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POSITION PAPER

Public Consultation of the European Commission on Integrated Rail-Air Ticketing:

The Common Position of European Rail Passenger Carriers

COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES - COMMUNAUTÉ EUROPÉENNE DU RAIL ET DES
COMPAGNIES D'INFRASTRUCTURE - GEMEINSCHAFT DER EUROPÄISCHEN BAHNEN UND INFRASTRUKTURGESELLSCHAFTEN

Summary

CER represents 71 European Railway Companies and Rail Infrastructure Managers. The following opinion reflects the views of 35 of them who all conduct passenger rail operations. Several of these railway undertakings, including those in Austria, Belgium, France, Germany, the Netherlands Sweden, and the United Kingdom, already have integrated ticketing solutions in place for many years now.

European passenger railway undertakings, represented by CER, **welcome the European Commission's activity** to facilitate intermodal cooperation involving railways (in the spirit of co-modality as defined during the revision of the EU's Transport White Paper).

It is however the conviction of the passenger railway industry that integrated ticketing is not the prime obstacle to a successful and efficient cooperation of various modes of (public) transport. Energies should rather be focused on the creation of **efficient points of transfer** between the various transport modes, not limited to airplanes and trains, but expanded to include bussing and other urban transport modes, alongside the train.

Another precondition for fair and commercially viable cooperation of the various modes of public transport, and aviation and railways in particular, is the **existence of common motivators** for the use of railways (and other forms of public transit) to approaching and/or departing from airports, as airports tend to favour passenger cars, taxis and minibuses to this effect since parking and taxi entrance fees form a substantial part of their revenues.

Other operational obstacles, which exceed in their importance that of integrated ticketing, need also to be solved to achieve success in air-rail co-modality, including punctuality of flights, the consistency of time needed to connect to airport railway stations from every gate, the time needed to reclaim checked luggage, and signage indicating the location of train stations within terminals.

Most (technical) problems pertaining to ticketing could and should be resolved on a voluntary commercial basis by the participants. The focus of such a voluntary agreement should be on the customer demand of **getting information** about the possibility and cost of commencing/continuing his/her journey by train. In this context, the passenger railway sector welcomes the revision of Regulation 2299/89 on a Code of Conduct for computerized reservation systems.

While the passenger railway sector believes in the (theoretic) market potential of intermodal journeys, conducting a **Europe-wide study of customer demand** may also be required to develop hard evidence in support of this theory.

European passenger railway undertakings hereby express an **interest in participating** in the creation of a voluntary agreement to facilitate intermodal journeys between aviation and railways, as well as to further expand the possibility of such intermodal cooperation with other modes of transport.

Detailed replies to the Questions of the Consultation

Q1: What is your opinion on the market potential for these (integrated rail-air) services?

A1: The market potential of integrated rail-air services exist only in those cases when **airports have train stations** within their immediate proximity (ideally inside the terminal reachable on foot).

The market potential for such integrated (public) transport services should in theory be sizeable and steadily increasing in the near future with rising overall public transit use among the population. The railways however are **unaware of a Europe-wide market study** that would present credible figures in support of this theory.

Q2: What are your comments on the scope of integrated ticketing as proposed, as a first step, at point 5.1¹? Do you think that the scope should be extended to other modes of public transport?

A2: The European Commission's intention and goodwill to facilitate intermodal cooperation (in the spirit of co-modality as defined during the revision of the White Paper on Transportation in 2006) is welcomed by CER and all European railways.

However, it is the conviction of the passenger railway sector that integrated ticketing is not the solution for a successful co-operation of the kind envisioned in the public consultation document between airlines and railways. Rather, and not only in case of cooperation between airlines and railways, it is the **existence of proper (high quality) points of exchange** from one mode to another.

The scope of intermodal journeys could and should be extended to **other modes** to include the development of proper intermodal transiting facilities between other public transport means and trains.

Combination of aviation and rail services should be successful and commercially viable only if **regular passenger rail services**, as well as certain **other urban (public) transport solutions** are included in the cooperation in addition to high-speed rail, since many passengers choose an airport within a relatively short (under 100 km) distance from their point of departure and/or destination.

Integrated ticketing and other service-content aspects of combining various modes of transport are not perceived as **prime obstacles** of intermodality. These should be left to be resolved by the passenger railway industry, and other partners on a **voluntary commercial basis** (generally without the assistance of regulators). The existence of the **International Air Rail Organization** (www.iaro.com) is evidence of the voluntary efforts of industry to facilitate intermodality.

