

Dear Professors,

Fellow speakers,

Ladies and Gentlemen,

Good morning,

It is a great pleasure to be here with you at this **symposium on competition and regulation in rail**. Today's event could not have come at a better time.

In network industries such as rail, **regulation** and **competition** go hand in hand. The benefits of competition can only be fostered if the rules of the game are clear. This requires a predictable, transparent, and fair regulatory framework which fosters confidence on the part of operators and investors.

We often mix up competition and competitiveness, and indeed they are different concepts. [It is sometimes said that the Brits like the first, the French like the second, and happily the Germans like both!]. And in our case, they do go together: further competition will boost the competitiveness of rail.

With the break-up of monopolies, established railway companies will be obliged to shape up to withstand competition from new entrants.

In turn, sharpening up the offer to customers also makes the rail sector become more competitive vis-à-vis other modes of transport. You know as well as I do that railway companies have much more to do, in terms of responsiveness to customer needs, in terms of embracing innovation – and not just in the vital areas of new technology and digitalisation, but also innovative business models. European railway companies embracing these challenges (rather than trying to protect local monopolies) can become global leaders. DB is certainly a good illustration of this potential.

So let's talk now about concrete EU actions to support these efforts from the railway sector.

a) The 4th railway package

Many of you will know that when I began this job I made the completion of the 4th Railway Package one of my top priorities. And finally...we are over the line, and the cornerstone of rail policy in Europe is now in place.

It is not exactly as ambitious as I would have liked it to be. However the 4th Railway Package completes the Single Market for rail services by opening up EU domestic passenger markets to competition.

And, importantly, it will also remove the technical and administrative obstacles which hamper the development of a single European railway area.

Therefore, rail is now in an appropriate position to underpin jobs and growth, not least by strengthening the EU's internal market. Rail is safe. Rail is clean. Rail is energy efficient. It is crucial we grow the market share rail has in transport overall.

I really invite you to make full use of the new EU legal framework. On my side, the new top priority is now: **to implement and enforce the package**.

Let me make very clear that in the coming months, we will go full speed ahead on the required implementing measures, of course working closely with all players in the

industry. One key example of this is the forthcoming new rules on access to rail service facilities.

Turning now to enforcement, the duality of regulation and competition are again central.

On the one hand, there is a need to ensure compliance with the regulatory framework: for example, to use the 4th Railway package to organise railway systems so they are truly interoperable and open to new operators and services. The Commission will therefore be very vigilant when monitoring the good transposition of EU directives into national laws, as well as, their proper application on the market.

On the other hand, I and my colleague Margarete Vestager agree that we will be much more attentive to the enforcement of competition rules: to avoid undue advantages arising from State aid, abuses of dominant position or cartels which would unduly distort competition. It's not about economic theory: it is about getting our railway markets to function as they should, to the benefit of travellers, taxpayers - and indeed companies.

In all aspects, we will rely heavily on the expertise and commitment of national regulatory bodies, whose powers have been considerably strengthened by the Recast Directive. National regulators know the realities on the ground and are therefore best placed to ensure that the new rules are applied effectively.

However, the biggest competition is not from other rail undertakings, but from other modes. What I want to stress is that competition within rail will help to ensure rail can compete with other modes. So please don't stop moving, waiting for legislation to be enacted. You have demonstrated your determination to change in the Rotterdam declarations of last year. I am convinced that the best impulses on how to drive forward, to modernise, will be from within the industry itself. And we will be the ones supporting you in this process when needed.

b) Rail Freight Corridors

Rest assured that we are not just going to focus on the implementation of the 4th Railway Package, however important that is. We know that we have to work together with you to improve the **overall conditions for rail freight in Europe**, which, as you know, is not in great shape.

Our main focus here is on the development of European Rail Freight Corridors: in a nutshell, this is about enhancing cross-border rail freight through intensive cooperation between all the relevant stakeholders (mainly ministries, infrastructure managers, railway operators and terminal operators).

In practice, cooperation means better coordination: of infrastructure capacity, of investments, of traffic management and of maintenance works.

