

DEUTSCHE BAHN IMPLEMENTING A SUCCESSFUL STRATEGY

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1 Introduction

The Deutsche Bahn (DB) has been a pace maker on the European rail market. After many years of reforms the national railway company now appears as a model for all European railroads to stick to.

It is noteworthy that, over time, the DB managed to make its freight rail operations profitable and seems to have made the appropriate choices. Therefore, other national railway companies such as SNCF are now attempting to adapt similar strategies.

This document strives to analyse the path followed by the DB and gets back on the national railway company strategy's key points that led to success.

2 Overall background

2.1 European Union: toward the rail market liberalisation

Early 1990, the European rail transportation market share was declining. To remedy this negative trend, the European Union launched a set of political measures to re-boost the rail sector. The idea was to liberalise the market, pep up the rail sector, open operations to new rail providers to develop internal competition and thus put an end to monopolistic situations.

The first step was the 91/440/EEC directive. It requires from European Union member states to see to it that railway companies run their business keeping in mind the need for competitiveness and sound finances. Technically speaking, companies had a budget separated from the State budget and had to take steps to significantly reduce their indebtedness. Also, it was compulsory for European Union member states to display separate accounting for railway infrastructure (track and related equipment) and the operation of transport services.

Over time, every state complied with this directive. Nonetheless, noteworthy distinctions existed over countries. Thus, the separation was only in accounting terms for Austria, Belgium, Greece, Ireland and Luxembourg, whereas the separation was made by creating distinct branches within the same organisation in Germany, Switzerland and Italy. In France, as well as in Spain, Denmark and Sweden, the compliance with 91/440/EEC led to two distinct entities, not only at the accounting level, but also legally speaking. In all these countries, infrastructures remained publicly-owned, whereas in the United Kingdom, it was transferred to the private sector.

Then, in 1995, two directives were issued to rule obtaining of operating licences (requiring a good repute, financial standing and professional competence) and allocations of paths, even though the market was not yet opened to competition.

But the most important set of directives were adopted by the Council of Ministers in 2001 and then 2004. The 2001/12/EEC directive concerns the broadening of access rights to the rail network. Under specific conditions, access to national railway which is part of trans-European network is to be made available for any companies that would like to run international freight services. On the April 29, 2002, the directive voted stated, among other things, that, by January 1, 2006, all rail companies must have access to any part of the network (not only the trans-European one, as stated in 2001) for international freight services, and that, by January 1, 2007, for any type of services (equally, national and international).

