



Mr Chairman, members of the European Parliament,

On behalf of NS I would like to thank you for inviting me to speak to you here in your House about the proposals that are so important to the railway sector in Europe. In your invitation, Mr Chairman, you asked NS to say whether it thought the proposed measures for what is termed the technical part would achieve the objectives envisaged by the European Commission.

Mr Chairman, I am glad to be able to oblige. But I cannot do this without first briefly outlining what we have achieved for rail transport in the Netherlands.

After the First Railway Package was presented by the European Commission and approved by the European Parliament at the turn of this century, the Netherlands was quite quick to implement it. The same applied to the second and third packages. And that had an effect. A comprehensive split was made between the infrastructure manager and the carriers. However, to help passengers, the infrastructure manager and the carriers subsequently collaborated intensively in the development of the Operational Command and Control Room (the OCCR). The deregulation process led to complete open access for freight transport and there has been some deregulation of passenger transport. It is true that NS is the largest passenger carrier in the Netherlands. A total of 140 million train-kilometres are covered in the Netherlands every year under the Public Service Obligations regulation. However 25 million of these train-kilometres are run by other carriers on around 30 routes. What is more, the NS organisation has taken on an increasingly commercial role. We operate a franchise for the Dutch government that requires no subsidising thanks to the combination of different train categories (local trains and intercity trains) and commercial operations at stations. In the past ten years we have achieved growth of 20% in passenger numbers. Mr Chairman, those are figures you can't ignore. They are the result of more than ten years implementing the railway packages in the Netherlands.

Why am I telling you this? Because the Fourth Railway Package presented by the European Commission cannot be seen in isolation from its predecessors. But the primary motivation is now that the European rail sector is threatening to recede into an insignificant position. That does not do justice to the actual situation in many countries in northwest Europe and certainly not to the situation in the Netherlands. We have already achieved so much.

Does that mean we don't need any more improvements or changes? My answer to that is both yes and no. NS sees real opportunities in the technical proposals made by the European Commission. We can improve the situation in Europe, make things more efficient and create more modern railways that can help achieve the Modal Shift desired by the EU. But our view of the PSO regulation, which Mr Grosch explicitly asked us for, is that the Fourth Railway Package is wide of the mark. I would like to clarify NS's position on these matters.

ERA and ERTMS

Mr Chairman, first I would like to discuss the European Railway Agency in combination with the measures for interoperability. We thoroughly support the proposed situation whereby the ERA will be the primary address for the certification of rolling stock and railway operators. The procedures for the approval of rolling stock are expensive, lengthy and time-consuming.

Of course, the National Safety Authorities (the NSAs) will still need to have an important role as they know exactly what the infrastructure setup is and the safety standards being aimed for. This knowledge is crucial in ensuring a safe rail network and will need to be



safeguarded when new regulations are introduced. But the envisaged role of the ERA as the one-stop shop for all carriers and the coordinator of the National Safety Authorities will simplify applications and speed up the approval process. NS sees this as a key advance, provided that this shift in responsibilities is designed and implemented with due care. We also see opportunities in the proposals relating to interoperability. The Netherlands has described its plans for ERTMS in the 'Rail Map' policy document. This plan is based on the many years of experience that we have in the Netherlands with the implementation of ERTMS on new lines. NS is fully involved in the developments, and as a result it is aware of the limitations in the current market, such as the lack of a decent standard for open ETCS and suppliers who have a monopoly.

The National Safety Authorities, which have the best information about the infrastructure, have to contact the ERA for the ERTMS authorisation. The ERA must also be able to create optimum possibilities - within the limits and conditions set by the ERTMS specifications - for meeting the various requirements of the different carriers, but without damaging the standard. A key issue in the Netherlands is the capacity on the track. Any new regulations will need to take that into account.

In Article 24 of the new proposals for the amendment of the ERA regulation, the ERA's role is summarised as the "system authority for ERTMS". This central role in the implementation of the ERTMS will become increasingly important if we want to achieve the objectives set for the EU. The view of NS is that the ERA should take on the function of 'systems integrator' in order to make significant progress in this area. We therefore hope that the rapporteur for the ERA regulation, Mr Zile, and the rapporteur for interoperability, Ms Bilbao Barandica, will give this their full attention.

