

# **Swedish rail liberalisation and sector development - past, present and future**

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30 May 2013

# Outline of presentation

- Brief history of rail liberalisation
- The current structure
- Effects and market development
- The new Government review of the organisation of the railway sector

# Brief history of rail liberalisation and other (de)regulatory reforms

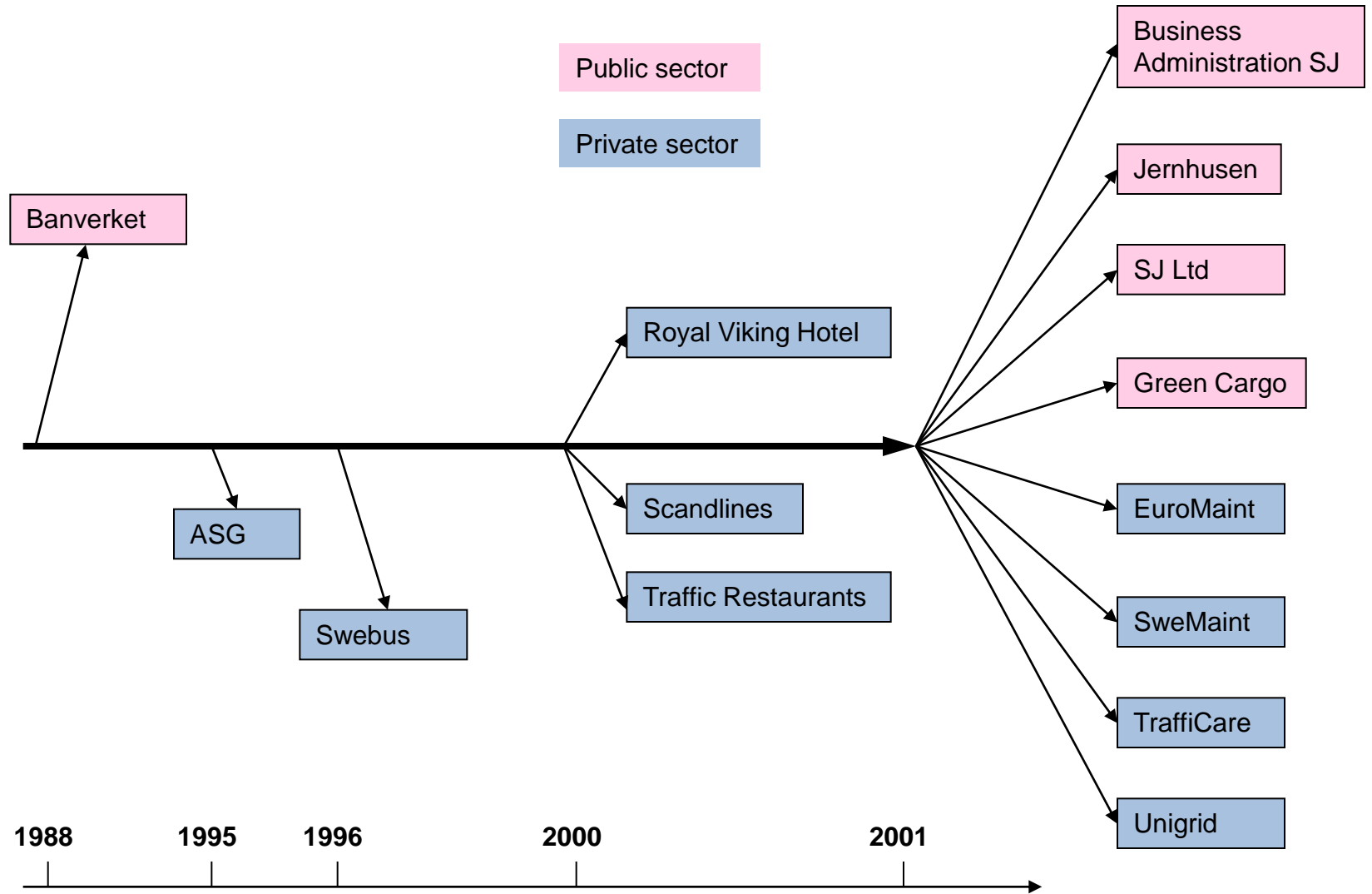
# Pre-history

- 1960s-1980s: A period of decline and increasing financial problems for the Swedish State Railways (SJ)
- line closures
  - operating subsidies introduced
  - additional state grants needed
- 1985: New Railway Law:
- the State took additional responsibility for rail infrastructure
  - SJ to separate its accounts
  - track access charges introduced
- 1986: SJ in severe financial crisis; need for 1 billion SEK in additional grants
- 1988: New Transport Policy Act

# Evolution of rail liberalisation (1)

- 1988: Vertical separation of track infrastructure (Banverket) from operations (SJ)  
Decentralisation of responsibility and resources to regional authorities
- 1990: First tenders for regional services
- 1993: First tenders for interregional services
- 1996: Deregulation of freight services
- 1998: More functions taken over by Banverket
- 2000: Break-through for new entrants in several tenders
- 2001: Separation and corporatisation of SJ's divisions

