

# PRESS RELEASE

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## **SLOVAKIA: As predicted, ‘competitive tender’ seems to end up with only one bidder: incumbent ZSSK**

In August 2019, we sent out a press release about a suspicious competitive tender for the Žilina-Rajec route in Slovakia - done with such a very short tender schedule<sup>1</sup>.

We stated that the tendering authority (in this case: the Slovak Transport Ministry) probably had a **specific winner in mind** – the current operator who conveniently has everything already in place. That means: the state-owned rail incumbent ZSSK.

Why is the tender schedule so important? Not only do other operators need time to prepare a submission, but – assuming that one of them wins the contract - it then needs sufficient time to make preparations (organise rolling stock; recruit staff, etc).

For example: Bavaria in Germany also announced a new tender schedule in August 2019, with the winning operator only taking over **in December 2023**. By contrast, the Slovak tender schedule was very last minute with the starting date in **February 2020**.

The result was predictable: one of the other bidders made a formal application but it could not fill in all the documentation at such short notice. Yet another bidder had to give up because it could not prepare the rolling stock and operations on time.

And now, according to a new article published this week<sup>2</sup>, there is now only one bidder left in the whole tender process. **Predictably:** it is the state-owned incumbent ZSSK.

This will be a huge missed opportunity. After all, the EU Commission has noted that, “in places where there has been competitive tendering for subsidised rail public service obligations (‘PSOs’), this has led to a 20-30% saving for the taxpayer, with better quality trains as well.”<sup>3</sup> In addition, rail ridership has often grown considerably, such as in Germany & the UK – helping to achieve the EU’s climate change goals.

Nick Brooks, Secretary General of ALLRAIL, warns: “Slovakia is a harsh example of how some EU member states see their role in the transition to market opening – namely to award as much as possible to the state-owned operator”.

The behaviour of the Transport Ministry’s Railway Section has cast serious doubts on the whole rail market opening process. Brooks continues: “Steps must now be taken to ensure that there will be fair competition with all future tenders in Slovakia”.

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<sup>1</sup> <https://www.railwaygazette.com/policy/tender-favours-state-incumbent-new-entrants-group-claims/54385.article>

<sup>2</sup> <https://e.dennikn.sk/1682133/narodny-dopravca-sutazi-o-trat-zilina-rajec-sam-so-sebou-cesky-leo-express-vylucili/>

<sup>3</sup> M. Baldwin, Deputy Director EU Commission DG MOVE at event about rail competitive tendering in Brussels, 30<sup>th</sup> May 2018