

Introduction and Background to the

EVES-Rail Study: *Economic Effects of Vertical Separation in the Railway Sector*

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- Political background: 4RP and some national discussions on vertical separation

- Scientific starting point: Do we know what works best?
 - What does the existing literature say?
 - Is there a need for further research?

- CER decided to commission a study

Would a tightening of EU separation requirements be economically justified?

- CER office → drafting of Terms of Reference
- Support group: CER Economics and Taxation Group
- Selection procedure for the research consortium: closed call on **9 well-known economics consultancies** (leading to receipt of 8 submissions)
- Influence of CER member companies:
 - On the Terms of Reference: supported without changes
 - On the candidates for the call: broadened, no removals
- Choice: recommendations from the CER Econ Group + CER office
 - Majority, and CER office, leading to choice of **Inno-V consortium**
 - Some CER members in favour of less academic choices: overruled
 - **Dominant criteria: scientific quality and data collection feasibility**

- I. Literature review
- II. Quantitative assessments of economic performance
 - a. Impact of structural model on **economic efficiency** (regression analysis)
 - b. Impact of structural model on rail's **modal share** (regression analysis)
 - c. **Value-for-money for state budgets** (selected countries)
- III. Qualitative rail sector modelling
 - a. Flow-chart modelling of the rail value chain under different structural models
 - b. Understanding the 'target functions' of IMs and RUs
 - c. Understanding the issue of '**alignment of incentives**' between IMs and RUs
 - d. Competition and non-discrimination under different structural models
- IV. Cost-benefit analysis of probable structural reforms
- V. Analytical conclusions
- VI. Policy recommendations

Modifications over project life-time: very minor

*- added short section on **value-for-money for state budgets***

Winning consortium



The Voice of European Railways



inno-V consultancy (Amsterdam, NL)
Didier van de Velde



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ITS, University of Leeds (GB)
Prof. Chris Nash
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Kobe University (JP)
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