# Separation and divestment of SJ



# Evolution of rail liberalisation (2)

- 2004: Swedish Rail Agency is established
- 2006: Market opening for night trains and chartered trains
- 2009: Jan Swedish Transport Agency is formed (out of several other authorities) with multi-modal regulatory responsibilities
  - June Market opening for weekend traffic (rest capacity)
  - Oct Market opening for international passenger services (to comply with EU directive)

# Evolution of rail liberalisation (3)

- 2010: Jan Banverket's construction and maintenance unit is separated and corporatised (Infranord)
- April Banverket is merged with the Road Administration to form Trafikverket - the Swedish Transport Administration (a multi-modal infrastructure manager)
- Oct Market opening for domestic passenger services, with full effect from Dec 2011
- 2012: New law on public transport

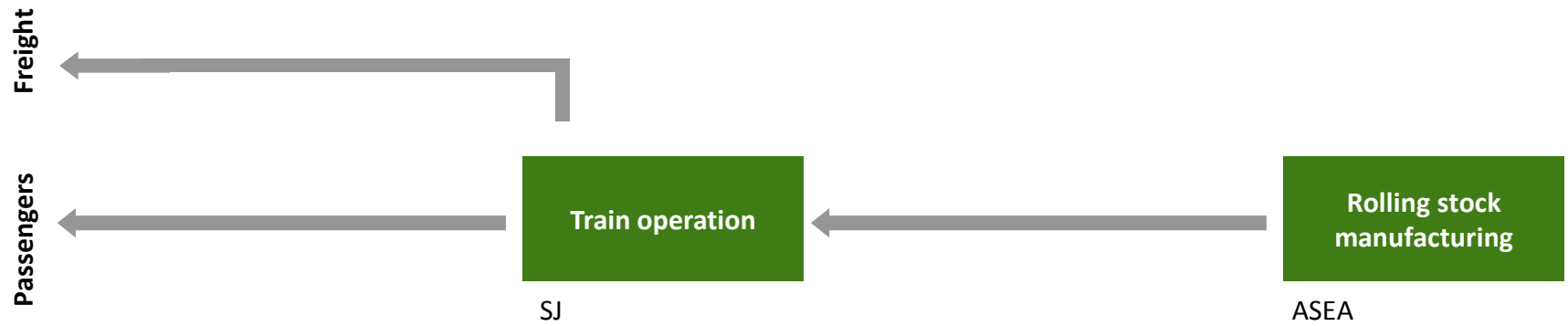


# Current structure

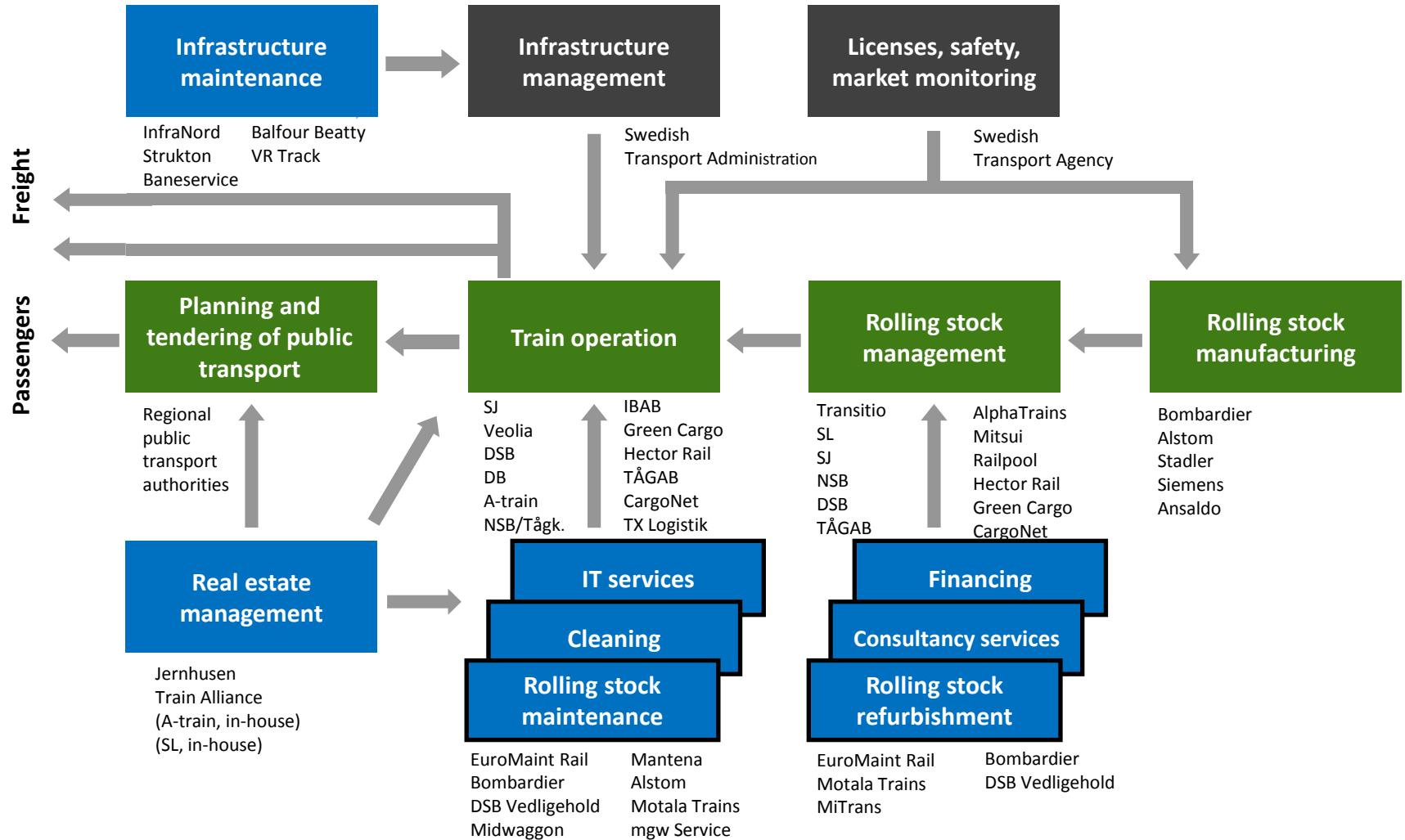
# Overview of regulatory structure

Part of rail transport market	1988	2013
<i>Passenger services</i>		
Regional (non-profitable)	SJ holds monopoly and receives subsidies	Procurement by competitive tendering (competition <i>for</i> the tracks); since 1990 Open access (competition <i>on</i> the tracks); since 2011
Inter-regional (non-profitable)	SJ holds monopoly and receives subsidies	Procurement by competitive tendering (competition <i>for</i> the tracks); since 1993 Open access (competition <i>on</i> the tracks); since 2011
Inter-regional (profitable)	SJ holds monopoly	Open access (competition <i>on</i> the tracks); implemented step-by-step 2009-2011
<i>Freight services</i>	SJ holds monopoly	Open access on all lines (competition <i>on</i> the tracks); since 1996

