



ETF response to EC Rail Pricing study

Having read with interest the recent European Commission study on passenger and freight rail transport services' prices to final customers the European Transport Workers' Federation (ETF), representing 700.000 railway workers from across Europe, was astonished by the questionable quality of this study as well as the fact that the perspective of workers is missing entirely. The report on rail transport services falls short in several critical areas. The lacking methodology, biased conclusions, and disregard for comprehensive service quality dimensions raise serious concerns regarding the validity of the findings.

Methodological Concerns and Biases

The report includes multiple caveats about the limitations of the data and inconsistencies across case studies, yet these caveats are ignored in the final conclusions. This lack of caution suggests a selective approach that undermines the reliability of the study's outcomes. Moreover, the choice of case studies appears biased, with an over-representation of cases that favour open-access and competitive tendering models, sidelining regions or countries where such have not led to positive outcomes. This selection bias creates a skewed representation that fails to reflect the diversity of experiences across the European Union, compromising the general applicability of the findings.

Inconsistent and Narrow Service Quality Assessment

The report's approach to evaluating service quality in passenger transport is overly simplistic. By reducing quality to factors such as punctuality and Wi-Fi availability, it ignores crucial aspects such as accessibility, ease of connections, and passenger rights. These omissions reflect a superficial view of quality that fails to account for the broader needs of passengers. In reality, quality of service encompasses accessibility, comfort, safety, integration with other transport modes, and comprehensive passenger rights, areas that are compromised by competitive pressures in liberalised markets.

Stakeholder Consultation and Lack of Representation

ETF notes with concern that workers' representatives were excluded from the stakeholder survey, which means the report fails to account for the effects of liberalisation on working conditions and workforce shortages. The survey exhibits a strong bias towards non-incumbent operators, with 74% of the respondents coming from non-incumbents, leading to conclusions that disproportionately reflect these operators' perspectives. As a result, critical insights into the impact of competition on the sector as a whole, working conditions and staff shortages are missing, skewing the report's conclusions.

Public Service Obligation (PSO) Findings and Hypothetical Claims

The report's analysis of PSO-regulated regional lines is based on limited data, acknowledged with the caveat that "findings for the PSO services should be considered with caution" (p.12). Despite this, the report makes broad claims regarding the potential for PSO tendering to enhance service quality. For example, the Region Sud in France is cited as evidence that PSO tendering might improve quality, despite this being a speculative, future-oriented example lacking tangible results (p.31). Furthermore, the report mentions barriers such as access charges and rolling stock costs as challenges for new entrants but ignores that these costs are standard operational expenses faced by all companies (p.25).

Open Access Analysis Limited to High-Speed Rail (HSR) and Ignorance of Network-wide Impacts

The section on open access competition focuses exclusively on high-speed rail lines, providing a narrow view of the market (p.15). This cherry-picking approach ignores the broader rail network,



where liberalisation may lead to decreased investment and reduced services on less profitable lines, potentially undermining rail's public service role in the green transition. The report acknowledges this issue but frames it merely as a "reduction in monopoly rent" (p.19), failing to recognise the negative consequences for regions dependent on comprehensive rail services.

Questionable Data on Freight Rail Benefits

In the freight sector, the report's data does not conclusively show that competition has led to meaningful improvements in service quality or feasibility. Shippers report little to no price reductions despite competition (p.40), and punctuality has not improved, with 60% of surveyed shippers disagreeing that competition has increased punctuality (p.45). The report lacks a thorough analysis of long-term sustainability for freight operators and the potential taxpayer burden, given the tendency of new entrants to reduce costs by cutting labour expenses (p.42), which in turn pressures national operators to do the same.

Conclusion

The ETF finds that this report falls short of offering a balanced or reliable assessment of the impact of rail liberalisation on service quality, workforce conditions, or public welfare. The study's bias towards liberalisation, selective use of case studies, limited consideration of worker impact, and superficial treatment of service quality contribute to an incomplete and misleading picture of the sector. As a result, this study is considered unfit to serve as a basis for further decision and policy making.

A truly comprehensive impact assessment would prioritise a wider range of quality indicators, ensure fair representation of all stakeholders, and rigorously evaluate the full social, economic and environmental impacts of liberalisation on the entire rail network, not just isolated high-speed lines. ETF has long called for such a thorough study of the effects of liberalisation on the railway market as a whole. Until today, this demand remains unsatisfied, so we once again call on the European Commission to let go of the ideology of liberalisation and choose a facts-based approach for the future of railways in Europe.