¹ 5.1. **Scope of air-rail integration:** Concerning requirements on the physical quality of infrastructure, which is an essential condition for travellers' comfort, and taking account of organisational aspects, it is recommended initially to limit this initiative to complementarity between aircraft and high-speed train or conventional rail where services allow a good complementarity between these transport modes. This involves, globally considering those connections where:

- High-speed train serves a station located in an airport (for example Frankfurt, Paris Charles de Gaulle, Düsseldorf, Schiphol, Lyons Satolas and soon Barcelona);
- There is a high quality connection between the airport and the high-speed train station (for example Brussels, Madrid or Cologne).

Projected extensions of the high-speed rail network from here to 2020 (tripling of the network to more than 32 000 km of lines altogether) represent moreover a considerable potential for the promotion of air-rail intermodality.

In a second stage, it would also be advisable to ensure the continuity of the whole journey by adding public transport (buses, underground railway, train) which serve the urban centres. Trying to include now public transport into the intermodal scheme would be unrealistic and likely considerably to slow down the introduction of an intermodal service.

Promoting intermodality supposes implementing a variety of actions exceeding by far the mere issue of information on the transport services offered by the operators and the reservation of seats. On top of integrated ticketing one should also consider luggage handling throughout the journey, the coordination of schedules, and establishing clear signs of continuity (the change of mode of transport does not have to deteriorate the passenger's guarantees in terms of connections and of comfort) reasonable waiting times in case of delays on individual journeys, without forgetting safety. Lastly, it would be advisable to harmonise the contractual provisions applicable by the various carriers and in particular rules on responsibility.

Some of these actions are quite costly. Luggage handling in an intermodal journey involves the construction of new, expensive infrastructures as well as the introduction of new control mechanisms. As integration even within the rail sector is still in its initial stages, with no luggage handling foreseen, it would be premature immediately to include luggage handling within an air-rail integration framework. Regarding the air sector, competitive pressure coming from low cost companies and high fuel prices is not favourable to the development of heavy investments. Remote check-in and luggage handling/transfer involve an attentive analysis of security issues since air and rail are subject to different rules for these matters. Although there are some examples in Europe (AirRail service) and in other parts of the world (Japan), security implications add complexity and costs. A solid analysis of the financial viability of this option is in any event essential.

Q3: What are, according to you, the connections on which air-rail services are possible, in particular in relation to the criterion of the quality of the airport/railway station interface?

A3: A successful cooperation of airlines and railways may be envisioned in the following cases:

- Transcontinental flight combined with high-speed rail: this combination is ideal to open up the possibility of using several major airports for most passengers without the need for a short-distance continental (connecting) flight, as today relatively few airports feature transcontinental flights to/from Europe. A combination of flying and trains can also facilitate competition between airports (and airlines) as it may contribute to the increased use of those airlines/flight which may not have continental connections from every potential destination. Finally, the use of larger, more economic aircraft for long-distance charter flights may also become feasible with the existence of feeder train services.
- Rail connection to low-cost airports: establishing a rail-link to those (more remote) airports used by low-cost airlines could substantially add to their customer figures, as accessing low-cost airports today is problematic in many instances, while their customer base is substantially more cost conscious.
- Increased use of rail to complete journeys: should a given airport have a train station - in an ideal case directly connected to the main rail network. In this case not only those would choose the train, who wish to connect to the city near the airport, but also the passengers having destinations further away.

Q4: What is your opinion on the feasibility and the contents of the voluntary agreement as proposed at point 5.2²? Would you be ready to take part in it?

A4: It is the opinion of the European passenger railway undertakings that the regulator, if anything, should limit its involvement to **encouraging a voluntary agreement**. Adoption of a “binding regulatory framework” is not desirable as a technically feasible solution (with a viable cost/benefit justification) is difficult to imagine under the current conditions.

The regulator should - if anywhere - be active in encouraging those responsible for developing the relevant infrastructure to create **efficient interfaces for transiting passengers** (not limited to airports, but creating connection to other modes of transport) using for instance proceeds from internalization achieved based upon the Eurovignette directive, or inclusion of other sectors in the EU’s Emission Trading Scheme.

A further condition to the commercial viability of such intermodal cooperation may lie in the creation of a **level playing field** between the modes of transport intended to be connected including comparable tax environments and infrastructure charging regimes, as well as motivators for the cooperation of the different modes of transport.

European passenger railway undertakings express a **general interest and willingness** to take part in the creation of a voluntary framework agreement of the kind proposed between low-cost and network airlines, airport and rail infrastructure managers, and rail passenger carriers.

² 5.2. The institutional framework

In order to justify the cooperation between operators and thus to progress concerning the question of the integrated ticketing a coherent framework is necessary. Such framework could be reached either by voluntary engagement by the industry or by the introduction of a binding legal framework.

