

Train2EU

proclamation of the first European Railway Company



An initiative by Natuur & Milieu (Dutch environmental organization) and the Jonge Veranderaars (young Dutch rail professionals)

How it all started...

This idea was planted during the pleasant cooperation between the young professionals of the rail industry in the Netherlands (organized in the “Jonge Veranderaars”) and Dutch environmental organisation Natuur & Milieu in the past few years. Both were interested in rail and wish to increase its share in the transport of European passengers.

And both were utterly surprised by the inefficiencies and old-fashioned way of organization in the traditional, national dominated rail sector in Europa.

This paper elaborates on our idea to bring the European rail sector and especially its services for the intra-EU passenger to the next level. Our idea: TRAIN2EU – the first truly European Railway Company!

We are...

We are Train2EU. We love to travel through Europe by train. Some call us rail nerds, which we consider an adequate description of what is wrong with European rail travel. Because the way things are today, you need to be a devoted enthusiast as well as an established expert in order to benefit from Europe’s fragmented, old-fashioned and non-user-friendly rail services.

We are young professionals in and around train travel: rail infra, travellers’ associations, rail services, construction, engineers, environmental NGOs, travel agencies, IT services, etc. In short, we are the ones who will be running and using the European rail system in the next 20 years.

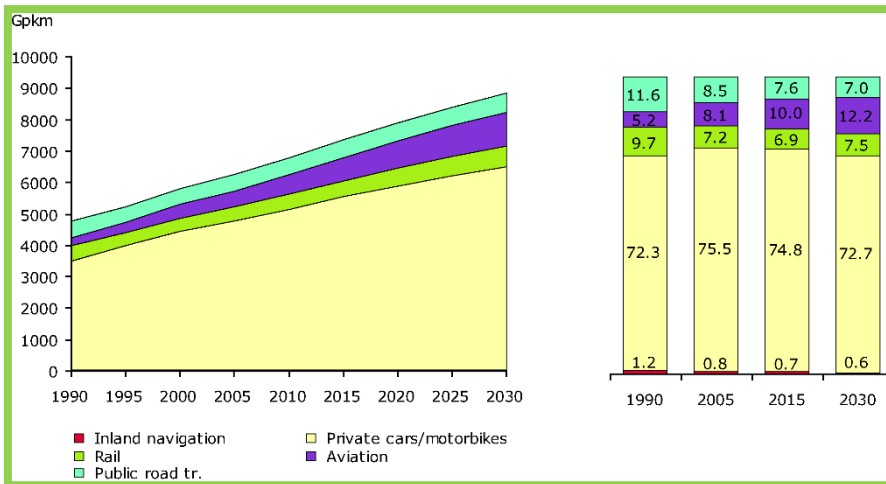
We are children of the ‘80s and ‘90s, raised in an age of technological progress, wealth and peace, in a Europe without borders. And we believe European rail travel can and should be organised better.

We see...

A planet that requires us to re-think European transport

We are the first generation to face the full consequences of mankind’s mindless exploitation of natural resources, changing our environment and climate into something we cannot in good conscience pass on to our children.

Technological innovation and efficiency measures are a great improvement on many energy wasting and polluting activities. But even with the best available technology, modern travelling behaviour makes the transport sector particularly hard to turn green. Land-based transport has the option of being electrified, drastically reducing traffic noise, eliminating urban air pollution and greatly reducing energy demand for vehicles. The rise of electric cars, however, is unlikely to substitute the increasing numbers of car kilometres in the EU.



The European Environment Agency presented in 2009 an outlook on the modal split of passenger transport in EU. Figures show an increase of the share of aviation of 8.7% in 2005 growing to 12.2% in 2030 (12 Gigapassenger-kilometre or 10^9 passenger-kilometre), were rail will decrease from a 7.7% share in 2005 to a 7.5% share in 2030.

Experts agree that the growing volume of air travel is impossible to make sustainable, as aviation remains dependent on hydrocarbons as a light-weight energy carrier: heavy batteries are obviously not an option for aircraft.

