

## Press release

### **Monopolies Commission presents Special Report on German railway markets „Railway 2017: Construction sites in competition policy“**

- Deficits in competition in the railway sector continue to exist.
- A competitive funding framework needs to be based on a thorough cost-benefit analysis of railway, road, air and water transport.
- Monopolies Commission recommends to revise the railway regulation act.
- In passenger transport, competition is hindered by the prevailing cooperation structures for common tariffs and ticket sales.

Competition on the German railway markets is still unsatisfactory and is determined by the outstanding market position of Deutsche Bahn AG. This is the main conclusion drawn by the Monopolies Commission in its sixth Special Report on competition on the railway markets, which is entitled: **“Railway 2017: Construction sites in competition policy”**. The report was handed over to the German federal government today. The analysis of the German railway sector shows that the railway regulation act should be amended to the benefit of railway customers. The Monopolies Commission moreover recommends a cost-benefit analysis of railways and competing modes of transport to ensure that public funds are used where they bring the highest gains.

**Competition between railway and other modes of transport** is mainly determined by public funding. “Currently, we do not have sufficient knowledge about the effects which, e.g., the funding of road and rail construction, the motor vehicle tax, or a toll for buses have on competition. This is why the Monopolies Commission recommends a comprehensive cost-benefit analysis of the different modes of transport as was conducted, e.g., in Switzerland”, said the Chairman of the Monopolies Commission, Professor Achim Wambach. In such an analysis, particular consideration should, among others, be attributed to the environmental impact. Decisions concerning fees and taxes imposed on the individual modes of transport should be based on such a cost-benefit analysis to ensure that public funds are used where they create the highest gains. This would allow the German government also to fulfil its legal mandate to ensure fair competition between the different modes of transport.

The new **railway regulation act** was intended to bring along efficiency gains, which should lead to lower ticket prices. These efficiency gains will not be achieved because the incentives provided are insufficient and no cost reductions come about, which could be passed on to customers. To achieve efficiency gains and cost reductions in infrastructure, it would also be necessary to also include the financing agreement between Deutsche Bahn AG and the federal government (Leistungs- und Finanzierungsvereinbarung) as well as station fees in the incentive regulation.

#### **Monopolkommission**

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Railway undertakings have to cooperate on **tariffs and ticket sales** to allow customers to use trains of different providers with one single ticket. The conditions for the cooperation on tariffs, however, are still set by Deutsche Bahn AG, which may impair the competitors' room for manoeuvre. Strengthening the competitors in the decision-making process concerning the tariff rates and the distribution of revenues could reduce these impediments to competition. In long-distance passenger transport, the existing few competitors of Deutsche Bahn AG do not even have the possibility to cooperate on tariffs and ticket sales. Since, however, using the distribution channels of Deutsche Bahn AG is crucial for its competitors, Deutsche Bahn AG should not be allowed to unilaterally refuse cooperation.

The complete Special Report is accessible at the Monopolies Commission's [home page](#) as of now.

The Monopolies Commission is a permanent, independent expert committee which advises the German government and legislature in the areas of competition policy-making, competition law and regulation. One of its statutory mandates is the drafting of a Special Report on the development of competition on the German railway markets. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Achim Wambach, Ph.D., is the chairman of the Monopolies Commission.