

# PRESS RELEASE

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## **New revelation: alleged agreement between ÖBB and ČD to “eliminate” new entrant’s access to rolling stock:**

According a media report earlier today<sup>1</sup>, the Czech state rail incumbent ČD could face a fine of up to 4 billion Czech Koruna (= €158 million) for an alleged cartel agreement that sought to “eliminate” a new entrant competitor’s access to 2<sup>nd</sup> hand rolling stock.

According to newly revealed [e-mail communication](#) between top management of both Czech Railways ČD and Austrian state rail incumbent ÖBB, in 2015 both companies agreed to ÖBB not selling 2<sup>nd</sup> hand couchette rolling stock to the Czech-based new entrant RegioJet - despite it offering a higher price than a non-Czech operator.

Unlike in other transport sectors, access to 2<sup>nd</sup> hand vehicles is one of the biggest barriers to entry for newcomers: there is no functioning market for 2<sup>nd</sup> hand coaches currently under the ownership of state incumbents (due to their inherited position as the sole national operator) that were originally paid for with the help of taxpayer funding.

In 2015, ÖBB decided to sell some surplus rolling stock. At the time, RegioJet was operating on cross-border routes between Prague, Ostrava & Košice as well as within Slovakia.

According to the exposed emails, a senior representative of ČD wrote that both the Slovak company WGS and RegioJet are interested in the rolling stock – he seemed to be well informed about both bids - and asked ÖBB not to sell to RegioJet (based in his own country).

Despite the Slovak company allegedly offering €60.000 euros per coach and RegioJet making a higher bid of €80.000 euros, it appears ÖBB’s senior representative agreed not to sell to RegioJet, even asking whether ČD would prefer to buy the rolling stock.

ALLRAIL has consistently argued that, in order to stimulate modal shift to rail, dominant players across Europe should be required to sell or rent their underutilised 2<sup>nd</sup> hand fleets to newcomers without preferential treatment for other market dominant entities.

This alleged agreement gives the impression that cartel activity between state-owned rail incumbents takes place. It seems that ÖBB was willing to sell at a lower price to prevent a newcomer entering the market – and this would be a breach of fiduciary duty.

ALLRAIL’s Secretary General Nick Brooks states: “this could be the tip of the iceberg. We are worried that national rail incumbents collude in many other areas too. It shows that market opening will only happen by enforcing competition rules. Otherwise modal shift to rail will not happen and the EU Green Deal will be in serious jeopardy”.

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<sup>1</sup> [https://www.seznamzpravy.cz/clanek/manazer-ceskych-drah-se-domlouval-s-rakusany-na-eliminaci-regiojetu-90941?seq\\_no=2&source=hp&dop\\_ab\\_variant=315420&dop\\_source\\_zone\\_name=zpravy.szhnp.box&utm\\_source=www.seznam.cz&utm\\_medium=z-boxiku&utm\\_campaign=null](https://www.seznamzpravy.cz/clanek/manazer-ceskych-drah-se-domlouval-s-rakusany-na-eliminaci-regiojetu-90941?seq_no=2&source=hp&dop_ab_variant=315420&dop_source_zone_name=zpravy.szhnp.box&utm_source=www.seznam.cz&utm_medium=z-boxiku&utm_campaign=null)