



## EU TRAVEL TECH: TRAVEL YOUR WAY – THE SUSTAINABLE TRAVEL FORUM

### WEBINAR 4: UNLEASHING RAIL DISTRIBUTION TO MAKE RAIL TRAVEL MORE ATTRACTIVE

#### EVENT REPORT

#### SPEAKERS

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- **Hinne Groot**, Chair of the International Rail Platform, Dutch Ministry of Transport
- **Kristian Schmidt**, Director for land transport, European Commission (DG MOVE)
- **Christopher Irwin**, Board Member of the European Passengers Federation
- **James Hanratty**, General Counsel, Trainline
- **Alexander Gellner**, Head of International Distribution and Marketing, SBB
- **Jakop Dalunde**, Member of the European Parliament
- *Moderated by Dave Keating, France 24*

#### REPORT

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On 25 June, eu travel tech hosted the last webinar of its four-part series “**Travel your way – the Sustainable Travel Forum**”. The webinar focused on how to improve rail distribution in the EU, and the steps that policymakers and industry can take to ensure that the rail sector works better for all European passengers. The 90-minute event featured a keynote speech from **Hinne Groot** (Dutch Ministry of Transport), followed by an engaging and thought-provoking discussion between **Kristian Schmidt** (DG MOVE), **Christopher Irwin** (European Passengers Federation), as well as **industry representatives from Trainline and SBB**. The webinar was wrapped up with a speech from **MEP Jakop Dalunde**. Throughout the event, speakers highlighted many of the obstacles facing the sector regarding rail distribution, while also offering a number of concrete solutions both in the short and long term. Moderator Dave Keating from France 24 guided a flowing debate that also included multiple audience interventions. In total, about 60 people joined the webinar, including a number of representatives from across the various EU institutions.

**Hinne Groot, Chair of the International Rail Platform (IRP) at the Dutch Ministry of Transport**, began his keynote speech by acknowledging the difficulties that the rail industry has faced since the start of the pandemic, while emphasising that **rail distribution is undoubtedly an area where significant progress can be made in the short term**. Citing analyses undertaken by the Dutch government, he believes that **any journey under 700km in Europe would be well suited to rail travel**, particularly for journeys between Berlin, Amsterdam, London, Frankfurt, Brussels and Paris. Mr. Groot then presented the current International Rail Platform roadmap for developing international rail transport and welcomed that all 27 Member States had endorsed the Platform's most recent declaration. He then presented the four main areas of focus for the IRP's holistic approach to rail travel - **customer experience and digitalisation, network of international passenger services, interoperability, and the regulatory framework**.

Mr. Groot said he believed that the recent sector statement on rail distribution presented to the Council in March was one of the biggest achievements of the sector to date. However, in order to make any gains regarding rail distribution, there are a number of obstacles to be overcome; including delivering the **suitable technology** (for example to allow passengers to use more than three rail providers), agreeing on **fair conditions between railway undertakings and third-party sellers, multi-modality** (air to rail and vice versa), as well as **international rail passenger service development**. Mr. Groot closed his presentation by reiterating the desire of the IRP to work with all sector stakeholders, particularly the Commission, in order to avoid any doubling up of initiatives and ensuring that the work of both parties can complement one other.

Following the keynote, the panel discussion began with the first intervention by **Kristian Schmidt, Director for land transport at DG MOVE**, whose core message was that the **Commission has already done a lot to help the European rail distribution sector, however, there still remains plenty to do**. This includes the revision of the Rail Passengers' Rights regulation that will come into force in 2023, and which will require operators to provide real time data, not only to railway undertakings but also to ticket vendors and tour operators. In addition, he stated that the sector statement in March was to be seen as a positive development and expressed his hope that the subsequent discussions would deliver similarly positive outcomes. He outlined that the European Commission is monitoring developments around the sector's commitments and stands ready to give a push towards implementation. For Mr. Schmidt the multimodality objectives that the industry aspires to are not being hampered by tech-related issues, since there is undoubtedly already a capacity to share data and real time info. Lastly, Mr. Schmidt offered an insight into the EU's future intentions, confirming that **this year the Commission will publish an action plan on cross-border passenger rail**, which will aim to address the bottlenecks highlighted by the Fourth Railway Package and **will also include measures around rail ticketing**. Following this, **in 2022 there will be a review of the delegated regulation on multimodal service**, which will address challenges around data access. Lastly, the Commission views a lack of easy ticketing options as a major obstacle, and one which will need to be overcome before there can be any major increases in rail uptake.