Many of you will have been at the recent Rail Freight Days in Vienna. It showed how much we can and must do to make these Rail Freight Corridors deliver:

- by solving problems whether they are operational, legal or indeed political;
- by consulting the sector - including end-customers like shippers and forwarders – to see what works and doesn't; and
- by bringing forward tough options for improvements.

On this aspect, I do hope that the sector will maintain the momentum of the Rotterdam Declaration and deliver those necessary improvements without waiting for legislative

changes. I know that legal stability is important for the sector and want to legislate only if there is no simpler alternative way to achieve our objectives.

c) Rail Freight Noise

We also have to address the issue of rail freight noise. This is surely the most sensitive environmental problem the sector faces, and – I recognise - a serious nuisance for citizens living close to railway lines. I also know what a big issue this has become here in Germany.

We are already addressing it. Work has started on the revision of the TSI Noise and the Commission aims to finalise the revision process in the first half of 2018.

I urge you all to work constructively on an EU-wide solution which has to be (a) efficient, (b) cost effective, (c) fair way and (d) last but not least, with which all Member States can align their national plans.

And if we don't? Well then we run the risk that Member States will introduce national, unilateral measures. Such type of measures would put the internal railway market and rail interoperability at risk. They would force the Commission to take action. Let's not go there!

d) Road Initiatives

You have asked me to talk about rail, and so I have just done that. But I do want you to remember how much work is going on elsewhere, and that the competition between rail and other modes, such as road, won't stop.

Indeed, we should welcome intermodal competition which leads to more choice and efficiency. But it can be the case only with fairness and a level-playing field as a core part of that.

As one illustration of this, we are working on a road strategy for Europe last year. Briefly, the strategy will focus on

- opening up of the bus and coach market for passengers,
- fairer internal market rules for transport undertakings,
- digitalisation
- social rules and
- better rules on charging for road use.

Time doesn't permit me to expand on this, but you get the point, and proposals are coming, probably in late spring.

e) Economic diplomacy

As mentioned earlier, for rail stakeholders, competition should not only refer to the internal market! The EU industry has already world champions able to compete globally. And, improving further its competitiveness, I am convinced that it can and should benefit further from business opportunities in fast growing markets.

Let me stress again that the European Commission is ready to support the industry.

We are currently working on a strategy to develop our "economic diplomacy". And, together with other Commissioners, I already started to visit several key partners – China, Iran, Gulf countries to name only a few –. Our objective is to support the efforts of

the European companies willing to develop their activities on those markets with great potential.

PART III What this means for the average citizen?

I'm coming to the end, I promise, but let me finish by looking at the rail offer from the perspective of the average citizen in two areas.

First, more choice, more service.

I have said a lot on this, so I can be brief. But we have seen in aviation that competition, while of course regulated, has meant a huge expansion of the sector. The same is possible in rail. Lower prices and more services mean greater numbers of passengers being able to travel by rail.

Second, improved rights for passengers

Rail is like any other sector – passengers should be protected if the trip is not carried out as planned. So we have legislation on passenger rights for **all modes of transport** when travelling in the EU: air, rail, waterborne, bus and coach.

On rail, overall, it works well, and I thank the sector for taking this seriously. But there are areas that could be improved which we are currently looking at. Are the national exemptions granted by Member States fair? Should we do more for people with disabilities or reduced mobility to allow them to use rail transport on an equal footing with other passengers? Could there be better complaint handling and enforcement procedures? And have we got the balance right between the necessary contingency planning to cope with severe rail transport disruptions and the burden placed on railway undertakings in such cases which are mostly not of their making.

Thanks to all including DB who have contributed in our stakeholder consultation. We still need better data for the industry as a whole, particularly on this tricky question of 'force majeure'. But we are still planning to come forward with a revised proposal for a rail passenger rights Regulation in the spring of this year.

Ladies and Gentlemen,

As you have just heard, there's a lot going in! We are keeping you busy, but I can assure you that it also feels the same on this side!

Let's keep up that strong dialogue we have developed. I want to thank you for inviting me here this morning. I hope your discussions go really well today.

I passionately believe that rail has so much to offer the European transport system. There is so much untapped potential. Let's get everyone on board to join us on the journey to ensure rail really is at the heart of the European Union's single transport area. We are not there yet, but we are getting there.

Thank you.