators, improves the framework for investment in rail, and ensures fairer access to rail infrastructure and rail-related services. It entered into force on 15 December 2012 with transposition required by mid-2015.

In parallel to market opening, other EU measures have improved the interoperability and safety of national networks. A more European approach to rail is intended to facilitate cross-border movements to enable rail to exploit its competitive advantage over longer distances and to provide a single market for rail equipment suppliers with lower costs. For example, the Shift2Rail<sup>15</sup> initiative would contribute to developing rail as a transport mode by promoting

<sup>8</sup> Everis study on regulatory options on market opening (2010)

<sup>9</sup> SDG Report - Further action at European Level (2012)

<sup>10</sup> [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_388\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_388_en.pdf)

<sup>11</sup> [http://ec.europa.eu/public\\_opinion/flash/fl\\_326\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_326_en.pdf)

<sup>12</sup> [http://ec.europa.eu/consumers/consumer\\_research/cms\\_en.htm](http://ec.europa.eu/consumers/consumer_research/cms_en.htm)

<sup>13</sup> IA on the [opening of the market for domestic passenger transport services by rail](#)

<sup>14</sup> Directive 2012/34/EU

<sup>15</sup> <http://www.unife.org/page.asp?pid=194>

step-change innovations for passenger rolling stock, freight transport, traffic management systems and rail infrastructure.

Large sums have been invested in rail infrastructure. The new TEN-T policy<sup>16</sup> aims to achieve a highly efficient European transport network with strong core rail arteries. The Commission has proposed a new infrastructure financing instrument for the next multi-annual financial framework supporting these priorities: the Connecting Europe Facility (CEF)<sup>17</sup>. The new EU infrastructure policy provides the necessary regulatory framework and financing to complete the rail core network as the backbone to the internal market. Infrastructure investment is vital, but not alone sufficient to realise rail's potential. This also requires structural changes to boost operational efficiency and service quality through more robust and transparent governance and market opening.

At the European Council on 28-29 June 2012, the Heads of State or Government adopted the 'Compact for Growth and Jobs'<sup>18</sup>, which seeks to deepen the single market by removing barriers in order to promote growth and jobs in network industries. The Commission consequently identified the Fourth Railway Package as a key initiative to generate growth in the EU when adopting its Single Market Act II in October 2012<sup>19</sup>.

This package has been prepared to tackle the remaining barriers to SERA.

### **3. WHERE ARE WE GOING**

#### *3.1 Infrastructure governance*

Although some parts of the world (notably North America) have competing rail infrastructures, most of the EU's network was designed at country level to be a single network. Further, efficient use of infrastructure relies on its intensive use. So infrastructure in the EU is and is likely to remain a natural monopoly. Existing EU legislation therefore requires a degree of separation between IMs, which run the network, and RUs which run the train services on it, with the aim of ensuring fair and equal treatment of all RUs. Full independence of charging and capacity allocation is required, as these were seen as key to ensuring equal access.

Nevertheless as natural monopolies, IMs do not always react to the needs of the market and evidence from users' suggests that the current governance does not provide sufficient incentives for them to respond to users' needs. In particular in the case of IMs in holding structures there is strong criticism from new market players that IMs have sometimes increased track and station access charges for passenger services considerably compared to rates asked of incumbents.

Information asymmetries lead to competitive advantages for incumbents and there is a persistent risk of cross-subsidisation due to the lack of complete financial transparency. An illustration of such an advantage can be found in a PSC for rail in Saxony-Anhalt which was awarded to Deutsche Bahn (DB) on the basis of a commitment by DB's subsidiary DB Regio to compensate any rise in track access charging for 15 years<sup>20</sup>. These additional costs of access charges for the RU would then be compensated, at the level of the holding, by the

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<sup>16</sup> COM (2011) 650final/2

<sup>17</sup> COM/2011/0665 final

<sup>18</sup> EUCO 76/12 / EUCO 156/12

<sup>19</sup> COM(2012) 573 final

<sup>20</sup> Governance IA

increased revenues stemming from these same charges collected by the IM. Such compensation is available only to integrated railway structures.

