

## SHORT ( & MEDIUM) TERM MEASURES - EXECUTIVE SUMMARY

MEASURE SET	Airservices agreements	
MEASURE TITLE	Air rail integration	
MEASURE SUMMARY	This measure includes four proposals to enable increased air rail integration.	
MEASURE INVOLVES	<div><div><input checked="" type="checkbox"/> Behavioural Change</div><div><input checked="" type="checkbox"/> Operational Change</div><div><input type="checkbox"/> Technical Change</div></div> <div><div><input type="checkbox"/> Infrastructure Change</div><div><input checked="" type="checkbox"/> Regulatory Change</div><div><input type="checkbox"/> Policy Change</div></div>	
WHAT DOES THIS ADDRESS?		
<p>Air rail integration offers a number of potential advantages for airlines, rail operators, intermodal airports and consumers. It has strong political support, particularly in Continental Europe because of the perceived contribution they can make to the achievement of environmental policy targets. Arrangements can be classified by their level of integration. Less integrated forms of agreement are similar to traditional interlining agreements, in which an airline is authorised to sell rail tickets, without any further integration of the products. More integrated intermodal agreements can involve a form of code-share arrangement where the airline and the rail operator decide to ‘share’ the same train trip, and each operator allocates its own flight/train number to the train trip. There may also be some integration of IT systems. Deeper forms of integration can take the form of coordination of through-baggage handling and other dedicated services such as separate first and business class dining facilities on trains. Ultimately arrangements could involve direct coordination on pricing.</p>		
WHAT WOULD BE DONE?		
<p>Currently, the interlining type of arrangement is possible and is used by airlines to sell tickets for airport express trains. There is no fundamental reason why this should not be extended to additional services, facilitated by easy access to comprehensive rail services from airports.</p> <p>To enable fuller integration, similar to the examples available in France and Germany, there would need to be easy and direct access from airports to mainline, high speed rail services. Ultimately, there would need to be integrated ticketing and through baggage check as well as provision for air-rail integration in franchise agreements. Some of these issues are likely to be complex to address and would likely require new rail infrastructure. Air-rail integration in the UK is therefore likely to be a medium- to long-term endeavour.</p>		
WHAT IS THE IMPACT?		
<p>The impacts of the specific proposals would be to:</p> <ul style="list-style-type: none"><li>Potential for improved connectivity</li></ul>		

MEASURE SET:	Airservices agreements	Short Term	<input checked="" type="checkbox"/>
MEASURE TITLE:	Air Rail Integration	Medium Term	<input checked="" type="checkbox"/>

## MEASURE SUMMARY

Proposed by:	Birmingham airport (009), LCCI (042)		
Proposal: ASA-ARI-1 ASA-ARI-2 ASA-ARI-3	<p>This measure is aimed increasing air rail integration through:</p> <ul style="list-style-type: none"> <li>• simple interlining arrangements based on air carriers marketing rail tickets</li> <li>• codeshare agreements</li> <li>• joint ventures.</li> </ul> <p>In the short-term, interlining agreements are possible and are enacted in a limited way. More sophisticated arrangements would be at least medium-term as they would require modifications to ticketing systems and regulations (e.g. airlines computer reservation systems) as well as inclusion in franchise agreements.</p>		
Approach	<p>Connecting services would be possible where transfer between air and rail is viewed in the same way as air-to-air interlining, the rail journey would become one segment of the overall end-to-end (airport-airport-station-station journey) with through ticketing, rail carriages with flight numbers and code sharing. Examples of different levels of this type of service at different degrees exist at present:</p> <ul style="list-style-type: none"> <li>• simple marketing or interlining arrangements such as those in place at present where air carriers market rail tickets (e.g. Stansted, Heathrow and Gatwick Express and Fly &amp; Air in Germany), where there is simple cooperation on the sale of tickets</li> <li>• codeshare agreements (e.g. tgvair in France and JetAirways-Thalys), where rail services are given flight numbers and there might be some level of integration in through ticketing</li> <li>• joint ventures, (e.g. AIRail between Lufthansa and Deutsche Bahn) including , in addition to the attributes of code share agreements, (possibly) cooperation on baggage and other dedicated services, such as reserved carriages on trains.</li> </ul>	<p>Stated Capital Cost: Not stated</p> <p>Capacity (mppa): Not stated</p> <p>Capacity (atm): Not stated</p>	
Benefits	Benefits are unclear at present.		
Issues & Risks	<p>There appears insufficient access from airports to rail networks for this to be feasible in more than one or two places in the UK.</p> <p>The degree to which this type of service needs to be addressed in airservice agreements is not clear nor is the potential competition law implication of air-rail links, where for example the rail operator holds a monopoly on the rail segment of the route and that vertical integration with an airline might restrict competition.</p> <p>Technical and process advances will be needed, for example in terms of integrating rail ticketing in computer reservation systems as well as the supporting marketing and handling services, such as through baggage check from origin to destination.</p>		
Mitigations	None needed.		
Dependencies	<p>The major dependencies for air-rail integration are:</p> <ul style="list-style-type: none"> <li>• suitable infrastructure at airports (collocated railway stations connected to the rail network)</li> <li>• understanding and removal of regulatory barriers</li> <li>• technical and process improvements to enable through ticketing sold as a single journey</li> <li>• inclusion of provision for air-rail integration into rail franchise agreements.</li> </ul>		

MEASURE SET:	Airservices agreements	Short Term	<input checked="" type="checkbox"/>
MEASURE TITLE:	Air Rail Integration	Medium Term	<input checked="" type="checkbox"/>

## ASSESSMENT SUMMARY

<b>Strategic Fit</b>	Not stated – depends on long-term options and the creation of a UK high-speed rail network integrated with airports.
<b>Economy</b>	Increased consumer surplus generated through increased competition on direct routes, reducing fares and generating consumer surplus. Improved connectivity with strategic destinations, generating better economic and business linkages and enabling additional foreign direct investment.
<b>Surface Transport</b>	For true integration, similar to air-to-air connections, facilities for through secure baggage checking and carriage would be needed.
<b>Environment</b>	Not stated
<b>People</b>	Not stated
<b>Cost</b>	Not stated
<b>Operational Viability</b>	Principal issues/risks to viability are: <ul style="list-style-type: none"> <li>• suitable rail infrastructure and connections at airports</li> <li>• integrated ticketing systems.</li> </ul>
<b>Delivery</b>	Delivery beyond what is currently available is likely to be complex and risky, depending on revisions to franchise agreements, technical developments to allow through ticketing and technical and operational developments to allow seamless, through baggage check.