


II Workshop on Transport Economics Competition and Regulation in Railways

Competition and the Provision of Rail Passenger Services

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- What is better in the case of HSR:
 - *competition in the market (on track)?*
 - *competition for the market (franchising)?*
 - Competition in the market should work and if it doesn't what is the reason?
 - Competition works quite well in European air transport (cabotage since 1997).
 - Are railways so much different? Relevant markets failures?
 - Or simply are trains “arriving too late” to competitive markets?

Air versus rail transport

	Air transport	Rail transport
Operators	Airlines	Railway companies
Going through	Airways	Tracks
Arriving at/departing from	Airports	Stations

- Some differences:
 - Technology
 - Vertical integration
 - Infrastructure costs (tracks maintenance, signaling,...)
 - Pricing and subsidies
 - International/domestic

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- The authors review the (limited) experience of on track competition in rail passengers markets and also the experience of competition through franchising.
 - They also conduct an interesting modeling exercise for on track competition through application of the PRAISE model:
 - Good to have some more details on the assumptions.
 - Welfare analysis?

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- But mixed results: determining which approach is better is not easy.
 - The authors believe that **franchising works better**, however expecting new developments in the market (more intense competition may emerge, e.g. Italian case).
 - “Trains arriving too late into competitive markets”
 - What would happen if cabotage rights allowed?