

## PRESS RELEASE

**GERMANY: Blaming the EU Commission is wrong:  
Instead the federal government should notify  
state aid for DB fast**  
**mofair & ALLRAIL support FlixMobility's  
new state aid complaint**

**BRUSSELS, 18th December 2020: the independent transport group FlixMobility has formally complained to the EU Commission about the proposed unilateral state aid for the German rail incumbent Deutsche Bahn AG ('DB'). ALLRAIL and mofair, the independent passenger rail company associations at the European and German level respectively, strongly support this.**

**The two measures currently under discussion in Germany regarding how to help DB's finances are (1) an equity increase or (2) another increase in its debt ceiling – both of which would strongly distort competition. In both cases, the German government would take over DB's risk liability and give out unilateral state aid.**

**mofair President Christian Schreyer and ALLRAIL Secretary General Nick Brooks explain: "The German government must finally abandon unilateral, one-sided support for Deutsche Bahn and instead allow for non-discriminatory COVID-19 financial aid across all types of rail companies. The EU Commission is not to blame for the deadlock; the ball is firmly in the German government's court."**

More details:

Early on in the COVID-19 crisis, Deutsche Bahn AG was already claiming billions of euros' worth of 'damages' from the German government. From the very beginning there was the suspicion – which has still not been refuted – that management mistakes of the past were to be compensated by the taxpayer using the excuse of coronavirus.

(Continued Overleaf)

By contrast: it was possible to set up a neutral, non-discriminatory rescue package for local and regional passenger rail in Germany without any fuss: in 2020, federal government & the federal states will compensate any revenue loss compared to 2019. All local & regional passenger rail operators – both publicly & privately owned – benefit equally from this rescue package. There were no difficulties getting approval from the EU Commission – it was granted quickly.

Incomprehensibly, this same model was not adopted for all other types of rail company in Germany (neither long-distance, online rail ticket vendors, freight operators nor infrastructure companies).

Instead, the German parliament decided upon a capital increase of 5 billion euros only for state-owned Deutsche Bahn. With these newly expected funds, DB was then able to engage anti-competitive behaviour, such in price dumping across the entire rail sector, in order to force its competitors out of the market.

The EU Commission then refused an attempt by the German government to notify this 5 billion capital increase for DB as an 'emergency measure'. After all, a change in equity is not a valid response to an emergency.

As a consequence, because the German government is worried about receiving an official rejection from the EU Commission, it *still has not submitted an application* for the DB capital increase. This is the formal prerequisite for the EU Commission's decision.

Therefore, accusations from some politicians in the German government coalition that the EU Commission must now "decide quickly" and "get its act together" are completely misguided. The EU Commission can only decide upon an application that has been submitted properly.

In a bid to break the deadlock, the German parliament's budgetary committee this week raised DB's debt ceiling to 35 billion euros. But a higher debt ceiling is also state aid. After all, DB's creditors can be sure that the Federal Republic of Germany will take over DB's financial risk – without any competitive remedies or structural changes to the company.

No other German rail enterprise can benefit from government funds in this way – only Deutsche Bahn AG can.

**Therefore, mofair and ALLRAIL welcome FlixMobility's new state aid complaint and call on the German Government to notify the EU Commission of its proposed financial aid to DB as fast as possible.**