PSO

Splitting up the main rail network is a great threat to both passengers and taxpayers

Some parts to the proposals for the Public Service Obligations regulation stand in the way of the continuing extension and improvements to the efficiency of the Dutch railway network. This is because of the proposed restrictions to such a PSO. The limitations to the powers of a member state will have a adverse effect on the development of the rail network, instead of facilitating it as the European Commission assumes. After all, the Member States will no longer be able to take measures to achieve the required level of mobility.

Limiting the volume of passenger transport for the railway network that constitutes one franchise (PSO contract) – regardless of the specific situation in a member state – would in the Netherlands lead to the forced division of the main rail network into three sections. This would be a real step backwards for passengers for the following reasons:

- The current integrated and optimised nationwide timetable would be replaced by a suboptimal timetable for each carrier. Aligning those timetables would require considerable extra coordination activities and regulations, effectively undoing the envisaged benefits of deregulation. This essential additional involvement by the government in ensuring an integrated timetable will amount to the government acting as an enterprise and that, we assume, is the last thing the EU wants from its proposals. Through passengers would have to make more changes because of this suboptimisation per carrier. And this is something they definitely do not want, as was shown in a recent study carried out in the Netherlands. Splitting routes up leads to falls in passenger numbers while offering new through routes results in growth.
- The risk of poorly aligned timetables increases with each extra carrier. Restoring train services after a disruption also becomes much more complex.
- The current infrastructure and nationwide timetable are fully designed to tie in with each other. This has led to very high capacity utilisation of the infrastructure, as indeed can be seen from the Commission's impact analysis. Far-reaching changes such as



splitting up the current network will therefore lead to deterioration in capacity utilisation and in the quality of the product.

Dividing up the main rail network is also bad for Dutch taxpayers.

- If the network is divided up among multiple carriers, this can increase the pressure to extend capacity as the different carriers are potentially less flexible in their demand for capacity. Additional capacity means additional investment in the infrastructure, and the Dutch minister has already made clear her reluctance to do this.
- Infrastructure that is scarce at key points on the main rail network will be used less efficiently. There is no room to add extra trains on these corridors - the very corridors that are used most intensively at present. The increase in supply intended by the Commission will not take place. On the contrary, the supply is more likely to decrease due to sub optimisation. This can only be avoided by extra capital expenditure on infrastructure, which would not be necessary if a national integrated network was retained. The costs of extending the infrastructure and tackling the resulting inefficiency will lead to much higher government expenditure.
- The main proposed improvement in rail travel in the Netherlands is the High-frequency Rail Transport Programme, an optimised interplay between infrastructure and the national timetable. Dividing up the main rail network and allowing open access effectively made this program impossible.

Conclusion

Mr Chairman, I would like to make some concluding remarks.

In the Netherlands we have been moving towards a more deregulated railway market since the first Railway Packages. Measures relating to the European Rail Agency and interoperability will strengthen the sector further, provided that the new responsibilities are implemented in an efficient manner and without detracting from the responsibilities of the National Safety Authorities. In short, Mr Chairman, NS sees real potential for the proposals that have been presented. In our opinion, finalising and implementing the technical questions should be given priority.

The suggestion that deregulation of the European railway sector is not getting off the ground is simply not correct, in the opinion of NS, certainly not as far as the rail companies in northwest Europe are concerned. The proposals for the Public Service Obligations would be disastrous for an efficiently designed network with a high utilisation rate such as the network in the Netherlands. NS is not opposed to further deregulation of the railways, but we do take issue with the unthinking division of integrated, cohesive networks such as our main rail network. That, Mr Chairman, is bad for passengers in the Netherlands and bad for taxpayers. The 'one size fits all' approach taken by the European Commission is the wrong means towards a praiseworthy goal. Each country has its own specific circumstances where rail transport is concerned. It is up to the individual member states to decide how they can best achieve the objectives set by the European Commission. It is precisely this freedom that has enabled the positive development in rail transport in the Netherlands: increasing passenger numbers and improved quality.

Thank you.