

PRESS RELEASE

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Serious risk that EU rail market opening will never happen:

Since 2011, the non-subsidised independent rail operator WESTbahn in Austria has struggled against a rail incumbent supported by public finance. **Sadly, WESTbahn has now announced that it will soon be reducing the frequency of its services. This is a bad signal for the future of rail market opening and the benefits that it would bring.**

Evidence shows¹ that wherever market opening has occurred, this has led to:

- **Innovation; improved service**
- **Lower fares; new jobs and**
- **Modal shift to rail, away from less sustainable transport modes.**

New entrant operators grow the total rail market **while saving money for taxpayers.**

The past eight years of On Rail competition between Vienna and Salzburg in Austria have seen exactly this effect. Private finance has invested hundreds of millions in WESTbahn, introducing brand new rolling stock. Demand has grown by 80%.

However, WESTbahn has faced numerous obstacles, due to state-owned rail incumbent ÖBB being owner of the stations, tracks *and* dominant operator. For example:

- Extremely low competing prices offered by ÖBB's operator (which also receives €600 million **per year** in directly awarded subsidy from the national government, €350 million from the regions & further unquantifiable amounts from PTAs).
- Lack of fair access to train paths, ticket retail and equal financing for rolling stock.
- Earlier this month, the **European Court of Justice ruled** that ÖBB has been overcharging WESTbahn for stopping at railway stations.

These obstacles – **and many more** – have amounted to €80 million in losses² for WESTbahn. Now, its investors need cut back costs in order to give the company the prospect of any future at all, such as by **reducing services from December 2019.**

Passengers will suffer: Lower Austria's Mobility Councillor Ludwig Schleritzko has already said that "unfortunately, citizens will now miss a well-used rail option"³.

ALLRAIL Secretary General Nick Brooks says: "**Europe must look at this example!** What kind of signal does it give to private investors if an independent operator that been operating for 8 years **loses €80 million and now has to reduce its services?**"

ALLRAIL sees a **serious risk** that future market opening – and all the benefits that it will bring, including for the environment – will never happen. **This is what happens when regulation that is intended to achieve a competitive single rail market in Europe gets watered down and the EU pays too little attention to how it is implemented.**

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¹ See graphic from Professor Andrea Giuricin of Milan Bicocca University as featured in this LinkedIn article:

<https://www.linkedin.com/pulse/find-out-how-best-way-achieve-modal-shift-rail-faster-nick-brooks/>

² <https://www.derstandard.at/story/2000106546948/westbahn-verkauft-zuege-an-deutsche-bahn-und-wechselt-auf-studentakt>

³ <https://eisenbahn.blog/2019/07/22/westbahn/>