

PRESS RELEASE

ALLRAIL welcomes EU Commission announcement in the case of alleged predatory pricing against rail newcomers

BRUSSELS, 30th October 2020: Executive Vice-President of the EU Commission Mrs. Margrethe Vestager announced today that she is sending out a Statement of Objections against the Czech state-owned rail incumbent Czech Railways (České dráhy) for alleged predatory pricing.

The decision directly affects two ALLRAIL members – the privately owned Czech newcomer passenger rail operators RegioJet and Leo Express. After they entered the market on the Prague – Ostrava route (RegioJet in 2011 and Leo Express the following year), state-owned rail incumbent České dráhy ('ČD') – the dominant operator on the Czech rail market – unreasonably dropped its prices for its services on this same route **by almost 80%**. This is particularly staggering considering that, according to ČD, even the original higher prices before 2011 had not covered its costs and the operations were loss-making.

The EU Commission has reached the preliminary view that between 2011 and 2019, ČD was engaged in predatory pricing on that route. **It must also be noted that according to the press release this pricing policy by ČD is still ongoing.**

This activity of selective below-cost pricing is the so called “predatory pricing” – which leads to the distortion of competition on the relevant market and might lead to eliminating newcomers from the market. Such an activity by a state-owned company undermines the functioning of the Single European Rail Area. Enforcing competition rules is an essential preliminary condition in order to achieve modal shift to rail and the goals of the EU Green Deal.

(Continued overpage)

Executive Vice-President of the EU Commission Margrethe Vestager, who is in charge of competition policy, said in a press release today¹ that *"competition in the rail passenger transport sector can drive prices down and service quality up to the benefit of consumers. It benefits the environment too as travelers shift to rail in line with the Green Deal objectives. In the present case, we have concerns that České dráhy was involved in predatory pricing which is against EU competition rules."*

After decades of decline in the late 20th Century, it was the begin of competition on the tracks - leading to a more passenger-centric approach and competitive pricing - that caused rail passenger numbers to start growing again.

Unfortunately, in 2020, competition in the passenger rail sector is still rare and very vulnerable. In theory the EU rail market is open - but in reality it is still very closed. Newcomers effectively do not have equal access to the market, in terms of fair access to market dominant sales channels, 2nd hand rolling stock and more.

For example: in March 2020 yet another antitrust case involving ČD as well as Austrian state incumbent ÖBB (the so called "Twins" case) became known: both Incumbents agreed to ÖBB not selling 2nd hand couchette rolling stock to the Czech-based newcomer RegioJet - despite it offering a higher price than a non-Czech operator.²

ALLRAIL President Dr. Erich Forster says: *"ALLRAIL welcomes this new announcement. It is a vital sign for the market that the situation is being monitored and that rules will be enforced. It is also an important signal to other EU Member States: They must not tolerate such behaviour in their countries or even finance it. Ruthless behaviour - like ČD's since 2011 - must be closely reviewed and prevented from happening again."*

Sending a Statement of Objections is not a final decision and the process will continue; however, it is already a strong and important signal for the European passenger rail market. Considering that the severe drop in demand due to the COVID-19 pandemic threatens the very survival of passenger rail newcomers, announcements like this one today are highly necessary and very welcome.

Here is the link to today's announcement:

https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2017

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2017

² ALLRAIL's press release "New revelation: alleged agreement between ÖBB and ČD to "eliminate" new entrant's access to rolling stock", 4th March 2020, available: <https://bit.ly/2HKa54g>

Links:

- www.allrail.eu
- [Twitter](#)
- [LinkedIn](#)
- [YouTube channel](#)
- [Podcast](#)
- [Instagram](#)

For more information please contact:

Nick Brooks, Secretary General

Tel +32 485 832 991; Email info@allrail.eu

About ALLRAIL

ALLRAIL, the Alliance of Passenger Rail New Entrants in Europe, represents independent passenger rail companies – railway operators and ticket vendors. ALLRAIL promotes competition in the passenger rail market, aiming for an EU regulatory environment that encourages innovative & attractive rail services. Our members share the belief that faster market opening is the only way to help Europe achieve its ambitious climate change targets as set down in the EU Green Deal. ALLRAIL was established in May 2017, and is based in Brussels, Belgium. It is also a member of the Group of Representative Bodies in the EU rail sector. For more information please go to: www.allrail.eu