



## **Locomore's financial difficulties: an unwelcome reminder of the difficult climate for rail new entrants**

As the new German start-up Locomore declares insolvency, ALLRAIL, the Alliance of Rail New Entrants, highlights the crippling cost challenges and entry barriers for rail, limiting the growth of eco-friendly rail transport.

ALLRAIL firmly believes that fair framework conditions are crucial for supporting rail's growth and ability to deliver on the EU's modal shift targets. That means creating the right environment for attracting rail newcomers into the railway system, allowing genuine competition to enhance performance/quality and benefiting from fresh blood to drive innovation and new ideas into the sector.

Locomore, a partly crowd-funded service, aimed to attract new and more passengers to rail by offering competitive ticket prices, trains run entirely on sustainably sourced green electricity and an innovative take on train zones.

In a recent interview, Locomore's CEO cited the incumbent's control of a downstream component of the value chain – distribution - as being anti-competitive. The refusal of DB outlets to sell Locomore tickets must have been a major contributory factor in its collapse.

A sector which impedes the influx of new blood, and the innovation and drive that brings, can only lead to stagnation and failure. Indeed while the other more polluting modes of transport have made significant market gains in recent years, most notably road and aviation, rail's market share in the EU has either remained flat or even in some cases declined. Locomore is the fourth rail start-up in recent years to try and fall flat in entering the long-distance German passenger market.

ALLRAIL therefore calls for open and transparent practices in the sale and distribution arrangements of all rail tickets and for action to be taken to achieve:

✓ Full distribution integration of all newcomer rail tickets in incumbent and all other sales channels (starting from timetable information to price information and integrated sales) in order to ensure accessibility of tickets for passengers and non-discriminatory access to ticket vending facilities and infrastructure.

- ✓ Combined journey rights for all through rail tickets guaranteeing that rail is an attractive choice for passengers.

ALLRAIL also calls for a strategy at European level to improve the climate for new entrants to invest in boosting rail's modal share. The following needs of newcomers should be met:

- ✓ Transparent infrastructure charges based on direct costs only, with very limited or even no mark-ups allowed, as long as rail competes with road without distance-based road pricing for cars, buses and lorries.
- ✓ Support for financing tools to reduce the risk of short term lack of liquidity for rail newcomers
- ✓ A rail facilities market that supports rail's competitiveness and growth aspiration, i.e ensure optimal use of rail facilities and their services with a view to making available a wider range of commercial and operational facilities
- ✓ Improved financing and non-discriminatory access to all unused second hand rolling stock for rail newcomers

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ALLRAIL represents new entrants to the rail market, who want open access and fair market conditions, and sustains their role of pushing forward the development of the railway market. The members of ALLRAIL share a commitment to work towards a competitive and innovative single European railway market.

ALLRAIL was established end of March 2017 in Brussels and to date represents 7 members from across Europe: ERFA, Leo Express, MTR Nordic, NTV, Regiojet, Trainline and Westbahn.

#### **CONTACTS:**

Alliance of Rail New Entrants  
Julia Lamb  
T +32.2.513.60.87,  
julia.lamb@erfarail.eu