

# POSITION PAPER

## About a future "EU Railscanner"

**BRUSSELS, 4th November 2020:**

ALLRAIL, the Alliance of Passenger Rail New Entrants in Europe, represents independent passenger rail companies: both operators and digital rail ticket sales platforms (otherwise known as "ticket vendors"). We promote competition in the passenger rail market, aiming for an EU regulatory environment that encourages innovative & attractive rail services.

### INTRODUCTION:

In a joint letter sent to the EU Commissioner for Transport Mrs Adina-Ioana Vălean in June 2020, twenty-four European countries stated that:

*"Rail travellers have long called for an online platform similar to "Skyscanner" to be set up, perhaps by the EU".<sup>1</sup>*

### **We welcome the initiative of the current EU German Presidency to boost and facilitate cross-border travel by trains**

Then, during a conference hosted by the German Presidency of the EU Council on September 21st 2020, EU transport ministers discussed the opportunity to launch a joint booking platform – a so-called "EU Railscanner" in reference to the aviation digital platform Skyscanner – for international passenger rail services. In recent months, many other EU stakeholders (e.g. climate NGOs<sup>2</sup>) have also called for setting up such a digital platform, where consumers can find all available rail options to plan and book a one-way journey across *all* passenger rail operators, regardless whether incumbent or new entrant.

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<sup>1</sup> <https://www.euractiv.com/section/railways/news/24-countries-sign-pledge-to-boost-international-rail-routes/>

<sup>2</sup> <https://www.railwaygazette.com/in-depth/ngos-propose-five-policies-for-climate-friendly-european-rail-renaissance/57390.article>

Consequently, the current German Presidency of the Council of the European Union is apparently working right now on a concrete proposal on how to realise such an EU Railscanner.

Indeed, it is very good that the European Union is taking the lead to look into how booking and purchasing of tickets for sustainable mobility can be facilitated, especially within the framework of the upcoming “Year of the Rail 2021”.

Ultimately, this is the perfect moment to unite all relevant stakeholders around the table for an in-depth discussion on the future of mobility and rail services. This is why we would also like to share our vision on the necessary prerequisites for the successful introduction of an EU Railscanner.

### **WHY SETTLE FOR ONE - WHEN YOU CAN HAVE MANY?**

The good news is that the work does not need to start from scratch. Across Europe, there are **already nine independent digital platforms** that enable customers to choose between different rail options and providers<sup>3</sup>. Companies like Omio, FromAtoB, Tictactrip or Koleo, to mention just a few, already offer customers the choice between different rail operators in an impartial and transparent way. They can also combine tickets of different operators to provide customers with the most optimal (cheapest or fastest) multi-leg journey between two rail stations, especially across EU borders.

These platforms are all privately owned independent digital rail platforms thus demonstrating the full confidence that private investors have in them. For example, in August 2020, German-based platform Omio managed to raise and additional US\$ 100 million of capital<sup>4</sup>, showing that investors are still willing to invest in public transportation and believe in the resilience of the sector, despite the COVID-19 crisis.

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<sup>3</sup> Please see the list at the bottom of this article: <https://www.railwaygazette.com/passenger/call-for-booking-platforms-to-be-given-access-to-train-operators-data/57521.article>

<sup>4</sup> Please see this article in the German business newspaper “Handelsblatt”: <https://s3.eu-central-1.amazonaws.com/uploads.mangoweb.org/allrail/prod/uploads/2020/08/Omio-schlie%C3%9Ft-neue-Finanzierungsrunde-ab-%E2%80%93-Beschwerde-u%CC%88ber-Bahn-1.pdf>

## WE SHOULD SUPPORT THE GROWTH OF THESE EXISTING PLATFORMS - RATHER THAN CREATE A NEW ONE

In reality, there is no need for a new EU taxpayer-funded platform as many such impartial digital rail platforms already exist and have the technology ready and functioning. Further, when the incumbent railways attempted in the past to create a new booking platform ‘Railteam Broker’<sup>5</sup>, it failed fairly miserably – the main change since then is that rail competition is now a reality and incumbents should be competing with each other, not forming competition-distorting rail ticket sales alliances.

It would be much easier to introduce a regulatory framework to make rail ticketing less complex and fragmented at no additional cost, rather than creating a new platform. All existing digital rail platforms can play their role as EU rail scanners, provided the necessary market conditions are implemented. The fact that this is not just one platform also guarantees that there will be the necessary competition between different platforms to avoid the creation of a monopoly or a dominant market position. Supporting their growth also is fully in line with the EU ambition to support the creation and durability of homegrown EU Technology Champions in critical sectors such as mobility.

To further support their development, there are several obstacles to the creation of a truly single European market for travel and ticketing that still **need to be overcome**.

Unfortunately, as many infraction procedures in EU Member States illustrate, a significant number of state-owned rail operators continue to abuse their market dominant position to impose unfair business practices and discriminatory behaviour that hinders the development of such “Railscanners”.

