



Workshop on tendering of rail public service contracts

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Doris Gradenegger, DG COMPETITION



Benefits of competition 1/2

- Focus in the past: **Regulatory framework** to further liberalisation/market opening
- Competition policy tended to be overlooked
- Competition leads to **lower fares**
 - ✓ average ticket price from Prague to Ostrava has fallen by 61% since 2011, when CD lost its monopoly
 - ✓ entry of Westbahn has led ÖBB to introduce a differentiated price policy including a bonus for early bookings



Benefits of competition 2/2

- Competition creates innovation
 - ✓ yield-pricing, charging different prices to different customers to manage capacity while maximizing revenues (early booking, business clients)
 - ✓ link further services to ticket (City ticket, e-bike hiring)
 - Competition leads to better quality services
- **Increase in passenger numbers**
- **Increased modal share – AT, DE, IT, SWE, UK, CZ**



Ensure fair conditions

- Despite progressive liberalization there is little to no effective competition, due to
 - **High entry barriers**
 - Need to ensure new entrants are capable to operate in a competitive manner/level playing field
 - Non-discriminatory access to infrastructure incl. service facilities (cleaning, maintenance)
 - Access to rolling stock
 - Ticket distribution
 - **Enforcement of competition rules**
 - Team up with DG MOVE



Ensure fair conditions

- Enforcement becomes key
 - € 75 mio fine for Deutsche Bahn and Spanish Renfe for collusion in freight market
 - € 41 mio fine for Dutch NS for using data it had as infrastructure manager to unfairly win a contract in Limburg
 - € 28 mio fine for Lithuanian Railways to remove a section of its tracks to make life harder for rival company
- Complaint numbers increase
 - predatory pricing (offers below cost)
 - collusion on second hand rolling stock



Challenges for competent authorities

- 4th Railway package put an end to the "rail exception" and opens the rail market to competition, just like all other transport sectors
- Rail sector is subject to competition rules and enforcement.
- Therefore, compliance with regulatory framework and competition rules is key.