The Commission services propose first taking the first option. The Commission services intend to start discussions with rail operators, airlines, air *GDSs* and similar rail systems as well as any other interested party in order to reach a voluntary engagement from them to meet the aims set in the field of integrated ticketing, as defined in point 5.1. The agreement should comprise in particular the following clauses:

- The engagement to develop an integrated ticketing system open to all operators (including future high speed rail operators);
- The obligation to share certain data between the operators, in particular on the schedules, tariffs and associated services. This obligation will be extended in the long term to cover public transport operators (buses, metro, train) which serve the urban centres in order to be able to cover also “the last mile” of the intermodal journey.

Other actions such as schedules coordination, the guarantee of connections and reasonable waiting times pertain to the operators’ commercial strategy. They will be consequently decided upon by the operators themselves in the framework of individual trade agreements.

Possibility of subscribing to such agreements will be given to all the operators who are on the market referred to under point 5.1. Its success will be determined by the rate of participation of the air and rail operators so as to ensure a sufficient coverage of services identified under point 5.1. The voluntary agreement should envisage technical progress reports and planning in order for the Commission to make sure that the various participants respect their commitments. As an additional guarantee in respect of the agreement, the Commission would specify in a recommendation that it will envisage regulations in case the agreement is not honoured. The agreement will have to be implemented in accordance with Community competition rules, more particularly with Articles 81, 82 and 86 of the EC Treaty. If the agreement answers the priorities of the Community project, the Commission will accept it in the form of a recommendation, after having consulted the European Parliament and the Council. A monitoring committee of the agreement would be set up, to which the concerned industry would participate together with the Commission services. Initially made up of stakeholders of the agreement, its composition would be widened gradually in order to facilitate the extension of this project towards long distance conventional rail and local public transport.

Q5: What are your comments on the technical solution proposed for the integrated air-rail ticketing and the operating mode of the system as described at point 5.3³? Do you see any problems related to it and if so, which ones? Can you envisage any alternative solution which could be satisfactory as far as a swift and economical implementation is concerned?

A5: Firstly, it is the unified opinion of the European passenger railway undertakings that integrated air-rail ticketing is **not the prime solution for successful intermodal cooperation** between aviation and the railways. The process of getting information to the passenger should not be necessarily viewed as to go hand-in-hand with ticketing itself.

Globally competing airlines realized their common interest to harmonize their practices and processes, which was embodied in the (voluntary) IATA agreement, which was a precondition to their market development). The European passenger railway sector, which is primarily performing public services, is currently preparing for the implementation of the Regulation on Rail Passenger Rights (1371/2007), and the era of intramodal competition. In this process the standardization of several commercial practices, including tariffs and ticketing, is being presently and continuously considered

There are already solutions in place to deliver information to passengers, and in some cases to facilitate integrated ticketing between airlines and railways today. Due to the historic diversity and complexity of practice, the regulator is **not** perceived to be in the position to design a viable universal technical solution. This should rather be left to the parties of the voluntary agreement.

³ 5.3. Technical aspects of integrated ticketing

This involves identifying a technical solution which can be carried out quickly and at the least cost. According to the conclusions of the RAIFF, a solution would be that air GDSs incorporate information on rail services, allow the reservation of these services and support the issuance of the integrated tickets. The air framework is indeed sufficiently developed - from an informatics point of view as well as concerning operating rules - to be extended to another mode of transport.

Another solution would be to profit from the development of the systems which are under way in the rail sector although ticketing integration in this transport mode is still in its initial stages. In this case, it would involve developing a new rail GDS which would allow integrated ticketing with the air sector.

It is, by the way, interesting to note that Eurostar is now member of Amadeus GDS and that by this means it proposes its services exactly like an airline.

5.3.1. Design of the IT platform

On the hypothesis of a solution based on the air GDS, IT9 developments will have to be carried out to allow integrated air-rail ticket sales. Data on rail services has indeed to be transcribed in a format that the air systems will be able to treat. Interfaces must be created to allow the production of integrated tickets. GDSs have already shown their interest. IT developments will also have to be carried out by rail companies. Considering that Railteam rail alliance currently develops an interconnection system between operators which will be active in January 2009, this system represents a promising rail GDS for the introduction of an integrated ticketing system. In any event, the systems' design has to be sufficiently evolutionary to be able to incorporate, in the future, data of rail GDSs and issue electronic tickets.