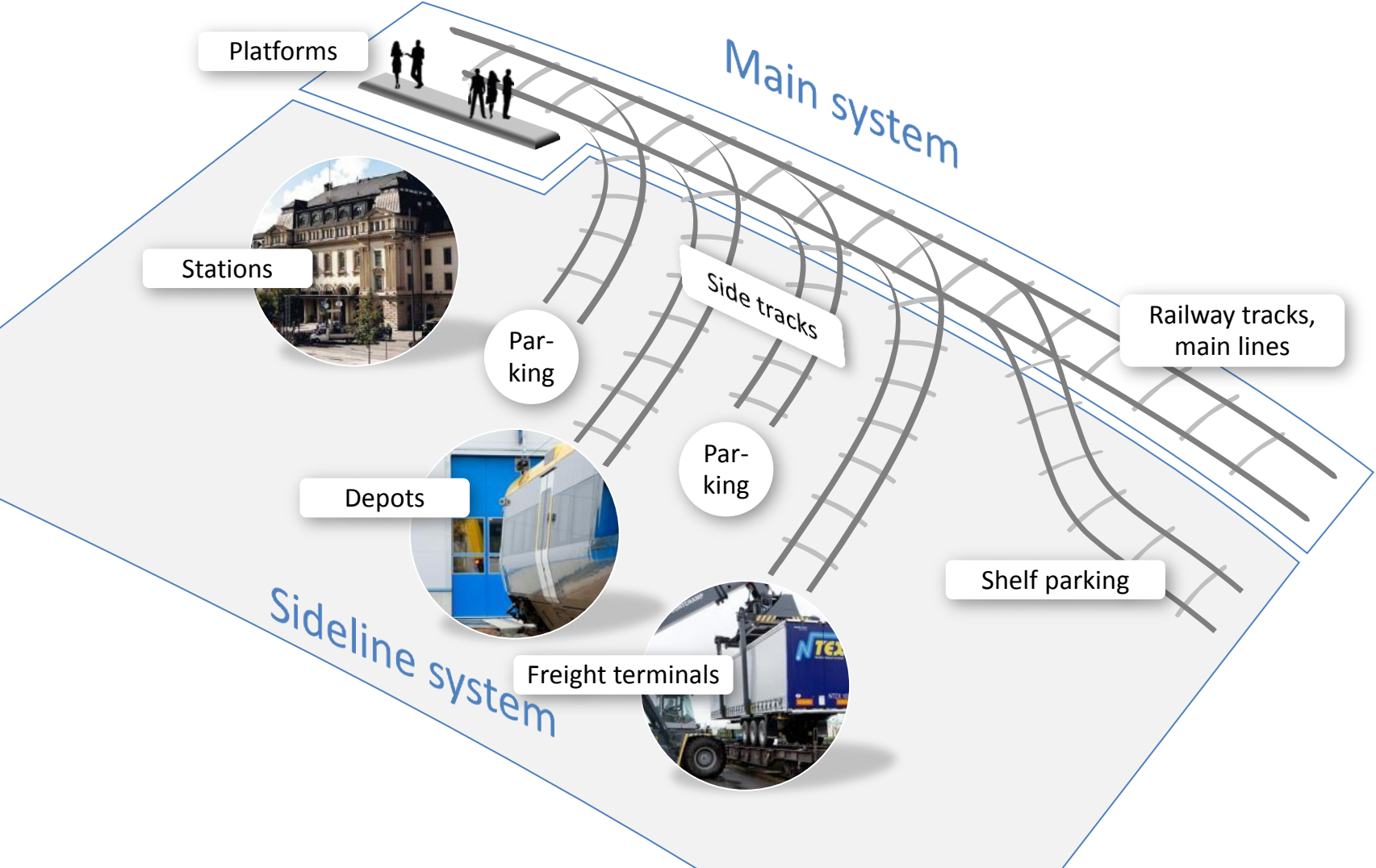
# Swedish railway market 1988



# Swedish railway market 2013

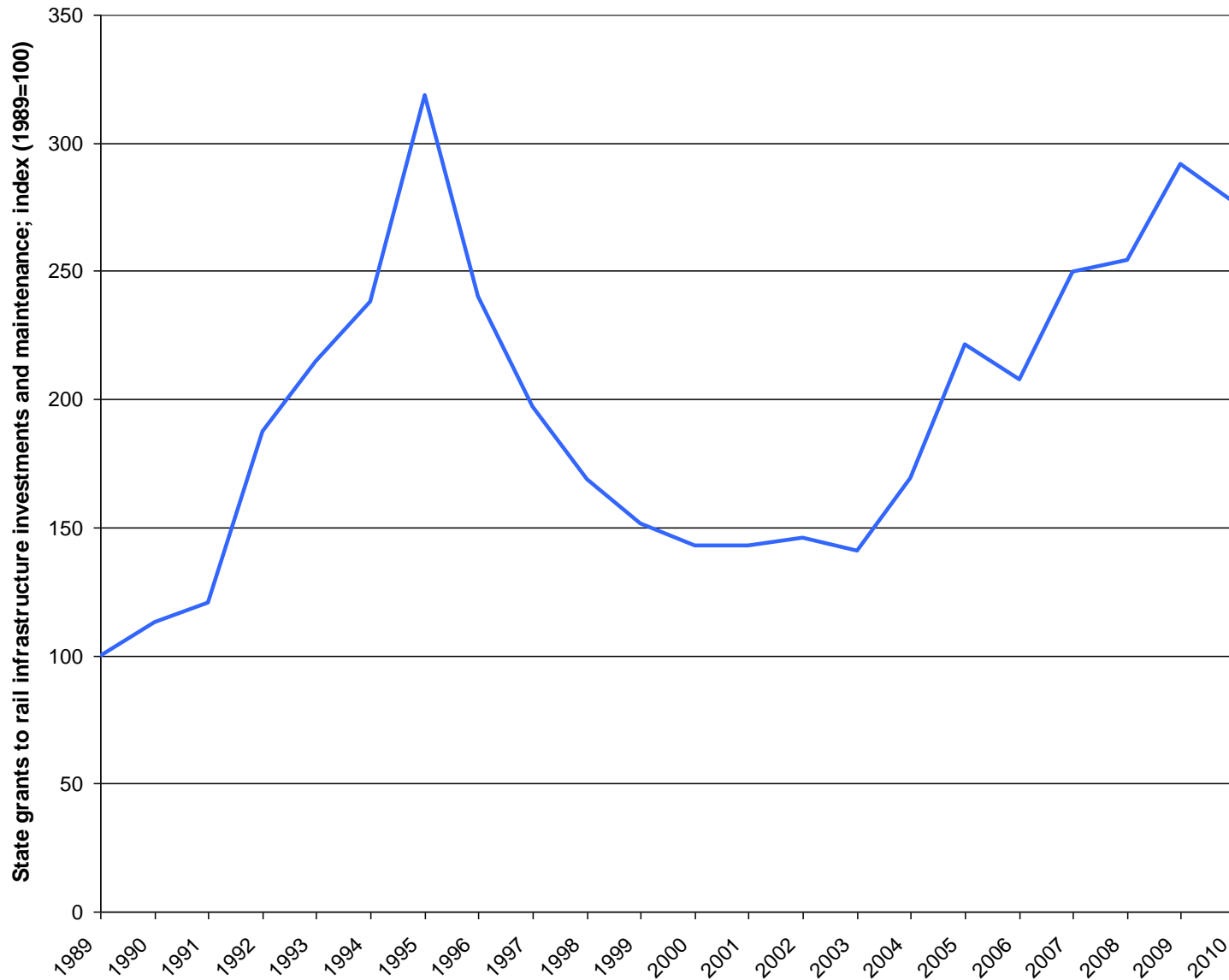


# Additional complexity when comparing main system with sideline system

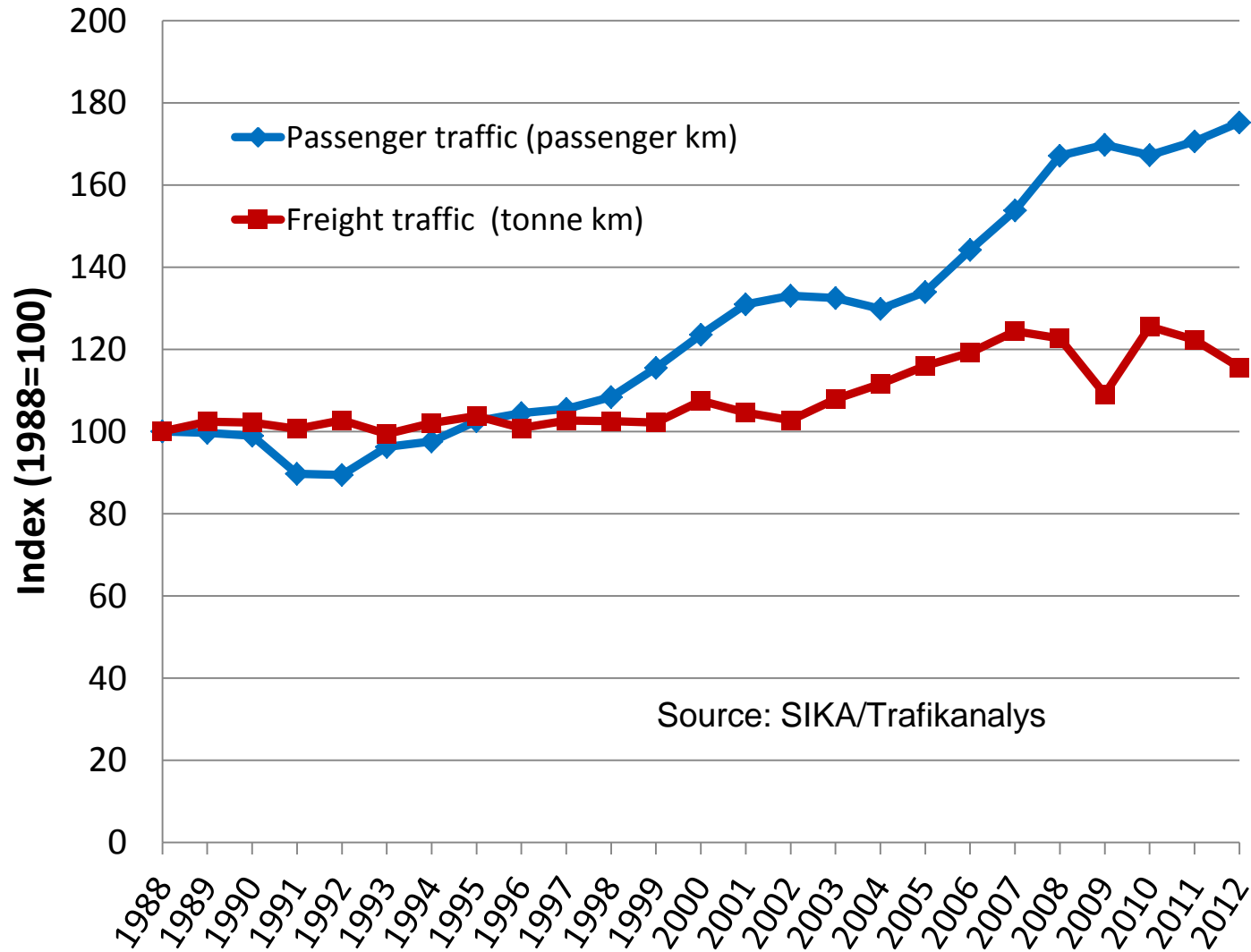


Experience and effects

# Rail infrastructure investments and maintenance

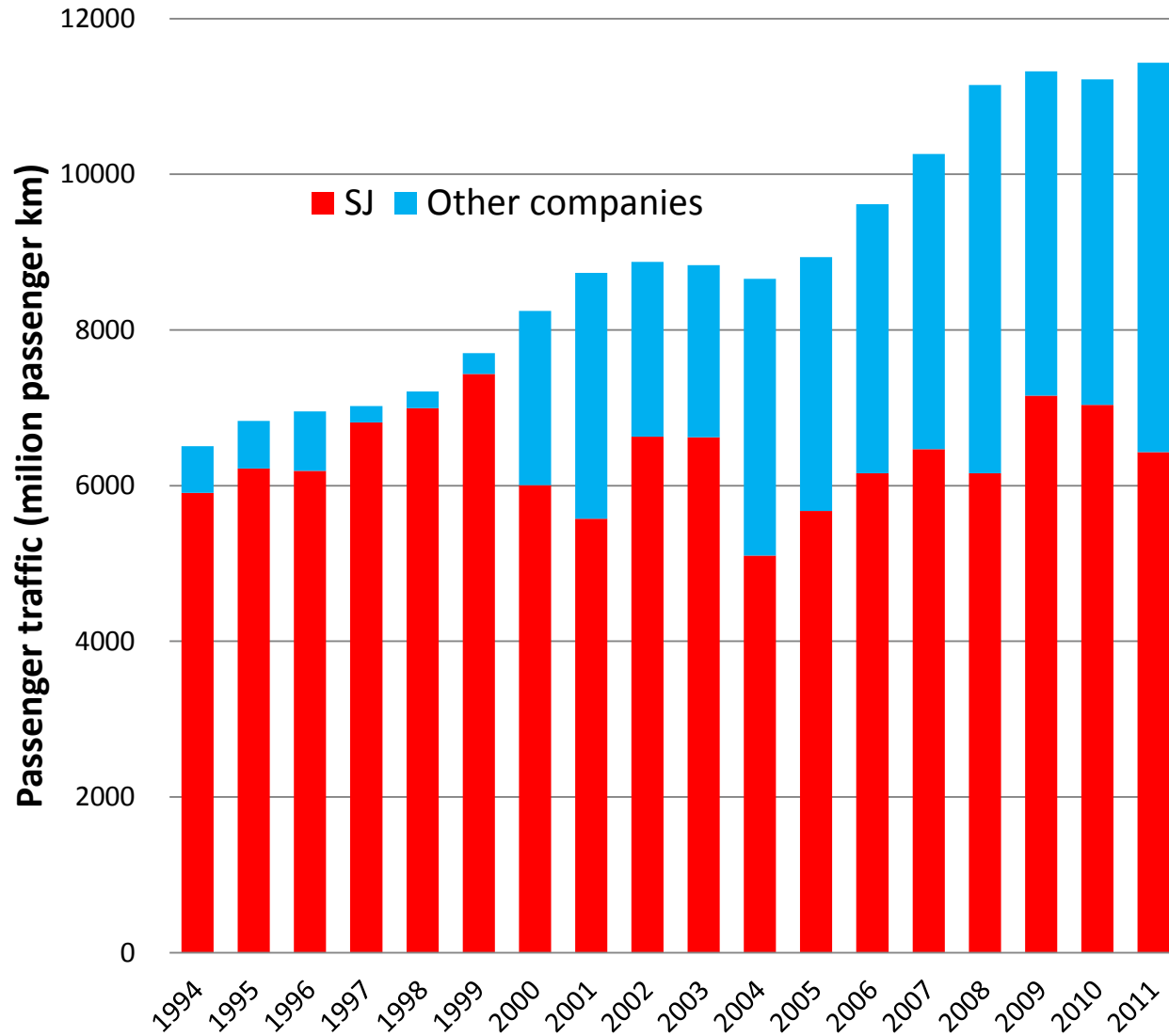