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<sup>5</sup> <https://www.railwaygazette.com/news/railteam-bids-to-relaunch-international-rail-travel/32212.article>

These obstacles should be addressed as follows:

- *Mandatory equal access to all necessary data*

Essential information and real-time data, such as live travel information about delays and cancellations, must be shared with independent digital rail platforms. We can see what happens when this does not take place:

- In recent months, the state-owned rail operator Deutsche Bahn ('DB') in Germany has denied independent digital platforms access to a **new** kind of data that is crucial for public safety: train occupancy information that helps maintain social distancing during the pandemic.
- The anti-competitive strategy behind this policy is give exclusive access to this data **only** to DB's in-house digital rail platform so that customers think that they have a safer, less risky experience when booking directly there than when using an independent digital rail platform.
- DB's in-house digital platform therefore receives a unique selling proposition, which it then aggressively advertises:



**DB is commercialising public safety:**

Here is a poster advertising how social distancing data is available on DB's in-house digital rail platform App "DB Navigator"- But no independent digital rail platform has access to such data!

*(This advertisement spotted at a bus stop in Cologne, Germany, on 25th October 2020)*

Germany's competition regulator, the "Bundeskartellamt", has opened a formal investigation against DB's behaviour vis-à-vis independent digital rail platforms and is expecting to come out with its conclusions in the coming months.

The corrective solution is as follows: EU Member States must ensure that publicly owned market dominant rail incumbents give equal access to the same data to all digital rail platforms, both in-house and independent. Competition between digital platforms should not be in terms of who has better access to data but instead about who makes better use of it for the benefit of passengers, providing the most user-friendly One Stop Shop.

- *Commercial terms must be fair, reasonable and non-discriminatory (FRAND)*

*“Competition in the rail sector depends on competition in sales, i.e. beginning with the sale of rail tickets”* said Andreas Mundt, President of the German Federal Cartel Office in 2016<sup>6</sup>. Market dominant rail incumbents must offer to independent digital rail platforms the same FRAND conditions that they offer to their in-house digital rail platforms.

First, this means that independent digital rail platforms should be able to sell all tickets and fares in all markets and channels, without marketing restrictions – to ensure maximum exposure for all EU passenger rail products. This will increase the share of voice for passenger rail.

Secondly, the market dominant, state-owned rail incumbents should not pay lower commissions to independent digital rail platforms than what they pay to their in-house digital rail platforms or indeed to the in-house digital rail platforms of other incumbents, resulting in independent digital rail platforms having to charge more at the expense of customers.

We call on the EU Commission to introduce a robust EU legislative framework that provides for a fair, reasonable and non-discriminatory environment for both independent and incumbent in-house digital rail platforms.

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<sup>6</sup> Press release by German Federal Cartel Office in 2016 about the German rail incumbent agreeing to make changes to the previous rail ticket sales arrangements in Germany:

[https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2016/24\\_05\\_2016\\_DB\\_Fahrkarten.html](https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2016/24_05_2016_DB_Fahrkarten.html)

- *Possibility to offer passengers the same rights, including as part of a combined journey*

Independent digital rail platforms also offer the possibility to combine separate tickets from different operators into a one-way journey as part of the same booking transaction (adhering to standard minimum connection times), thus removing the complexity that many passengers face when they are trying to book domestic and cross-border rail tickets. Such combinations of separate tickets from different operators open a myriad of better rail options (i.e. cheaper and/or faster) to passengers than through tickets with one sole operator.

However, for such rail options to be attractive for passengers, they should offer the same rights in the case of delay or cancellation for the entire one-way journey (i.e. from the beginning until the end of the one-way trip), regardless of which operators form part of the travel chain.

Alas, under the new provisional EU Rail Passenger Rights agreement between EU Parliament and EU Council, passengers on multi leg journeys will only be guaranteed basic rights such as journey continuation if connecting trains are run by a sole rail operator<sup>7</sup>, making through-ticketing across different operators, as in many of the cases offered by independent digital platforms, less attractive.

Sadly, this myriad of better rail options that independent digital rail platforms can offer will become more risky for passengers if they do not have passenger right coverage from the beginning until the end of the entire journey. Consequently, the fragmentation of ticketing in EU passenger rail **will continue**.

- Solution: Passenger rights should cover all combinations of different rail operators for a one-way journey, not just those of one sole operator.
- Solution: There must be mandatory through ticketing for EU passenger rail.

**We call on the EU institutions to address these gaps to help grow already existing independent digital rail platforms into true EU Railscanners.**

**Not just one, but many of them. Only this will offer a sustainable solution and lead to better quality of transport, improved choice, cheaper prices, higher demand and an eco-friendly modal shift to rail.**

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<sup>7</sup> For more details on this specific point, please read here: <https://www.beuc.eu/publications/reform-rail-passenger-rights-eu-policy-makers-fail-meet-passenger-expectations/html>

**Links:**

- [www.allrail.eu](http://www.allrail.eu)
- [Twitter](#)
- [LinkedIn](#)
- [YouTube channel](#)
- [Podcast](#)
- [Instagram](#)

**For more information please contact:**

Nick Brooks, Secretary General

Tel +32 485 832 991; Email [info@allrail.eu](mailto:info@allrail.eu)

**About ALLRAIL**

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