Existing separation requirements do not prevent conflicts of interest, and functions not currently defined as essential (such as investment planning, financing and maintenance) have resulted in discrimination against some new entrants. The Italian Competition Authority for example sanctioned Ferrovie dello Stato (FS) and imposed a fine amounting to €300000 after finding that FS, put in place through its subsidiaries a 'complex and unified strategy' to keep Arenaways, (a competitor that was bankrupt by the time of the decision) out of the profitable route between Milan and Turin between 2008 and 2011<sup>21</sup>. In the same manner, the French Competition Authority recently sanctioned SNCF imposing a fine of €60.9 million for various anti-competitive practices after opening of the French rail freight market in 2006. As delegated infrastructure manager, SNCF collected confidential information on the requests of train paths submitted by its competitors and used it in the commercial interest of its freight subsidiary, SNCF Fret.<sup>22</sup>

Under the current system, there are no incentives for European and intermodal cooperation. A core EU rail system maximising positive network effects is required. While the Commission's existing TEN-T policy and new proposal for CEF together with the existing rules on Rail Freight Corridors<sup>23</sup> (RFCs) are aimed at increasing rail's capacity, efficiency and attractiveness for customers, potential gains from these measures can only be fully achieved if the obstacles to the efficient operation of IMs are eliminated and they acquire a truly European dimension.

Moreover, existing separation requirements ensuring the independence of IMs have proven difficult to transpose and enforce. Several infringement proceedings are now pending before the Court of Justice of the European Union. As current legal frameworks are insufficient to remove risks of conflicts of interest and possible distortion of competition, there is a need for further legislative intervention.

On the other hand, there are criticisms<sup>24</sup> that existing arrangements can result in inefficient operations and inappropriate long term investment decisions. The Commission does not consider that these studies show that separation is *necessarily* inefficient. They do however imply that to achieve efficiency, IMs must be responsible for all the core tasks of running the infrastructure, from long term investment planning, through timetabling and real-time train management to maintenance. Equally, appropriate cooperation must be facilitated between the IM and *all* RUs using a particular route so that proper governance structures ensure alignment of interests of an increasing number of players in an open market

Several incumbent rail operators presented studies to prove that integrated rail companies can achieve significant growth in the market, but this must be balanced against strong concerns that rail companies with dominant positions protected by integrated structures in their "home" market could obtain financial benefits giving them an unfair competitive advantage when competing elsewhere in the EU or even domestically against new market entrants.

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<sup>21</sup> Governance IA. This decision of the Italian Competition Authority was recently subject to an appeal by FS companies to the regional administrative tribunal (TAR) which has not yet ruled on the case.

<sup>22</sup> Decision 12-D-25 dated 18 December 2012.

<sup>23</sup> Regulation (EU) No 913/2010

<sup>24</sup> EVES-Rail Economic effects of Vertical Separation (Nov 2012)  
Realising the potential of GB Rail (Sir Roy McNulty May 2011)

Maintaining national markets as systems dominated by integrated incumbents will also hinder the development of long distance pan European services.

The Commission is proposing to amend the Directive establishing SERA to ensure that IM can perform all functions needed to run the infrastructure in an optimised, efficient and non-discriminatory manner. Since this is the simplest and most efficient solution to create a level playing field among transport operators, the Commission proposes an institutional separation of infrastructure management and transport operation. However, where Member States wish to maintain existing holding structures with infrastructure manager's ownership, it proposes to introduce strict safeguards to protect the independence of the infrastructure manager with a process of verification by the Commission to ensure that a genuine level playing field for all railway undertakings is put in place.

It will create common rules for a governance structure of IMs that treat all RUs on an equal footing and guarantee proper involvement of public authorities and users of infrastructure in the preparation of decisions having an impact on them. IMs will need to establish a coordination body with RUs, customers and public authorities making them central players in investment planning and the drive for efficiencies. It will set economic incentives and performance indicators to measure and to improve the efficiency of IMs and, finally, it will establish a European Network of IMs to promote cross-border cooperation, with particular attention paid to operations along RFCs and international passenger transport routes.

### *3.2 Opening of the market for domestic passenger transport services by rail*

Improvements in service quality and efficiency are needed to make rail a more attractive choice for passengers and to encourage modal shift. Better value for money can be achieved for scarce public funds.

Markets for rail freight services have already been fully opened to competition since January 2007<sup>25</sup> and those for international passenger transport services as of 1 January 2010<sup>26</sup>, yet national markets for domestic passenger transport services by rail remain largely closed and are the bastions of national monopolies<sup>27</sup>.

Ensuring high quality, integrated services providing wider social benefits and lower external impacts compared to other modes will continue to require a large proportion of rail services across the EU (66% of passenger-km) to be provided under public service contracts (PSCs), specified and subsidized by MS, regional or local authorities.

Removing the legal barrier by only allowing open access would have rather limited effects given that most domestic services are covered by PSCs. Competition on domestic markets should therefore be addressed at two levels with competition 'in the market' for those services that can be provided through open access and competition 'for the market' to allow the transparent and cost-efficient award of PSCs, as experienced today in some MS.