For many European trips, **rail** with its expanding electrification could offer good value in a transition to more sustainable energy and transport. Compared to planes and cars, trains can reduce CO₂ emissions drastically (up to 75%) bringing climate saving CO₂-reduction targets within reach. With much better technical options to electrify trains, they can make us less oil dependent, thus increasing security of our energy supply. And compared to car travel in Europe, trains will lead to much less air pollution, a major reduction of traffic jams and a strong decline in traffic casualties. Current train share in international passenger transport, however, is as low as 4%.

A European rail sector in need of re-inventing itself

Behind the scenes, we see underlying causes for the poor rail share in European travel. The main market for train operators is still domestic. Yet, this was not always the case. Kees van Goeverden (TU Delft) already showed us at last year's CVS that international train travel has in fact decreased last 40 years in both quality and quantity. External factors played a role here, such as the introduction of internet, political changes in Eastern Europe, push for free markets by the European Union, dwindling governmental support, and the (indirectly subsidised) rise of low cost air carrier. But also a change in business climate with the EU-wide shift to more liberalized railway companies, has in fact led to conservative risk mitigation strategies instead of developing new businesses.

As a result, the international rail sector nowadays shows to be in survival mode (with exception of cargo travel and regional cases – see text box), scared to take risk and weary of competition. Infrastructure, booking systems and security systems are not standardised or poorly harmonised, and there is no European public transport authority with ownership over the problem and mandate to fix it.

From a passenger perspective, the most obvious problems are:

- the hassle of booking any journey that is not a main capital-to-capital route (the existence of the Treinreiswinkel is as such evidence of this, where actual people need to dive into various planning and booking sites to find the right connection for the best price)

- the increasing price of train tickets (especially compared with decreasing air travel fares), often caused by the implementation of high speed rail connections (and as a consequence the cancellation of direct connections in that trajectory on normal rail)
- the increasing amount of reservation obligations with very limited room for ad hoc bookings (often limited to book up to 5 days before your journey) or cost-free cancellations

Opportunities for spectacular market development

Nevertheless, we see a large potential! Both in the current supply of services, as in the hidden potential of demand. On the Dutch borders, several improvements in rail services have shown to attract more passengers. Between 2006 and 2012, Thalys Amsterdam-Paris expanded service from 6 to 10 trains daily, cut travel times upon the opening of the Dutch HSL-Zuid and saw passenger numbers increase by 50%. In the regional field, the 2001 reopened line Enschede-Gronau attracts 2000 passengers every workday and even 3000 on a Saturday, and Arriva saw its passenger numbers on the Groningen-Leer connection grow by 50% upon increasing the frequency from every 2 hours to every hour in 2013.

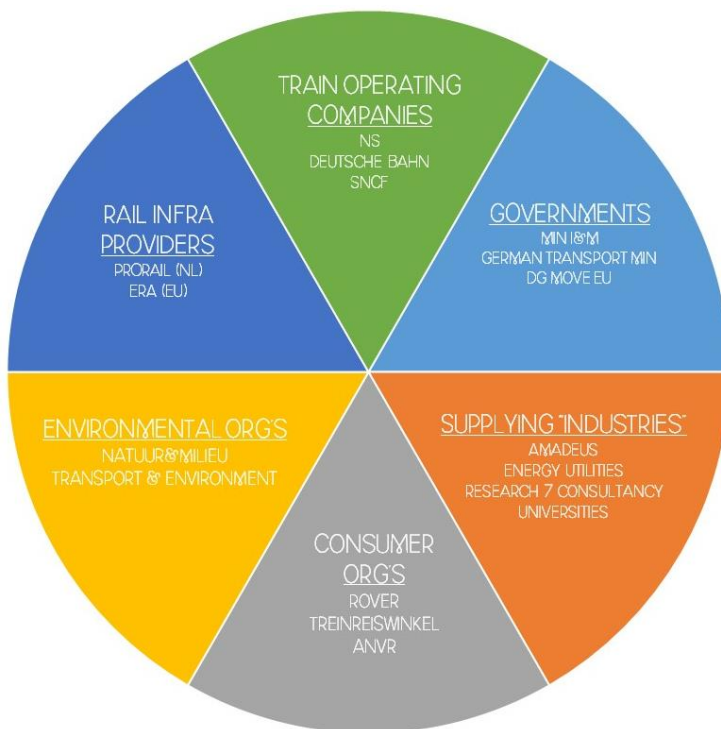
IT solution providers like Amadeus are moving upwards into the conservative rail sector, taking with them valuable lessons learned from other modalities like aviation. Amadeus has the ambition to build the one planning and booking tool a passenger travelling through Europe by train would need (or even – on the longer term - to compare all modalities, across all providers), including all supply of rail services and with one uniform system of pricing, booking and sales.