# Market development

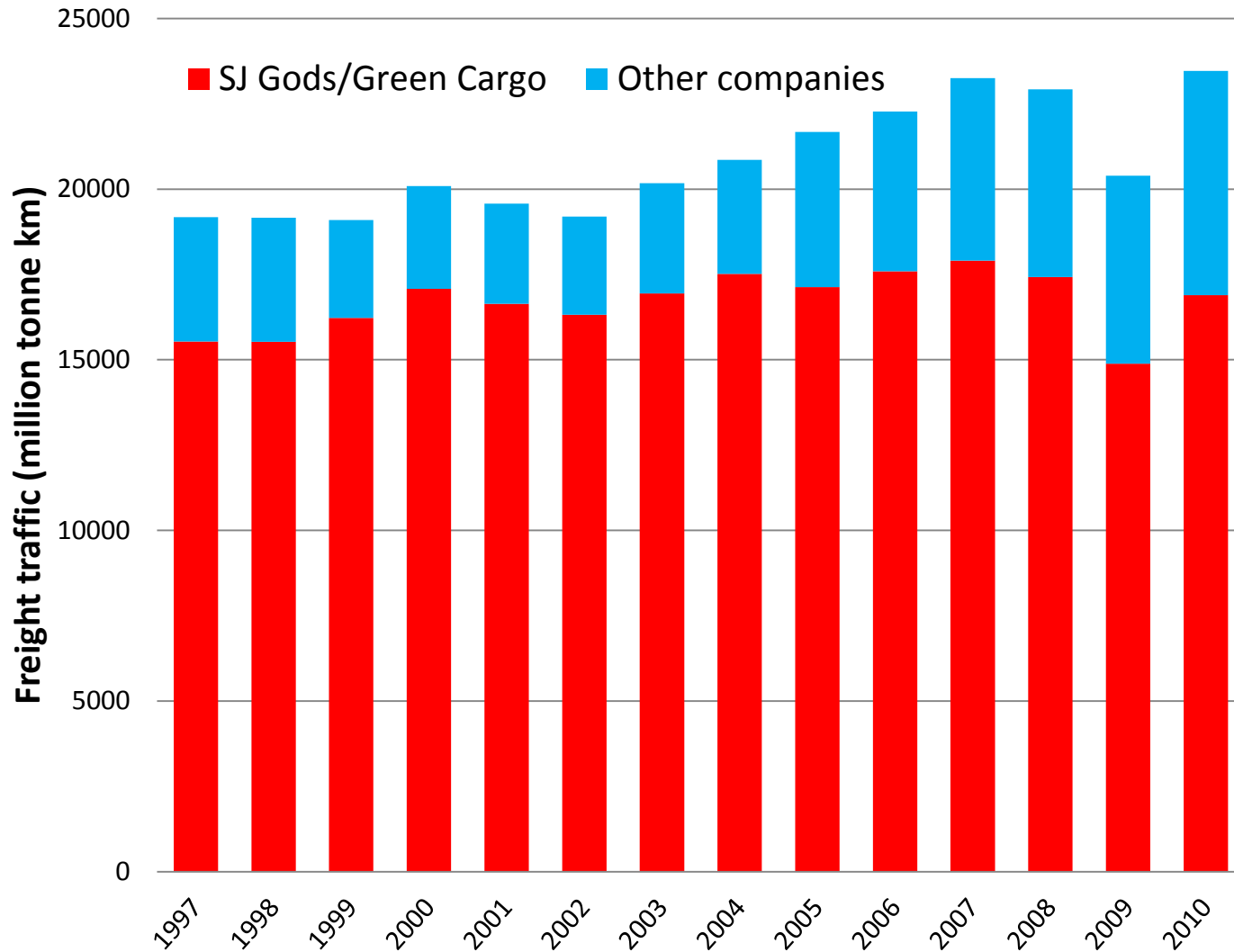




# Market development and new entrants - passenger



# Market development and new entrants - freight

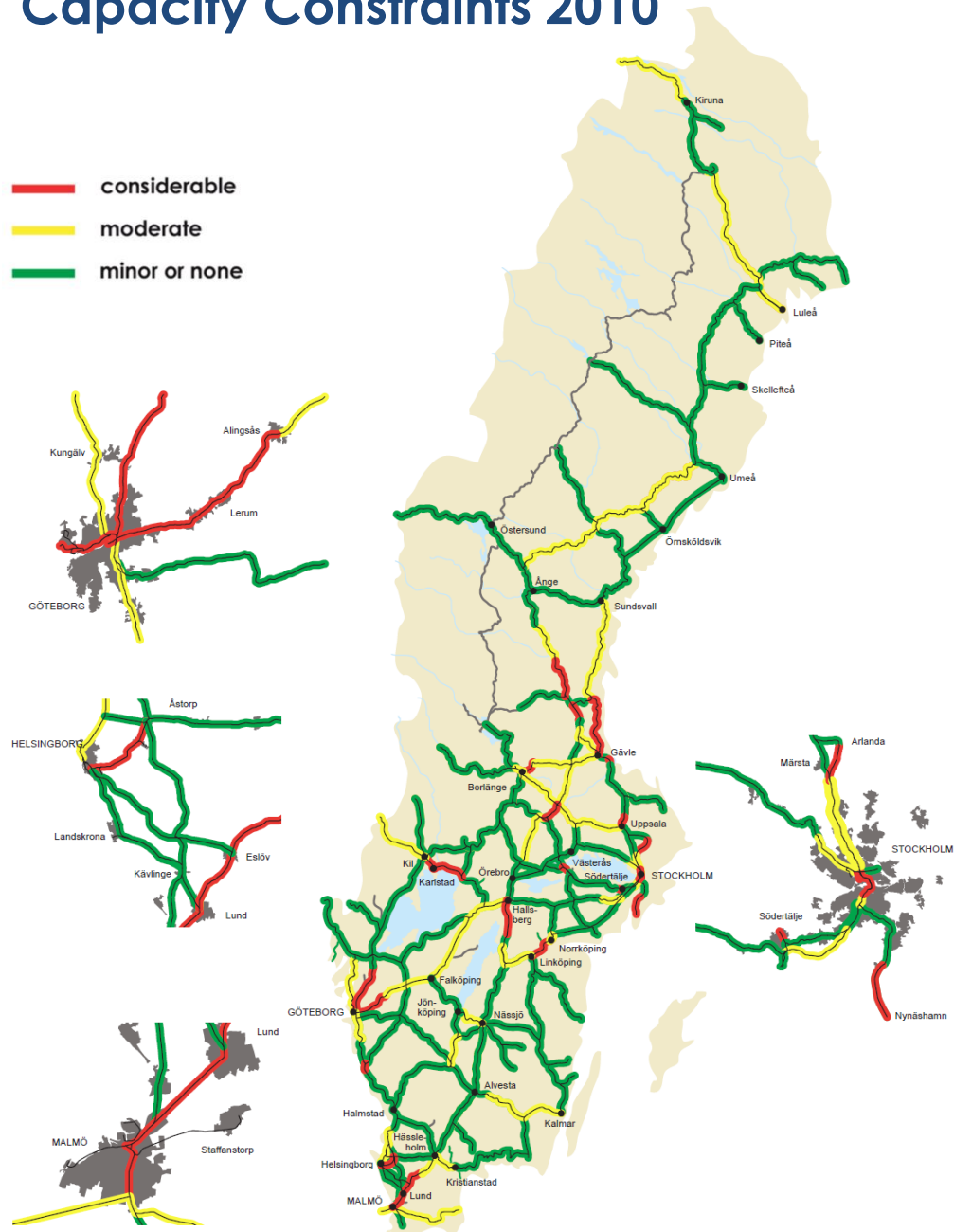


# Subsidy effects from tenders

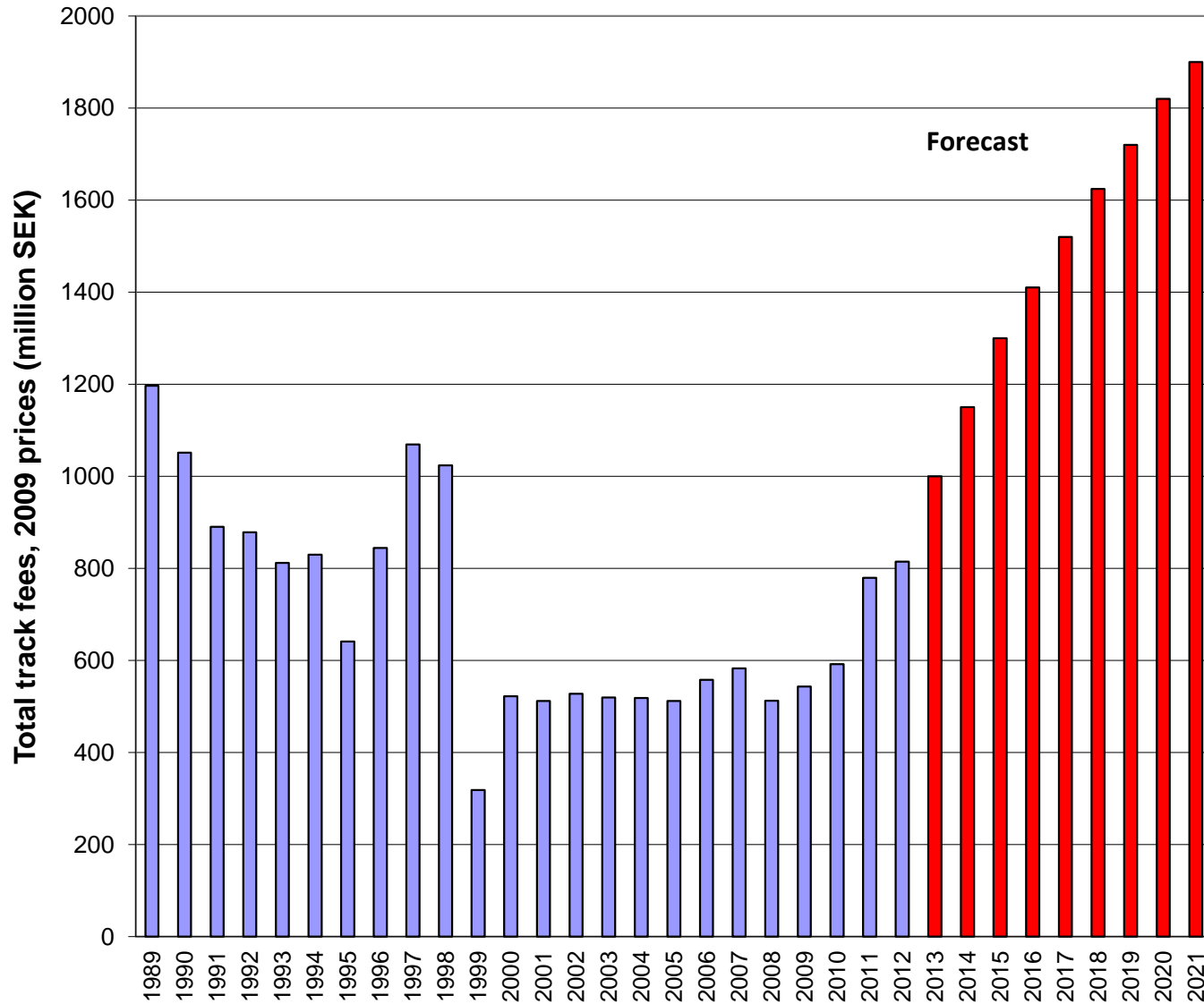
<b>Lines procured by CPTAs (regional lines)</b>	<b>Tender No.</b>	<b>Year</b>	<b>Subsidy effect</b>
Network in county of Jönköping etc	1	1989	-21%
