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**RAIL TRANSPORT : UNICE URGES EUROPEAN GOVERNMENTS TO
EXTEND
THE SINGLE MARKET TO THE RAIL SECTOR.**

On the eve of the Transport Council meeting (1 October), UNICE urges European governments to extend the Single Market to the rail sector. Such an initiative would decrease the productivity gap between rail and road transport and also make rail freight a more realistic crossborder transport alternative. At the same time deregulation and liberalisation in the rail sector would be an important step towards making the European transport system more sustainable. As a matter of fact, European business would prefer to use more rail transport, provided that rail freight services are made competitive in terms of reliability, flexibility and price.

Creation of the Single Market has led to improved prosperity in European society. Regrettably, the rail sector, steered by European governments and still heavily regulated, is not benefiting from deregulation. Rail freight is losing market share to deregulated road transport every year. In 1990 rail freight in Europe accounted for 19% of the total transport market. In 1996 the figure had dropped to 14%. At the same time European road freight increased its market share of from 68% to 74%. Rail freight is more competitive in the deregulated USA, where the market share between 1990 and 1996 improved from 38% to 41% (Source : Eurostat).

The rail sector is more environment-friendly than road transport, but it suffers in Europe from serious drawbacks: too little customer-orientation, too much focus on regulation and too much national operation. The commercial position of European rail freight is today vulnerable. If European crossborder rail freight, as expected by its Governments, is to play an important future role, full Government liberalisation initiatives are essential. With continued political support and preferential financial treatment, European rail companies will have little incentive to carry through necessary reforms which will enable them to adapt to modern logistical demands. Such a failure to act can only lead to a continuing decline of rail freight resulting in a less sustainable European transport system, accelerated social problems in the sector and, simultaneously, very large efficiency losses in the European economy.

The proposals in the recent Commission Communication on the implementation and impact of Directive 91/440/EEC on the development of the Community Railways and on access rights for rail freight may be a small step towards liberalisation. European industry wants

more. In UNICE's view, rail freight should be in the frontline of rail sector liberalisation. Recent rail freight development underlines the urgency of the issue and business needs the environment-friendly freight capacity that efficient rail freight could bring.

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