Existing rules give competent authorities (CAs) extensive scope to directly award PSCs in rail transport, avoiding competitive tendering procedures (which are generally required for PSCs in other modes of public transport)<sup>28</sup>. Directly awarded PSCs constitute 42% of all EU

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<sup>25</sup> Directive 2004/51/EC amending Directive 91/440/EEC

<sup>26</sup> Directive 2007/58/EC amending Directive 91/440/EEC

<sup>27</sup> The UK, Germany, Sweden and Italy, have unilaterally opened their domestic markets

<sup>28</sup> Regulation 1370/2007

passenger-kilometres<sup>29</sup>, contributing to the fact that in 16 out of 25 MS with rail, the incumbent holds above 90% market share<sup>30</sup>.

Evidence of competition for PSCs in Germany, Sweden and the Netherlands has shown that tendering accrues savings for CAs, sometimes up to 20-30%<sup>31</sup>, which can be re-invested to improve services or be used elsewhere. Experience in other liberalised markets such as Sweden and the UK has shown improvements in quality and availability of services with passenger satisfaction rising year on year and passenger growth of over 50% over ten years. Improved services would bring clear benefits to passengers and savings of some €30-40bn to taxpayers<sup>32</sup>.

Stakeholders report that access to rolling stock (trains) is a major constraint for new entrants. In at least eight MS, ownership of rolling stock continues to be dominated by incumbent RUs, which are unable or unwilling to make it available on attractive commercial terms. In Austria, for example, several new entrants complained to the national regulator Schienen-Control about ÖBB's strategy of scrapping unnecessary rolling stock, or selling it exclusively to RUs operating outside Austria, on condition that they did not resell it to Austrian new entrants.

Mandatory ticketing systems run by national incumbents, such as those in Germany and the Czech Republic, charge commissions of up to 25% on all ticket sales. This discriminatory effect discourages new market entry. Reimbursement to new entrants in some MS takes up to two years whereas in others payments are made within eight days at 1.5% commission<sup>33</sup>.

To eliminate legal barriers, the Commission proposes, through amendment of the Directive establishing SERA, to open up [the market for domestic passenger transport services by rail](#) with the possibility to limit access when the economic equilibrium of a PSC is compromised.

By amending the Regulation<sup>34</sup> dealing with public service obligations in public transport by road and by rail, the Commission aims to introduce mandatory tendering of public service contracts as of December 2019. The scope of those contracts and the underlying PSOs are to be defined in compliance with criteria based on general Treaty principles. To avoid excessive geographic scope of contracts being used to foreclose markets, the Commission proposes a flexible definition of maximum contract volume. A minimum threshold below which contracts may be awarded directly will enable competent authorities to avoid organising a tendering procedure, if the expected savings of public funds would not exceed the costs of tender. Contracts directly awarded after the adoption of this legislative package will not be able to continue beyond 31 December 2022.

To ensure that Member States and regional/local contracting authorities establish public service contracts in a coherent, integrated and efficient manner, the proposed provisions contain the obligation for competent authorities to establish public transport plans setting objectives for public passenger transport policy including general supply performance patterns for public passenger transport. These plans should be drafted in line with the requirements of urban mobility action plans<sup>35</sup>. Any additional administrative burdens competent authorities related to bidding procedures for are normally be offset by the expected savings in subsidies. To ensure maximum transparency, competent authorities will be required to provide certain operational, technical and financial data to all potential bidders for a public

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<sup>29</sup> IA on the [opening of the market for domestic passenger transport services by rail](#)

<sup>30</sup> Market share below 50% only in the UK, Sweden and Estonia

<sup>31</sup> Domestic Passenger Rail Markets IA

<sup>32</sup> SDG Report

<sup>33</sup> Domestic Passenger Rail Markets IA

<sup>34</sup> Regulation (EC) 1370/2007 repealing Council Regulations (EEC) Nos. 1191/69 and 1107/70

<sup>35</sup> COM(2009) 490 final

service contracts, enabling them to prepare a well-informed offer, thereby enhancing competition and enabling benefits for citizens to be achieved.

To preserve network effects, MS, CAs and RUs will be encouraged to set up integrated ticketing schemes at national level subject to non-discrimination requirements.

In MS without well-functioning leasing markets for rail rolling stock, CAs will be required to take the necessary measures to ensure non-discriminatory access to suitable rolling stock in order to facilitate a high level of market contestability for PSCs.

In summary, these proposals will encourage modal shift from road and air, create better value for money for the public funds used and complete the circle of market opening already achieved in the freight, international passenger and other transport markets.