And Treinreiswinkel (Dutch travel agency specialized in rail) speaks of a hidden market potential for holiday travellers from the Netherlands into Europe. Surveys done by the Dutch railways, NS, show that currently about 5% of the holiday travellers into Europe travel by train, while 20 to 30% of the car/ airplane travellers would consider/ like to go by train into Europe.

We dream...

We dream of a rail travel experience which is as easy and seamless as using our smartphones to get in touch with our friends across the globe. And we believe that European rail is the best travelling experience you can have on the old continent, with the least impact on environment, resources and climate change. But also with high level of comfort: enabling to work while traveling for business, or starting holidays as soon as you board. And, if rail services improve in more direct connections and reliability, a faster way to travel inter-city in Europe within a distance of 1000km with no traffic jams or transfer times.

Our mission is to provide Europe with a seamless long-distance travelling experience by (electrified) rail, meeting the demands 21st century society has of a sustainable transport system. And we wish to do this by incorporating all railway companies of Europe to unite in TRAIN2EU to work together on more and better cross border rail in Europe.



We dream of more entrepreneurship. From survival mode (scared of competing operators, protecting one's own share, wanting to be sure that all trains are fully booked weeks ahead) we want to see a change towards "enhancing the cake". With a much bigger group of international train passengers, everyone's part will grow as well!

The diagram on the left shows the different stakeholders of the rail sector, and it's NL and EU main players. What can every player do?

Train operating companies

Every train operator has its own strengths in showing entrepreneurship:

- Former state companies have a lot of experience, assets that enable a certain risk of experimenting, and the interesting possibility to extend existing services.
- New pioneers may have international travel as main activity, no traditional limitations, little to lose and new spirit.

So we need a bold sector with the guts to invest in what passengers want: attractive train services, easy access, affordable tickets, cross-border connections and in general a hassle-free travel experience. We invite all parties in the railway industry to identify and create opportunities to improve quality of international train services.

Rail infra managers

Most important tasks of infra management organisations (ProRail in the Dutch case) in international rail transport are:

- Providing capacity, not only for domestic but also for international traffic. Existing capacity should be assigned in a non-discriminatory way and capacity should be enhanced if market demands require so.
- Providing technical interoperability. International trains should be able to run on different national networks. The wide range of national electrical and safety systems complicates this, but at least regulations should be aligned and transparent. A soon implementation of the European Train Control System would ease the introduction of new international train services.

Governments

The main role of governments is to create a proper business climate. Initiatives like those mentioned in chapter 3 might serve as best practice to identify success factors. EU Commissioners of transport and regional development and national transport ministers should make a European market for travelers, not trains, and correct where the market fails:

- Create a level playing field between transport modes (kerosene tax!);
- Standardise infra and safety systems to ease transnational co-operation;
- Enforce open data for booking and information ('no data, no market')
- Set standards for passenger rights in the travellers' interest
- Take the lead in improving international rail travel, e.g. by establishing a European taskforce for international train travel, and setting requirements for train connections;

Especially on EU level there is an opportunity to create new policy instruments to push forward on rail in the modal split, as the EU's White Paper has set such a strong target on modal shift.

