

PRESS RELEASE

Incumbent cross-border rail freight cartel is exposed **This must be prevented in EU passenger rail**

BRUSSELS, April 22nd 2021: this week, a cross-border cartel between the state rail incumbents ÖBB, DB & SNCB was exposed¹. According to the EU Commission, they colluded to protect their business, harming sustainable transport.

This example demonstrates the great deal of harm that incumbent cross-border collaborations can do to long distance passenger rail as well. Rather than being exempt from competition law, such cartels must be strictly prevented.

EU Commission Executive Vice-President Margrethe Vestager said this week: *“Rail transport ... is vital for a sustainable economy model. Fair competition is important to provide customers with the best offer when using sustainable transport. A cartel between key operators ... goes fundamentally against this objective.”¹*

However the very same incumbents – ÖBB, DB and SNCB – collaborate in passenger rail as well, namely on services between Austria, Germany and Belgium.

In fact they intentionally choose to collaborate, for example with common tariffs, fares, the exchange of international volumes and more, despite having the means to be able to compete with each other instead.

With no alternative, rail travellers between these countries are therefore a captive audience. The lack of competition limits both choice and innovation. Any monopolistic collusion between incumbents will lead to market decline – this is why competition in long distance passenger rail is so important for modal shift.

Not only that: such collaborations lead to duplicate bureaucracies, because incumbent operators need to ‘co-ordinate’ with each other in numerous meetings. The high cost of cross-border passenger rail is – to a large extent – self-inflicted.

ALLRAIL Secretary General Nick Brooks states: *“Why do national incumbent passenger operators always collaborate with each other?! The EU is a single market: the aim must be for operators to cross internal EU borders on their own.”*

To conclude: there must be a complete & thorough investigation into the cross-border collaborations between incumbent long distance passenger rail operators – otherwise Europe risks a much worse cartel than in rail freight.

¹ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_1843