### *3.3 Interoperability and safety*

Statistically rail is far safer per passenger kilometre than road travel (with 62 passenger fatalities in 2010, compared to 31,000 on EU roads<sup>36</sup>) and has continued to improve in the last decade. So safety benefits would accrue through modal shift.

While the current technical standards and approvals system creates a very safe system, it is fragmented between the European Railway Agency (ERA) and national authorities, creating excessive administrative costs and market access barriers, especially for new entrants and rail vehicle manufacturers. In particular national technical and safety rules remain alongside EU Technical Specifications for Interoperability (TSIs), creating unnecessary complexities for RUs. ERA estimates that there are currently over 11000 such rules in the EU<sup>37</sup>.

Procedures to authorise new rail vehicles can last up to two years and cost up to €6 million, compared to much shorter periods and lower costs for authorising aircraft. Stakeholder figures suggest procedural authorisation costs account for up to 10% of costs of locomotives per country, so authorisation of vehicles for use in up to three Member States could constitute 30% of the purchase price.

Moreover, to obtain safety certificates, RUs are required to pay the National Safety Agencies (NSAs), and this has in some cases been known to cost RUs two man-years and up to €70,000 for administrative and advisory costs<sup>38</sup>. Excessive red tape in the market entry process has been identified as being particularly acute for new RUs, as this category of operators are more vulnerable to complexity and delays in procedures, given their limited human and financial resources.

There are marked discrepancies between how NSAs conduct vehicle authorisation and safety certification processes and established periods for issuing certificates and authorisations are systematically circumvented by certain NSAs through requests for additional documentation and tests.

To realise the potential of the single market, a higher level of harmonisation is necessary at EU level, so the Commission proposes revising the ERA Regulation to transfer to the Agency competence for issuing vehicle authorisations for placing on the market and for safety certification for RUs. While legal responsibility would lie with ERA, it would work in close cooperation with the relevant NSAs. At the same time it would have an enhanced role in the

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<sup>36</sup> Eurostat data

<sup>37</sup> Interoperability and Safety IA

<sup>38</sup> Interoperability and Safety IA

supervision of national rules and monitoring NSAs, as well as in facilitating the deployment of the European Rail Traffic Management System (ERTMS). The proposed changes to ERA's role will be reflected in amendments to the Railway Safety and Interoperability Directives, providing an opportunity for clarifying and simplifying existing provisions, consolidating previous amendments and updating the legislation. Besides these changes, ERA's governance structure and internal operating methods will be improved and aligned with the recently adopted Joint Statement and Common Approach on EU decentralised agencies<sup>39</sup>.

The aim of these proposals is to achieve a 20% reduction in the time to market for new RUs and a 20% reduction in the cost and time taken to authorise rolling stock. This should lead to €500 million savings over five years<sup>40</sup> and contribute to the European rail industry's competitive edge and leading position on world markets.

### 3.4 *The social dimension*

The rail sector will in the next decade face simultaneously the challenges of an ageing working population and the efficiency effects of market opening. Approximately 30% of all rail workers will retire in the next 10 years<sup>41</sup> leading to workforce shortages, while at the same time several RUs may need to be restructured to improve productivity and efficiency. IM / RU separation will require more people to do complementary tasks in the short term. It is important to enable the rail sector to improve its attractiveness as an employer for innovative and highly skilled professions with an adequate level of remuneration.

To provide the necessary safeguards to workers after market opening, existing legislation such as the Transfer of Undertakings Directive<sup>42</sup> lays down the conditions for the mandatory transfer of staff when a PSC is awarded and assets such as rolling stock are transferred to another RU. The PSO Regulation enables CAs to require that staff be transferred<sup>43</sup> and/or to set standards and criteria when a PSC is awarded to another railway company. The effect of open access operation is likely to be rather progressive with new entrants encouraging growth and labour market opportunities.

Via their European social partner organisations, European RUs may take part in the Railway Social Sectoral Dialogue Committee.

The availability of a skilled and highly motivated labour force in the sector is essential for the supply of efficient and competitive transport services. Without tackling the issue of job quality, optimal progress towards a sustainable transport system is unlikely to be achieved. Competition, where introduced, has not led to a deterioration of salaries in the rail sector<sup>44</sup>. Examples taken from open markets prove that new entrants offer attractive salary conditions to ensure they attract the best staff and grow their services. Employment levels after market opening are not expected to decrease, as has been the experience in MS whose national rail markets are already fully open such as the UK and Sweden<sup>45</sup>. In fact, employment levels have fallen faster in countries with closed markets. Increased productivity and attractiveness of rail transport will lead to demand increases and investments, e.g. in new rolling stock, from which workers are likely to benefit.

