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Transportation Research Part A

journal homepage: www.elsevier.com/locate/tra

Rail liberalisation in Europe and lessons for Thailand: Policy makers vs. academic views



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ARTICLE INFO

Keywords:

Railways
Liberalisation
Policy
Reform
Thailand
ASEAN

ABSTRACT

The ongoing rail liberalisation process in European Union is presently considered as a credible model for rail transport development for Association of South East Asian Nations (ASEAN). The paper reviews background and literature on rail liberalisation policy in European Union (EU), ASEAN and Thailand. Since Thailand is now facing a fast approaching rail reform initiative the paper shows an example of how the rail sector reform might be tackled at the very beginning, starting from analysing various rail models, identifying the knowledge of existing actors and the environment where these reforms need to be implemented. Three case studies of different EU liberalisation models, as adopted in the United Kingdom, Germany and France, are presented. Next, the perception of 18 Thai policy makers and 15 Thai academics toward rail liberalisation implementation in Thailand is examined based on the data collected via a questionnaire. The findings of the study indicated that rail liberalisation could be applied to solve some of the key problems of railway sector in Thailand and some other ASEAN countries. Statistical analyses of the results emphasize the differences between the opinions of the policy makers and the academic experts, where for example the majority of the first group is split between the partial separated rail model (33.3%) or none of the three models' (33.3%) analysed while the majority in the second group prefers the integrated rail model (66.7%) as an option for Thailand. The findings suggest that Thai rail transport problems should be solved by knowledge exchange, dialogue and integration between professional and academic views. Similar to several prior studies, it is recognised that there is no one solution that will fit all the countries involved in restructuring of national railways. However, this study has identified the possibility that, according to the opinions of the experts surveyed, the combination of an integrated model and regulatory body under the ministry could potentially be applied in a Thailand's context. In addition, this research also suggests application of several practices, such as introduction of assessment indicators and supporting policies and consideration of possible obstacles to the further development of rail market in Thailand. Moreover, the results of the study could be applied in ASEAN and any other developing country with a similar context, e.g. in Africa (Kenya) or South America (Brazil).

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<https://doi.org/10.1016/j.tra.2018.05.001>

Received 16 June 2017; Received in revised form 22 April 2018; Accepted 1 May 2018

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1. Introduction

1.1. Motivation

Railway policy, influenced by decision makers and academic research, has a major impact on the routine transport of goods and passengers by rail as a preferred modal option. From macro to micro point of view, this study has been motivated by two main factors derived from regional integration and national transport policy tool.

Firstly, regional economic integration increases cross-border transport movement. The advance management of the European Union (EU) has influenced the Association of Southeast Asian Nations (ASEAN) to develop a vision as the ASEAN Economic Community (AEC) in 2015. In terms of transport, ASEAN aimed to have a seamless physical connectivity and free movement of passenger and freight among member states and a free market in logistics sector. Subsequently, the European railway system has become a role model for Asian countries to study its policy and practice and practicability in a new geographical context. Rail liberalisation is particularly seen as the main means to improve railway performance in the EU by restructuring railway organisation and promoting a fair competition in rail market (Islam and Mortimer, 2017; Mortimer and Islam, 2014). It is recognised that many other rail liberalisation models are available across the globe, including e.g. decentralised and private railways in North America or geographically divided and privatised railways in Japan. However, those rail models are very different, both economically and politically, from the EU models (Posner, 2008; Clausen and Voll, 2013; Drew and Ludewig, 2014), which are the main scope of this paper.

Secondly, the Government of Thailand's transport policy has been recently focusing on the railway development and regulatory reform. Domestic freight in Thailand is transported mainly on land with road transport dominating the market with about 83% of volume, while rail freight serves only 2% of the total transport volume (MOT, 2013). Consequently, the Government has aimed to promote the modal shift from road to rail by focusing on the investment in railway infrastructure. In addition, the railway services operated by a state monopoly have faced a long-term deficit and managerial problems. Accordingly, railway reform has been discussed, but the implementation has not yet been realised. Meanwhile, the governmental policy on railway development has been criticised by relevant actors, especially in academia.

The interaction between policy makers and academics has been reviewed in several studies in order to encourage research results in a pragmatic application. Jones (2014) studied the interplay between transport-related research and policy practices and found that transport policy has played an important role in funding major investments and by introducing measures in response to changing objectives, while academic research has influenced policy response through concepts and advances in data collection and analysis methods. Perspectives on theory and practice relationships are important to involve practitioners in the process of knowledge integration by conducting case studies (Stake, 1995) which have been used as a methodology in multidisciplinary work derived from policy research, management, planning sciences, and engineering (Scholz and Tietje, 2002). Therefore, a case study and analytical descriptive statistics were considered to explore practical and academic perspectives related to rail liberalisation implementation in this paper.

It is equally important to recognise the role of the railway operators as the executive arm in relation to the delivery of services into a competitive transport market and what is needed to make this more competitive, efficient and attractive to end users. The context of the current market positions needs to be recognised and the magnitude of the task to alter this position.

1.2. Aim of the study

It has been identified that examining the European rail liberalisation and its potential application to Thai railway is beneficial to fulfill the Royal Thai Government's railway improvement policy in the phenomenon of regional integration. Therefore, the aim of the current research presented in this paper was to examine the perception of Thai policy makers and academics toward rail liberalisation with the EU rail models as an example. This allowed the respondents to form opinions and provide options about possible avenues for railway liberalisation process in Thailand, with potential application in other ASEAN member countries and other developing country with a similar context.

2. The context

Potentially, avenues the Thai railway could explore and adapt for the benefit of rail liberalisation are many. Each continent with a rail network could offer a list of its pros and cons for the rail model they adapted. And for example, North America could argue that their rail model, used mainly for freight, is decentralised, private and stable (Posner, 2008). Japan could lobby that geographical separation of their rail system into six passenger and one freight companies was a good move (Drew and Ludewig, 2014). Europe, with its long-lasting traditions in the railways and a densely operated rail network across the continent (European Commission, 2017), could also offer many lessons to learn from but not necessarily copy in an unchallenged way.

However, since historically Thailand had a good and close relationship with Europe the knowledge transfer, especially in the context of regulations and technical know how, was enhanced in this direction by the nation's leaders since HM King Rama V. In today's Thai rail sector this fact is still reflected in the good reputation of EU railways retain in Thailand as well as in the amount of EU rail suppliers awarded contracts in the country (Siemens, Bombardier, Alstom, etc.).

More recently other rail-intensive countries, like Japan and China, are also becoming important rail players on the Thai rail market. Although their position is slowly and steadily growing, especially with initiatives like e.g. a China-led high speed rail corridor

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