5.3.2. Operation of the system

Rail companies which would take part in the mechanism would pay to GDS operators a fee per reservation, therefore involving negotiations to determine the amount of such fee¹⁰. One could envisage the adhesion of each rail company to IATA in order to be able to participate to the Billing Settlement Plan (clearing house type) as well as for the attribution of IATA codes to railway stations (or maybe a "zone" code covering a series of stations) which would make it possible to identify them in GDSs. Consequently, such a mechanism involves important negotiations for rail operators who will have to join the air ticketing systems, with a particular emphasis on cost sharing between the various concerned parties.

Lastly, the system requires the development of operational and administrative procedures which are in line with those developed within the IATA framework, for example for the mutual acceptance of tickets issued by other operators.

Q6: Which is the most appropriate management structure for the first phase of this project?

A6: The “project”, should all prerequisites of cooperation be in place, is recommended to be **managed by commercial forces** within the cooperating industries. The management structure to devising the technical solutions of such intermodal cooperation should generally be left to the relevant parties to decide and devise.

In view of the substantial market potential of such integrated services passenger railway undertakings and airlines have a common interest in implementing the most efficient instruments to enhance customer satisfaction, while (private) airport operators may have differing interests. The regulator should only intervene, and propose (facilitate) a management structure to achieve the voluntary agreement, in case the relevant parties did not succeed within reasonable time in bringing one about.

Q7: Are the problems involved in air-rail integration mainly of an operational nature or are they rather related to the distribution of the product? In the first case, please specify.

A7: The problems, if any, involved in the cooperation of the aviation and rail sectors is perceived to be based upon **inadequate infrastructural and regulational conditions**, rather than involving “integrated ticketing”.

The **punctuality of flights** and the **consistency of the necessary transiting time** (caused by the differences in time needed to make train connections within airport terminals) are substantially greater problems to efficient intermodal cooperation.

Another prerequisite for successful intermodal cooperation between airlines and passenger railways is **information**: whether passengers have knowledge about the availability and cost of rail as a means of continuing/completing their journey. Distribution of information may be a suitable task for GDSs, however GDS's are generally viewed as not suited to facilitating the type of integrated ticketing where seat reservations are not required and which permits the use of “any train on a given day”. Furthermore, **GDS fees are perceived too high** in relation to average train tickets prices and corresponding rail carrier margins.

Q8: How important is it to travel with registered luggage on the entirety of the intermodal journey? Which solutions do you envisage?

A8: Cooperation between aviation and rail already exists for many years in certain member states of the European Union. In the passenger rail industry's judgment (also proven by some market studies conducted by railways) luggage-handling does not appear to be an obstacle to advancing such intermodal journeys.

If any problems may be mentioned in relation to luggage, they are with the **reliability and speed of reclaiming luggage at airports** (that is an airport technology issue) as a pre-condition of efficiently making a train connection.

Q9: Do you have further comments on the text of the document? Do you have suggestions?

A9: The European passenger railway undertakings suggest that the regulator re-focus its attention from integrated ticketing, which is seen as a technical issue to be resolved on a voluntary commercial basis, to the **prime obstacles of intermodal cooperation** among various modes of (public) transport which are:

- the establishment of **efficient points of transit** for passengers of different modes of transport, and
- the creation of a **level playing field**, both in commercial and regulatory sense, for the various transport modes operating within the European transport network.

Prior to defining any other actions aiming to facilitate intermodal cooperation by the regulator, a **Europe-wide survey on customer demand** should be conducted. CER hereby volunteers to make the expertise of the entire European passenger rail industry available to assist in the design of a proper survey questionnaire.

The European Commission could on the other hand undertake to encourage the development of internet-based **door-to-door journey planning** solutions, as they are seen as a potential promoter of intermodal journeys, also to include discount (low cost) airlines which do not use GDSs today.

In **legal terms**, offering an integrated air-rail ticket to the passenger may have a huge impact on the contract of carriage concluded between the passenger and the (successive) air/rail carriers. This aspect is not at all considered in the Consultation and the railways would need a detailed study of the legal framework as it stands today, especially as regards the Montreal Convention, the CIV Uniform Rules, as well as the new EC Regulations 261/2004 and 1371/2007.

If offering an integrated air-rail ticket to the passenger means offering a single contract of carriage for the whole air-rail journey, the obligations of the different undertakings effectively carrying the passenger must be clarified, especially as concerns the liability for delays, missed connections and cancellations. The legal interoperability of all the international and European texts mentioned above, notably as regards liability for delays and obligations of assistance can be put into question.

Finally, it should be mentioned that the **PRIFIS project** of UIC (mentioned in 4.3 of the Consultation Document) **does not work** in the way indicated there, as the project was stopped in 2007.