After hearing the perspective of both national governments and the EU, **Christopher Irwin, Board Member of the European Passengers Federation (EPF)**, took the floor. He stressed the existing lack of consistent offerings across websites - both in terms of price and journeys offered, as well as no certainty of contact supply in the case of delays during the journey. And while Mr. Irwin welcomed the serious commitment from the sector to address such issues, he also expressed concern about certain parts of industry already pushing back against certain elements within the statement. Finally, he reminded participants of the fact that **railway operators receive significant public subsidies** and

yet insist on having complete commercial freedom; a contradiction that will need to be addressed if any real progress is to be made in this sector.

**James Hanratty, General Counsel at Trainline**, welcomed the statements of positive intent from all the previous speakers, while also pointing out that **Trainline was already attempting and succeeding in presenting solutions for many of issues highlighted by previous speakers**. Ultimately the goal of Trainline is to have all operators on one platform, something that has had immediate and positive effects. Here, he gave an example of adding a new partner to Trainline's Spanish offering, which had resulted in a threefold increase in sales for the Barcelona to Madrid route. Another area where Trainline is having a positive effect is around compensation, with the company making it much easier for consumers to claim refunds, something which has also greatly benefitted consumers. Ultimately, he believes that **the key aim is to make all data available on fair and non-discriminatory terms**, and to prevent the practice of some operators keeping their best fares for their own distribution channels. Finally, he called for greater focus on both international and domestic journeys, with the latter often neglected by policymakers, despite accounting for approximately 90% of all rail journeys.

The last contribution of the tour de table came from **Alexander Gellner, Head of International Distribution and Marketing at SBB**, who offered the perspective of railway providers, stating that operators are taking great steps to standardise and open up the technical backbone of the industry. He agreed with Mr. Schmidt that tech is not the obstacle to distribution but will ultimately be the enabler, noting that the three most important issues to address are **timetables, distribution and tariff data**, as well as the **control infrastructure**, i.e., ensuring that operators receive the fees that are owed to them. He believes that significant progress has been made in all three areas and now the priority needs to be swift implementation and fast development. He echoed calls for data to be available on one platform, believing that **OSDM (Open Sales and Distribution Model) could hold the key to improving multi-modality** and distribution. Mr. Gellner finished his contribution by reassuring that railway providers have heard the calls from stakeholders from across the sector, and are actively taking concrete steps to make the necessary improvements.

At this point in the discussion, **Kristian Schmidt** was asked whether he thought there was **consensus among EU Member States on the issue of rail distribution**. For him, the Council conclusions from June indicate that there was urgency among national governments on the need to improve all elements of the European rail area. He **sympathises with industry over their fears of having providers sell tickets on their behalf**, at the same time he reminded all that ticket clearing house systems have existed since the 19<sup>th</sup> century, a fact which also demonstrates that ultimately tech and IT are not the issue when it comes to improving rail distribution. Mr. Schmidt also reassured providers that **the aim of the EU is not to have big tech platforms taking over distribution responsibilities completely**, and instead ensure that transport operators maintain a certain level of control.

**Alexander Gellner** was quick to point out that while there may be some fears among industry of giving up some control in the area of distribution, **industry is also well aware that this will be compensated for by providing access to new markets and consumers**. At the same time, he stressed the need for **clearing houses to be standardised but not centralised**, in order to prevent any sort of monopolistic system. Again, he noted that providers have already figured out the best means of achieving this, and so now it is merely a question of scaling up the right system. **James Hanratty** took this opportunity to outline the significant **differences between a platform like Trainline and the likes of Google**; notably that Trainline is a **specialist end-to-end ticket vendor**

**offering services in multiple languages and currencies.** Additionally, he remarked that ultimately the questions around clearing houses revolves around the backend process, while the priority for policymakers is largely the frontend (retail) element, i.e., allowing passengers to easily view prices and availability. He echoed the sentiments expressed by other panellists that technology is not the main obstacle, and that even without standardisation, the issue of ticketing remains the core problem.

