

# Press Release

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## **Competitors Report 2015/2016: German rail sector's growth depends on competitors' development**

Competition in the rail transport sector has generally had a positive impact on the progress of rail as a mode of transport, with a 40% increase in rail freight transport since 2002 and a 38% rise in local rail passenger transport since 1994. This growth is being driven mainly by the competing railway undertakings (RUs), whose market share in the case of freight transport, measured in terms of operating power, has now increased to more than one third and also to just above 30% for operating performance in the case of local rail transport. The only segment to have stagnated since 1994 is long-distance rail transport, where there has been hardly any competition to date.

"If the success story of rail in terms of passenger and freight transport is to continue, there needs to be a consistent and legally binding change at both domestic and European levels to give the green light to competition", Ludolf Kerkeling, Chairman of the Board of the Network of European Railways (Netzwerk Europäischer Eisenbahnen e.V.), and mofair Board member Christian Paschen indicated at the presentation, in Berlin, of the Competitors Report 2015/2016 edited by the associations. The fundamentally different financing of the infrastructure and also politically driven financial burdens on rail transport have prevented the shift of traffic onto the railways that was wanted by political decision-makers and have thus put the climate targets at risk.

The report, compiled by Prognos AG and kcw GmbH, sets out the various obstacles to fair competition:

- Instead of the reduction in train-path prices that is needed, the "rail financing cycle" in conjunction with the planned new train-path pricing system is leading to a decline in the level of competitiveness of rail transport.
- The Railway Regulation Act's envisaged legal cap on these price increases, which only applies to local rail passenger transport, would indirectly result in even higher levies on freight and long-distance transport on the railways.
- Rising costs relating to the energy revolution and noise control which are being imposed on operators in the rail transport sector are further increasing the cost differential vis-à-vis trucks, which are scoring well in the marketplace due to low diesel prices, the decreasing tolls for trucks and a potential further efficiency gain achieved by longer trucks.
- Tight regulation continues to be needed, as shown by the obstructionism exhibited by DB Energie GmbH in terms of passing on traction power to power suppliers.
- State railways are to be protected. In the course of discussions on the EU's Fourth Railway Package, the requisite independence of infrastructure operators was scaled back further and further, as was the opening-up of national markets.

- As a result of the envisaged restriction of regulation and control of abusive practices, the planned Railway Regulation Act would barely even live up to its own name.
- As regards financing network expansion, eliminating bottlenecks and increasing capacity for the growing volume of freight transport is impossible in the short term.
- A lack of coordination with the transport companies is meaning that the high level of engineering works in the network is having an increasingly serious impact on service quality.
- The legal framework for Deutsche Bahn's desired system of the competent authorities co-financing long-distance transport services is lacking.
- The required expansion of the local rail passenger transport service offering will scarcely be possible in view of the level of the regionalisation funds agreed by the federal government and the federal states, and in the eastern states there is even a risk of services being cut back.
- A forced transfer of DB Regio AG personnel to its competitors would allow the company to slim down at the expense of these rivals.
- The local transport service operators must continue their successful activities to ensure equivalent financing conditions for the RUs when procuring rolling stock.

As a result of all this, Kerkeling and Paschen have identified a need for EU and German federal political decision-makers to work even more closely together to ensure fair conditions for competition both within the rail sector and between different modes of transport: "Not only does competition have a future but there is no alternative to it as a means of reducing costs, satisfying passengers and shippers and providing a signal that environmental goals are taken seriously, instead of focusing on the protection of the incumbents."

The report is available from the associations both in printed form and online at the following addresses:

- [www.netzwerk-bahnen.de/wbr](http://www.netzwerk-bahnen.de/wbr)
- [www.mofair.de](http://www.mofair.de)

The Network of European Railways (Netzwerk Europäischer Eisenbahnen e.V.) and mofair e.V. represent the interests of competing transport companies in relation to passenger and freight transport by road and rail. Their main goals are to establish fair conditions for competition and to ensure the provision of high-quality transport services.

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