

PRESS RELEASE

CZECH REPUBLIC: commercially driven open access rail connections excluded from COVID aid

BRUSSELS & PRAGUE, 25th September 2020: the Czech Ministry of Transport recently announced a selective aid program for rail services to cover losses caused by COVID-19. However, the scope of the aid is not fair & equal within the sector; it explicitly excludes the commercially viable 'open access' passenger rail connections.

Last week, the Czech Ministry of Transport announced a new financial programme for passenger rail services that will distribute CZK 400 million (approx. EUR 15 million) among long distance public service obligation ('PSO') passenger rail services. By contrast, the long distance open access passenger services will not receive any financial support: *"We are ready to contribute to the remediation of damage that was caused mainly during the COVID-19 crisis, but only to what is in a public service obligation. This should cover costs that the operators could not cover by sales,"* said transport minister Havlíček.¹

In the Czech Republic, many long distance (including international) rail services are covered under a subsidised public service obligation with the national transport ministry as the awarding authority. However, the busiest trunk route of the country – between Prague and Ostrava – is operated in a commercially driven open access manner. The services on this route are operated by Leo Express, RegioJet and Czech Railways (ČD). Competition on the tracks has boosted ridership there over the past eight years and saved cost for the taxpayer – with no more public service obligation (PSO) subsidy being necessary. A Win-Win situation for all, including the environment.

Unfortunately, this route become economically unviable during the current pandemic. Operators on this route lost almost all of their revenues during the Spring of 2020, and with the worsening COVID-19 situation in the Czech Republic again this month, they will face the same situation in the last part of 2020 as well

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¹ https://www.irozhlaz.cz/ekonomika/vlaky-ceske-drahy-vypadek-trzeb-podpora-statu-havlicek_2009101717_onz?fbclid=IwAR2bASug6y0HonTHhrCbOdV4vAWB81I6fS4lvGzGASKvsxTSq_Ryp4pglpM

As a response, the operators of these commercially driven services suggested a temporary PSO to the government – similar to what happened in neighbouring Austria² – but instead they have been shut out of the COVID-19 state aid completely.

During the crisis in the Spring of 2020, the long distance public service obligation (PSO) operators reduced the number of services they offered but were allowed to keep their entire compensation from the taxpayer. At the same time, the long distance open access operators continued serving the busiest trunk route in the country – between Prague and Ostrava – with much less revenue than normal.

ALLRAIL welcomes the Czech Ministry's willingness to provide COVID-19 aid to rail operators. However such aid must be available to the whole sector, in a non-discriminatory manner. After all, no passenger rail services have been economically viable at all during the COVID-19 crisis.

Last week, the Ministry also added that it does NOT intend to implement the recent EU Proposal on Regulation establishing measures for a sustainable rail market in view of the COVID-19 pandemic, EU 2020/0127 (COD). This means that there will NOT be any waiver of the track access charges in the Czech Republic either.

ALLRAIL Secretary General Nick Brooks concludes: "*COVID-19 state aid must be applied in a sectoral manner. The current crisis cannot be misused to distort the competitive landscape by getting rid of open-access services run by privately owned operators. If a successful competitive market is extinguished like this, then the only operator left over will become sedate & complacent. Airline passengers & car drivers will not be won over, disappointed by the lack of innovation & attractiveness. This will undermine the goals of the EU Green Deal.*"

If you want to hear more about this Czech issue and other similar cases of COVID-19 rail funding discrimination in Europe at the moment, then please watch our Press Conference from earlier this week. [Click here to see it on Youtube](#)

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² <https://www.railwaygazette.com/passenger/westbahn-and-%C3%B6bb-awarded-public-service-contracts-to-secure-operations-during-the-pandemic/56305.article>