**Christopher Irwin** then took this opportunity to pose a pertinent question to both the panellists and the audience, asking **whether ticket retailing is too important to be left to the operators.** This, he said, posed the wider question of whether industry can be expected to deliver the best experience, particularly given the fact that so many incumbent operators have an unhealthy relationship with national governments. Irwin also asked why it is that the SNCF (Société nationale des chemins de fer français) and DB (Deutsche Bahn) operating systems are incompatible with one another, and called on the European Commission to take steps to rectify such issues. Again, he reminded all that **€100 billion euro a year of public money is paid out to railway operators, and thus lamented that the Commission's Smart Mobility Strategy features so many merely tentative proposals that will be pushed back on and watered down by industry.**

**Alexander Gellner** raised the issue of domestic rail travel, reminding all that 90% of rail travel is domestic, and thus **the priority needs to be the levelling up of domestic systems.** He called on policymakers to focus less on international systems, and reiterated the potential that SBB sees in OSDM, which now needs to be scaled up. **James Hanratty** was then asked whether he thought the market has allowed for greater liberalisation among independent distributors, to which he said that it was actually the other way around; **independent distributors have liberalised the market.** For him, it is the emergence of specialist retailers that is allowing for greater market freedoms and increased competition, and thus giving much greater freedom to customers.

However, it is also worth remembering that the full benefits of the Fourth Railway Package are not yet known, said **Kristian Schmidt**, given that the legislation is only now entering into force and thus the effects will hopefully be soon clear. On the question of liberalisation, he noted that that the freeing up of the EU's aviation markets allowed for the emergence of low-cost airlines, but this has now come too late for the rail industry, as well as observing how new ride sharing technology has dramatically reduced the barriers to entry for the urban mobility sector. For him, **rail distribution is still stuck in the 19<sup>th</sup> century** given that so much of the technology is largely the same as it was over a century ago.

Answering to a question from the audience about how a monopolistic clearing house can be avoided in the rail sector, **Alexander Gellner mentioned that** the solution lies in **making sure that the relevant inventory is made available, and then allowing the market to evolve naturally.** For **Christopher Irwin** the **entire rail interface system seems outdated,** therefore the most logical developments would be moving intelligence away from the trains and operators, and instead to data coming directly from vehicles themselves. According to him, **increased cooperation is not enough and instead more collaboration is needed.** Differently, for **James Hanratty** the main issue is that the **commercial terms put on ticket sellers by transport operators are not always fair.** Failing to recognise this, he said, means failing to acknowledge the significant added value that good distributors are offering, and therefore it is up to EU policymakers to act on this.

Another question from the audience asked **what tools the Commission can utilise if the railway sector fails to deliver on the commitments set out in the sector statement.** Again, **Kristian Schmidt**

reiterated that the Commission has **absolutely no intention of becoming a central body running a clearing house for the sector**. He also called on industry to make concrete progress on their sector statement, while saying that the Commission stands ready and willing to help in any way that it can or act directly.

The webinar closed with a speech from **MEP Jakob Dalunde** (Greens/EFA, SE) a member of the Parliament's transport & tourism committee. In his opinion, **both EU policymakers and national policymakers are mistaken in viewing rail travel as too much of a national issue**. For him, **long distance international travel is still seen as a niche activity**, something that will need to be radically changed if the obligations of the Paris Climate Agreement are to be met. On this topic, he states that since sustainable aviation remains a long-term goal and that long distance travel with an electric car is not yet possible, **it is clear that railway is the only solution for ensuring that travel can be environmentally sustainable**. For Mr. Dalunde it is **imperative that operators are legally required to ensure that passengers reach their intended destination**, and that operators should have no issue reaching consensus on how they can guarantee adequate compensation among one another. Lastly, he remarked that during the last parliamentary term he had pushed for operators to provide legal guarantees in this area, and while this proposal was ultimately shot down in trilogues, he hopes that EU policymakers will be more open to the prospect soon.

And with that, both the webinar came to an end with **Emmanuel Mounier, Secretary General of eu travel tech**, remarking that the panel discussion had left him feeling optimistic, and his belief that such conversations demonstrate the determination among all stakeholders to reach the common goal of unleashing the potential of rail distribution. eu travel tech plans to host similar events in the second half of 2021.

Feel free to check out the full discussion [here](#) and the highlights [here](#). You can also follow eu travel tech on [LinkedIn](#) and/or [Twitter](#) to stay up to date with our "Travel your way – the Sustainable Travel Forum" series.