

PRESS RELEASE

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POLAND: rail incumbent will be protected for 10 more years, undermining the single EU rail market & the EU Green Deal

Evidence shows¹ that wherever rail market opening has occurred so far in Europe, this has led to: **more innovation; improved quality; lower fares; less subsidy** and

➤ **modal shift to rail, away from less sustainable transport modes.**

Alas, in Poland, any hope of any such progress was undermined last week when the government published its plan to sign a new long term contract with state incumbent PKP Intercity for the next 10 years², even before the existing one expires (in 2021).

➤ PKP Intercity will receive a new directly awarded subsidy of €4.6 billion between 2019-2029 - **four times** the current €1.1 bn direct award it receives for 2011-2021.

What justifies such a massive increase? Allegedly, it is to pay for the doubling of rail passengers by 2029². But this makes no economic sense – experience shows that more passengers would bring more revenue and less need for subsidy.

Why subsidise busy routes? It is hard to understand why busy and popular routes such as Warsaw to Katowice or Kraków will need massively increased subsidy. By contrast, in the neighbouring Czechia, market opening of long distance rail has grown demand without increasing the burden on the taxpayer – surely a role model for Poland?

Furthermore, there is the big risk that PKP Intercity will misuse this gift from the taxpayer to fund expansion into already liberalised markets elsewhere in the EU.

Dr. Michał Wolański, Chair of Transport at the Warsaw School of Economics SGH, has reacted to this new plan by stating that, if subsidy for rail operations is really necessary, a better solution would be “to open the market & organise a competitive tender”².

ALLRAIL’s Secretary General Nick Brooks says: “As part of the EU 4th Railway Package, there will be compulsory competitive tendering starting 2023. The idea behind this wasteful direct award is to pre-empt this & prevent competition for 10 more years!”

Europe must look at this example! If such a huge “no-tender” flagship case is allowed to occur, other EU member states may be tempted to follow suit before 2023, building up bloated state operators that undermine the single EU rail market. Without more competition & modal shift, railways will never form part of the European Green Deal.

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¹ Graphic by Prof Andrea Giuricin as shown in <https://www.linkedin.com/pulse/find-out-how-best-way-achieve-modal-shift-rail-faster-nick-brooks/>

² https://www.pb.pl/195-mld-zl-z-budzetu-dla-pkp-intercity-974112?fbclid=IwAR3feW7iRwim6Giekws0gaKy9PUmQmh2LIWGubLdYW9_4V_QIIBM3uHazm4