	2	1993	-25%
	3	1997	Minor increase
Ystad-Simrishamn	1	1995	-18%
	2	1998	-10%
Herrljunga-Hallsberg	1	1994	-10%
	2	1999	-3%
	3	2002	Minor increase
Borlänge-Malung	1	1991	n.a.
	2	1994	-20%
	3	1996	Minor
Uppsala-Tierp	1	1991	n.a.
	2	1999	-20%
Stockholm, commuter trains	1	1998	-32%
	2	2005	+10%
<b>Lines procured by the state (interregional lines)</b>	<b>Tender No.</b>	<b>Year</b>	<b>Subsidy effect</b>
All lines	1-2	1992-93	-21%
	3-6	1994-98	No increase
	7	1999	-28%
Northern trains	7	1999	-20%
	10	2002	-42%

# Capacity Constraints 2010

- considerable
- moderate
- minor or none



# Track Access Charges



Source: Banverket/Trafikverket

New Government review of the  
organisation of the railway sector

# Government decision 8 May 2013

- An appointed investigator is to make a review of the organisation of the railway sector
- The aim is to come up with suggestions for improvement to address future demands on efficiency and sustainability

# A two-step approach

- Description of current organisation  
*Ready Oct 2013*
- Analysis of how the organisation can be improved  
*Following from subsequent directives*



# Directives for step 1

- Using a functional description of the railway system in order to show the division of responsibilities and tasks among different actors
- Describing the organisational development since 1988, including motifs and an explanation of concepts
- Mapping relevant EU law and the room for national decision-making
- Making an inventory of potential areas of improvement
- Deadline: 15 October 2013

**Thank you!**