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PRESS RELEASE

POLAND: COVID-19 recovery funds risk closing the rail market & rendering the Single EU Rail Area meaningless

BRUSSELS, June 9th 2021: The Polish government's new draft recovery plan foresees the purchase of significant amount of new long distance rail rolling stock: 38 Push-Pull train sets and 45 locomotives with subsidy of €482.5 million. But with a big catch: the state-owned long distance rail operator "PKP Intercity" is the only beneficiary.

There are inadequate mechanisms in place to ensure that this rolling stock will not be used to compete on commercially viable services against new entrant operators, also on EU cross-border routes. This whole situation is a grave threat to the Single European Rail Market and endangers any hope of modal shift to rail in Poland.

While it is a very good idea to spend money from the COVID-19 Recovery & Resilience Facility on building up passenger rail, in a competitive market economy, such funds should be distributed in a transparent and non-discriminatory manner instead.

Alas - even before the COVID-19 - it was shocking how much taxpayer subsidy has been paid to PKP Intercity as a directly awarded Public Service Obligation ('PSO') to operate long distance trains in all of Poland. The amount recently quadrupled, from €1 billion for the 2011-2020 period – then increasing to €4.7 billion for 2021-2030. And, now, this same PSO contract is being used as the excuse to spend COVID funds only on PKP Intercity.

This is then all the more worrying considering that private operators have applied to serve or already do serve some of the same long distance routes covered by this PSO - but in a non-subsidised 'commercially viable' manner instead. This indicates that the PSO for PKP Intercity is not justified and that Polish & EU funds are being squandered.

Furthermore: PKP Intercity has often changed the way it uses its subsidised trainsets in the past, suddenly changing commercially viable services into PSO in an untransparent manner - as a method to use taxpayer funded trains on lucrative routes. This means that it received state support for commercial services – while other operators did not.

ALLRAIL's President Dr. Erich Forster states: "*we need predictability and full transparency:*

(1) Are all services in the directly awarded PSO contract to PKP Intercity really justified?
(2) When & why have its commercially viable services suddenly changed to PSO?
(3) Does past behaviour mean that these 38 new trainsets will also be used in a PSO manner on services that privately owned operators are able to offer without a subsidy?

If the three questions above are not addressed by both Polish and EU stakeholders, the COVID Recovery & Resilience Facility risks closing down the long distance passenger rail market and rendering the European Single Rail Area meaningless."

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