National governments have a unique and special role in international train traffic: they are controlling shareholders of (national) railway companies, and are crucial in European decision making processes. This requires them to become very proactive and persistent in getting international train travel off the ground:

- Nudge railway companies out of their hiding place, stimulate them to an open and entrepreneurial approach
- Prioritise international railway regulation of national regulations, acknowledging that international rail travel can only take flight when the subsidiarity principle is re-assessed for this topic
- Ask the European Commission to take initiatives in harmonising e.g. ticketing, infra standards and security systems and put them on a fast track
- Pay particular attention to international rail travel when the 2011 Transport Whitebook is evaluated (expected between 2015-2017)

Supplying industries

There are several industries and stakeholders supplying valuable products and services to the primary railway industry. Involving them in the transformation of European rail to a service-oriented travelling experience helps to find valuable creative solutions and new ideas. They too have a vested interest in expanding the market for international rail travel.

- Energy utilities can supply more renewable electricity to the railways, enhancing the sustainability of rail in the modal split. The energy sector faces a massive challenge creating more interconnectivity of the European energy grid. Since railway infrastructure also requires energy infrastructure, mutual benefits may be created with closer co-operation
- IT solution providers such as Amadeus can support the rail sector with important lessons learned from the aviation industry on efficient cross country ticketing and booking systems
- Research institutes can help expose the basic bottlenecks behind the decline of international rail travel, providing valuable lessons towards solutions. Also,

interdisciplinary teams of students can help design the products and services of the future

- Consultancy services are at a crucial position as knowledge brokers between actors. More often than not, they are organized internationally, perhaps providing the best corporate backbone to expand ideas and solutions across borders.

Environmental organizations

These organizations can be used to inform and lend credibility to the public on the benefits of train travel for the environment compared to road and air travel. With a massive membership base as their constituency, they are also able to help kick-start the expansion of the international rail sector's customer base.

Environmental NGOs often have good access to many different stakeholders in their respective countries. Also, the international environmental movement is well organized and provides another crucial backbone to expand the initiative vertically across Europe.

The challenge to environmental organizations is to think in terms of business cases, translating their green idealism into viable solutions that can thrive from a commercial perspective.

Consumer organizations

Organizations like ROVER and ANVR (both Dutch) can work towards a better marketing of rail as a means (but also as an experience in itself) for holiday travel. Their role is crucial in voicing the needs and wishes of (potential) international rail passengers, and to keep addressing the railway sector in that they need to make customer satisfaction their core business. Rather than moving trains around Europe, people should be.

We act...

To enable a sustainable future for European transport, and thus a larger share of rail in our transport mix, we set up an enterprise to address the issues. This new enterprise, TRAIN2EU, will act as the first truly European Railway Company in a way that is inspiring and inclusive of people and companies with new thoughts and ideas.

Our action plan will unfold in three phases over time, building up towards the final goal of more and better cross-border rail services in Europe. Phases are stacked rather than subsequent.

1. Sharing the dream
2. Improving the quality of the current rail services in the market
3. Increasing the supply of rail services to disclose the whole market potential for international train travel in EU

Phase 1: Sharing the dream

Currently, we are sharing our enthusiasm for our dream by activating our peers, superiors, international counterparts, in social media, with this position paper and through a number of events.

A network of stakeholders is being set up in order to co-create the mission with professionals and future clients. This network will cover all stakeholders from the rail sector (see figure on right).

This movement has started in the Netherlands, where we will proclaim TRAIN2EU on the RailForum yearly event on November 6th, 2014.

Next step is to enable the rest of European railway stakeholders to join us in a new movement. For this we have organized a European event on November 18th, 2014.

