

THE FEDERATION OF INDEPENDENT RAIL OPERATORS

Warsaw, April 7, 2009

Announcement of The Federation of Independent Rail Operators

Competition on the Polish market of railway transport has been threatened. We are afraid that Polish State Railways (Polskie Koleje Państwowe - PKP), a company which is wrestling with serious financial problems, might intensify its monopolistic practices. On top of delaying necessary restructuring, current PKP problems result, to a major extent, from PKP Cargo's offering dumping prices for a long time. Subsidizing the company from the state budget will imply giving permission by the authorities for monopoly practices and for subsidizing the price war conducted by PKP with public resources. We do not agree to the situation where the state-owned operator enjoys privileges not available to other market participants and pays for its monopolistic practices with tax payers' money.

Another major threat for Polish railway transport market is the fact of entering of another state-owned monopoly - German Deutsche Bahn, which took control over the privately-owned PCC. This is yet another step in direction of limiting competition on the market. EU law forbids entering into agreements which could limit free competition, and such limitation will, we believe, be the case in the Polish market. We are afraid of a rise of a duopoly of state-owned carriers which offer dumping prices thanks to support received from state budgets. The scenario of a price war conducted between both operators with public resources is possible. In consequence, private companies might disappear from the Polish market and a duopoly, able to dictate high prices at will without any problems, might arise.

We also want to attract attention to the lack of a coherent, thought-through transport policy which would support solutions which are effective from an economic point of view. The first manifestation of this phenomenon is the lack of equal access to all elements of railway infrastructure, resulting from structural mistakes made at the moment of dividing railway infrastructure and establishing PKP S.A. Group. The fact that both infrastructure manager and entities providing transport services function in one group has a very negative impact on the functioning of the whole market. It is difficult to talk about equal access to infrastructure when PKP Cargo is the main administrator of unloading terminals. In case of motor road infrastructure, there are no such absurd situations. Another glaring example of inadequate transport policy is very high access charges which very effectively make competing very difficult for us. Access charges currently applied in Poland are among the highest in Europe, whereas infrastructure condition and access to the infrastructure are far from perfect.

In order to defend the free market and the liberalization achieved so far, we established The Federation of Independent Rail Operators (Związek Niezależnych Przewoźników Kolejowych). We will act in support of protection of free competition, improvement of the sector's efficiency and ensuring equal opportunities of development for all participants in the market. We will monitor the market for railway movements, and especially activities of PKP Cargo and Deutsche Bahn and state institutions which regulate the market. We will publicize and stigmatize all acts of dishonest competition. We will make proposals for legal, economic and infrastructural solutions, beneficial for the whole sector. We would like to invite to the discussion and the cooperation representatives of the sector and the authorities, independent experts and media. We hope that thanks to our efforts it will be possible to increase railway competitiveness and work out standards which exist in countries with much more developed railway transport markets.

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