

PRESS RELEASE

The CNMC publishes a study on the liberalization of passenger transport services by rail

- In December 2020, the market for commercial passenger transport services by rail will be opened up to competition in Spain, allowing new operators to enter the market and compete with Renfe.
- The experience of other European countries shows that liberalization is an opportunity to increase the supply and quality of services, reduce prices and improve the use of railway infrastructure.
- Infrastructure access procedures and charges for the use of the infrastructure should be designed with the aim of fostering competition and encouraging the entry of new operators.
- The CNMC recommends ensuring access of new entrants to rolling stock and maintenance facilities.
- The CNMC recommends guaranteeing effective competition in the markets for training and hiring of engine drivers.
- Renfe should not have advantages related to its former monopolistic position.

Madrid, 3 July 2019.– The CNMC (Spanish National Commission for Markets and Competition) has published a Study on the liberalization of passenger transport services by rail ([E/CNMC/004/19](#)). This report is part of a set of initiatives aimed at supporting the opening of the sector to competition in December 2020.

Domestic transport services by rail are crucial to ensure individual mobility and territorial connectivity. In December 2020, the European-driven process of liberalization of railway services will be completed in Spain. Hence, new operators will be able to supply commercial passenger transport services in competition with Renfe (the historic incumbent). Liberalization experiences in other countries have proven very positive in terms of increased traffic and train frequencies, higher quality of services and lower prices.

Some features of the Spanish railway sector favour the entry of new operators. Namely, the existence of spare infrastructure capacity and the fact that commercial and public service obligations (PSO) services do not have significant overlaps in the network.

However, the liberalization process faces important challenges. Firstly, technical characteristics of the Spanish railway infrastructure may hinder entry in some

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segments of the market. Secondly, Renfe, having been a monopolist for a long time, has an advantageous position in the market. It has rolling stock, maintenance facilities, rail staff, and relevant information on the functioning of the market and customers that are not easily replicable by new entrants. Finally, there are several issues that should be tackled in order to reduce uncertainties for new entrants. In particular, it is necessary to move forward in terms of the autonomy of RENFE and ADIF, the design of infrastructure access rules, and charges for the use of the infrastructure.

The CNMC considers that if the regulatory and institutional framework does not offer sufficient guarantees, it will be difficult for new companies to bet on the Spanish market and bear the costs and risks associated with this decision.

In order to ensure the success of liberalization, the CNMC offers the following recommendations from the point of view of competition and efficient economic regulation:

1. Maintaining the structural separation of ADIF and ADIF Alta Velocidad from RENFE.
2. Ensuring the full autonomy of ADIF, ADIF Alta Velocidad and RENFE.
3. Guaranteeing adequate and sufficient access to capacity in the railway infrastructure and service facilities.
4. Improving the system for setting infrastructure access charges.
5. Ensuring that new operators have access to rolling stock and maintenance facilities.
6. Guaranteeing effective competition in the markets for training and hiring of engine drivers.
7. Not extending the contract directly awarded to Renfe for PSO (public service obligations) services.
8. Avoiding that the operation of PSO services provides the incumbent operator with a competitive advantage in the liberalized market.

This study is part of a set of initiatives aimed at ensuring the success of the liberalization of the railway passenger market, starting December 2020. On 25 June 2019, the CNMC published a Report on the modification of the 2019 Network Statement by ADIF and ADIF Alta Velocidad, which sets out the characteristics of the railway network and the rules for infrastructure access and capacity allocation ([STP/DTSP/032/19](#), see here the [press release](#)).

Under the provisions of Article 5.1.h of Law 3/2013, of 4 June, on the creation of the National Commission of Markets and Competition, the CNMC has within its functions the promotion of effective competition in markets through, among others, the elaboration of studies and research work in the field of competition, as well as general reports on economic sectors, with proposals for liberalization, deregulation or regulatory modification, where appropriate.

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