This way, we are growing our body of ideas, competences and action plans. Finally, start-up funds will be organized. In this phase, we deliver:

- A draft corporate **identity** for all ideas and initiatives, as well as an online presence in social media, aimed at establishing #train2EU as the brand name for sustainable, future oriented transport
- A **platform** for professionals, entrepreneurs, (European) decision makers etc. to meet and exchange ideas for new business
- A blank canvas and a brush for young visionaries who have ideas on how to modernize European rail, leading to **vision** documents outlining the future of European rail travel and its place in the wider transport network
- A **challenge** as well as a playground for existing rail companies to re-invent

Your share...

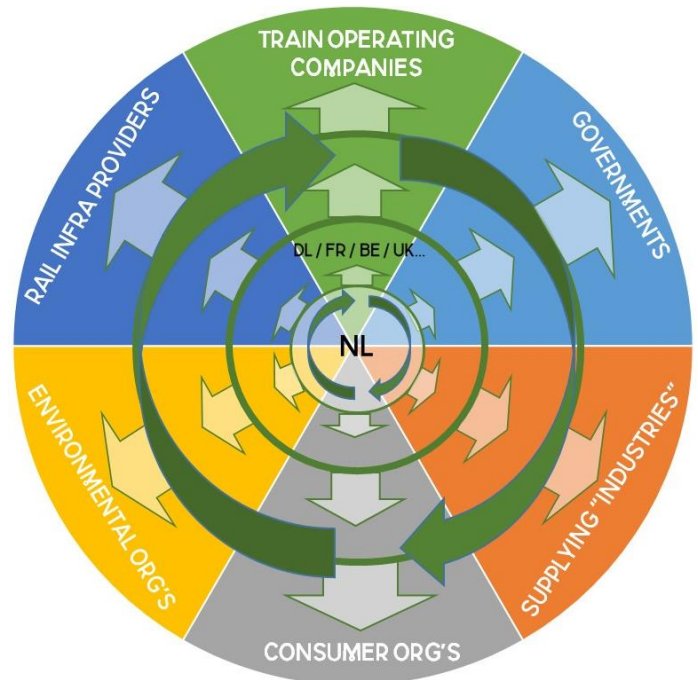
After the international proclamation of TRAIN2EU we can jointly start to work on phase 2 and 3.

Phase 2: Improving the access to the current rail services in the market

After creating common ground, it is time for concrete steps. We start by improving the quality of the current supply of rail services in Europe. To this end, we need to focus on a big bottleneck in the service chain: solving the booking issues.

All countries should use a common platform, offering the same services for the same fares (not depending on the website you book your ticket from). This tool then is

MOBILISING THE RAIL SECTOR IN EUROPE



available in all languages and through both the TRAIN2EU portal as the national railways sites. Web and smartphone App are essential in this. From the passenger perspective, the platform instigates trust by being easy to use and transparent. You can be sure that the system gives you the best possible price for your travel in the complexity of rail operators that is still behind it.

Once such a system is live and marketed by all companies to the potential passengers, big data mining can begin and more insights can be collected into the search requests of potential passengers, their needs, travel information inquiries, etc. leading to more data about the market potential for EU train travel. This is an important part in market research TRAIN2EU will commission.

Phase 3: Enhancing international rail services

The insights of executing phase 2 will give indication of the hidden market demand for train travel: unattractive offers with long travel times, many changes, and inquiries for direct connections which are not established yet.

In a joint venture with national operators, we identify missing links in the international services and bad connections. We regard these as business opportunities and intend to step into these market holes together with national operators. For example, passengers' organization ROVER suggests to improve service at Venlo and Heerlen borders from current local train to intercity level, by extending Dutch or German long distance services.

This way we can expand the supply of rail services and as such reach our goal to increase the share of rail in the modal split of passenger travel in Europe, most likely to the cost of the share of aviation and road.

CALL FOR ACTION

So, **join us** in this European event November 18th to share your input on how we can establish this European railway company and define our common agenda to increase the share of rail in the European transport mix. And if you are inspired by our dream, join us in TRAIN2EU!