

# PRESS RELEASE

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## France and Spain:

### achieving a level playing field with the new low-cost high speed trains:

In recent years, some national rail incumbents have introduced new low-cost, high speed subsidiaries that operate alongside their regular high speed trains. SNCF's "Ouigo" began in France in 2013, followed by "Izy" in 2016. In 2019, Renfe will launch "Eva" in Spain.

While we welcome new innovation and affordable train fares, ALLRAIL's rail operator members believe that passengers benefit the most if there is fair and sustainable competition. Unfortunately, we do not think that this is the case:

1. The Ouigo & Eva brands enjoy a major head-start. After all, French & Spanish domestic markets will not be open to independent newcomers until 2020 - at the earliest.
2. Incumbents have large pools of high speed rolling stock. For example: SNCF alone has almost 500 TGVs. It is much easier for an in-house subsidiary to get hold of 2<sup>nd</sup> hand, amortised trains (than an independent newcomer that has to purchase new ones).
3. In-house subsidiaries are taking valuable slots at railway stations and maintenance facilities – due to Grandfather Rights, others will have to make do with the leftovers.
4. Ouigo & Izy are offering low fares whilst being subsidised by state incumbents<sup>1</sup> with record levels of debt. This is tantamount to state aid and a major market distortion.

Nick Brooks, Secretary General of ALLRAIL, asks: "Are Ouigo, Izy and Eva not just a means to prevent independent newcomers from entering the market?"

**Proper competition brings more efficiency and customer focus.** Look at Italy – after privately owned Italo entered the high speed market in 2012, demand doubled by 2017<sup>2</sup>, with a dramatic increase in the quality of the incumbent too. **Ouigo has not had this effect in France.**

**To achieve proper market opening**, ALLRAIL's rail operator members call for the following:

- Incumbents should be required to rent their underutilised fleet to independent newcomers, so that a leasing market can begin.
- Equal financing opportunity – same leasing terms as the in-house subsidiaries.
- Non-discriminatory access to service & heavy maintenance facilities, in accordance with the recent EU recast.
- No scrapping. Incumbents should offer surplus 1st generation high speed trainsets for leasing, especially when they are already authorised to operate in the same markets.

Nick Brooks states further: "the incumbents' new low-cost high-speed subsidiaries lead to unfair state aid and a barrier to entry for newcomers, which disadvantages passengers".

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<sup>1</sup> <https://outremanche916347724.wordpress.com/2018/09/12/sncfs-low-cost-operations-still-operating-at-a-loss/>

<sup>2</sup> [cesisp.unimib.it/en/la-storia-di-italo-e-i-benefici-della-concorrenza-nellalta-velocita-ferroviaria/](https://cesisp.unimib.it/en/la-storia-di-italo-e-i-benefici-della-concorrenza-nellalta-velocita-ferroviaria/)