

Unbundling causes rail industry row

European Voice

By Dave Keating - Thursday 12 July, 05:45 CET

German rail giant argues against unbundling.

Deutsche Bahn (DB) yesterday (11 July) unveiled a report claiming that the German rail market, where both the operator and the infrastructure managers are owned by DB, is growing more and more competitive. The report argues that DB's integrated corporate structure is a "central factor for success if we are to continue to achieve the objectives of the rail reform in Germany". This year, the market share of DB's competitors passed the 20% mark for the first time, and operating performance on Germany's rail network rose by 1.6%.

The report is part of a very public campaign by DB to convince EU policy-makers that full separation of rail operators and infrastructure managers – so-called unbundling – is not necessary to achieve a competitive market. The European Commission has indicated that it may make such separation mandatory in a rail liberalisation proposal due by the end of the year.

But some in the industry say the German rail giant is also waging a clandestine campaign against unbundling, attempting to intimidate industry associations into agreement. The allegation centres on a dispute between German passenger and freight transport association Verban Deutscher Verkehrsunternehmen (VDV), which counts DB as its most influential member, and the Brussels-based European Rail Freight Association (ERFA), of which VDV is a member.

VDV sent a letter to the ERFA in April following public expressions of support for unbundling by the association's president. In the letter, seen by European Voice, VDV appeared to threaten to leave the association if it continued publicly to support unbundling. VDV is also a member of the Brussels-based Community of European Railway and Infrastructure Companies (CER), which has been sceptical about unbundling.

Cheap and efficient?

The argument has since escalated. Last week, the ERFA told its members that it would not back down on its conclusion that the separation model is the cheapest and most efficient way to ensure fair development of the rail freight network. It said the communications from VDV on this issue had been "abrupt and threatening."

VDV also wrote to its members, saying that the ERFA had shown "little or no willingness to discuss the VDV's positions seriously". VDV told its members that a decision about whether to leave the association would be taken in due course.

“It's a complete change of position by VDV, we don't understand why they are so angry now against ERFA,” said Pierre Tonon, ERFA secretary-general. “But we can do our business with or without VDV.”

Increasing influence

Alexander Kirfel, head of German transport infrastructure federation Netzwerk Europäischer Eisenbahnen (NEE), says DB is desperate to avoid legislation that would make it give up its valuable holdings. “The infrastructure companies are the cash cows of DB,” he said.

He said that DB's influence on VDV has increased since the appointment of Oliver Wolff, former head of transport in the German state of North- Rhine Westphalia, as managing director in 2010. Wolff has close ties to DB, says Kirfel, citing a 2009 case where a German court found he had awarded a rail services contract to a DB subsidiary without a proper tendering process. “Now, he is the chief of VDV, and I think he just tries to influence VDV in the direction of what the DB wants,” Kirfel said.

NEE and Mofair, another German transport association, issued a joint statement last month in support of the ERFA. They accused Wolff of “once again clearly acting in favour of DB, this time in the context of retaining the natural monopoly in relation to DB's infrastructure.”

Both VDV and DB had no comment on the issue.