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<sup>39</sup> Council of the EU (2012) 11450/12

<sup>40</sup> Interoperability and Safety IA

<sup>41</sup> Domestic Passenger Rail Markets IA

<sup>42</sup> Directive 2001/23/EC

<sup>43</sup> Beyond application of Directive 2001/23/EC

<sup>44</sup> Domestic Passenger Rail Markets IA

<sup>45</sup> Domestic Passenger Rail Markets IA

#### **4. THE 4TH RAILWAY PACKAGE**

The 4th Railway Package comprises legislative proposals to amend:

- Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 establishing a Single European Railway Area (Recast)
  - Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road
  - Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European Railway Agency
  - Directive 2004/49/EC of the European Parliament and of the Council of 29 April 2004 on safety on the Community's railways
  - Directive 2008/57/EC of the European Parliament and of the Council of 17 June 2008 on the interoperability of the rail system within the Community
- and to repeal Regulation (EEC) 1192/69 on common rules for the normalisation of the accounts of railway undertakings.

#### **5. THE NEED FOR A STRATEGIC INTEGRATED APPROACH**

The low efficiency and quality of some rail services are mainly the result of low competition, remaining market distortions and suboptimal structures. Long and costly procedures, access barriers for new entrants and different market access rules in MS are all addressed in the Fourth Railway Package, which adopts a holistic approach.

The initiatives in the package are mutually reinforcing: they all contribute to creating a more efficient and customer-responsive industry and improving the relative attractiveness of the rail sector vis-à-vis other modes. All measures facilitate the entry of new operators into the market. Synergies will be achieved via the combined effects of the individual initiatives. Effectiveness of *de jure* market opening depends on ensuring that certain 'framework conditions' are in place and are effective, such as non-discriminatory access to infrastructure, to suitable rolling stock, to stations, or train path allocation including traffic management. To ensure that market opening is a success, the benefits of network effects need to be preserved. Some of these framework conditions will be addressed through the initiatives related to the [opening of the market for domestic passenger transport services by rail](#) and others via the proposal on enhanced infrastructure management. To lower the access barriers for new entrants, synergies are expected through reducing discrimination in access to infrastructure and providing simplified procedures for issuance of safety certificates for RU and vehicle authorisations for placing on the market.

These changes will raise the level of competition, guarantee full financial transparency and remove any risk of cross-subsidisation between (often publically funded) IMs and train service provision by RUs. They should result in fair financing conditions and reduce risks of conflicts of interest. Fair market access and the increasing number of operators will ultimately generate new business activity and additional traffic. Increasing competitive pressure and specialisation of the market players will also have a positive effect on productivity and efficiency and lead to increases in investment into rail transport infrastructure.

A combination of 'open access' and competitive tendering of PSCs will allow further market opening as has already been achieved in the freight and international passenger market, with evidence in the more mature freight market that it has led to a higher market share for rail. The proposal is a key step in the completion of SERA.

Increased competition should enhance the attractiveness of rail and make the sector more responsive to customers' needs, allowing rail operators to compete with other modes. Passenger high speed services will make rail more competitive with regard to air and rail freight increasing market share and contributing to achieving climate change targets.

Growth of rail activity will increase the demand for qualified rail workers in RUs and operators of rail services facilities but also the demand for rolling stock, therefore creating new jobs in rail manufacturing.

Making the safety certification and vehicle authorisation processes more efficient, ensuring that safety certificates and vehicle authorisations are granted and recognised on a non-discrimination basis across the EU and making national legal frameworks more consistent will help to ensure that the time to market for new RUs is shorter and more responsive.

The Fourth Railway Package delivers an integrated approach that will create conditions for growth of overall rail traffic, increasing its market share as it becomes more reliable and more efficient. It will make for better services and will allow rail to fulfil its underused potential so that it becomes a real and attractive alternative.

The Fourth Railway package also includes:

- Commission Report on the progress made towards achieving interoperability of the rail system;
- Commission Report on the profile and tasks of other train crew members;
- Commission Report on the implementation of the provisions of Directive 2007/58/EC on the opening of the market of international rail passenger transport;
- Commission Staff Working Document on the Impact Assessment related to the revision of the ERA regulation;
- Commission Staff Working Document on the Impact Assessment related to [opening of the market for domestic passenger transport services by rail](#);
- Commission Staff Working Document on the Impact Assessment related to the governance of railway infrastructure in the single European railway area.