MASARYK UNIVERSITY

Open Access Passenger Rail Services in Central Europe

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Introduction

Open access passenger rail services in Central Europe:

1) Austria on the Vienna–Salzburg line from 2011
2) the Czech Republic on the Prague–Ostrava line from 2011
3) Slovakia on the Žilina–Košice line from 2014.

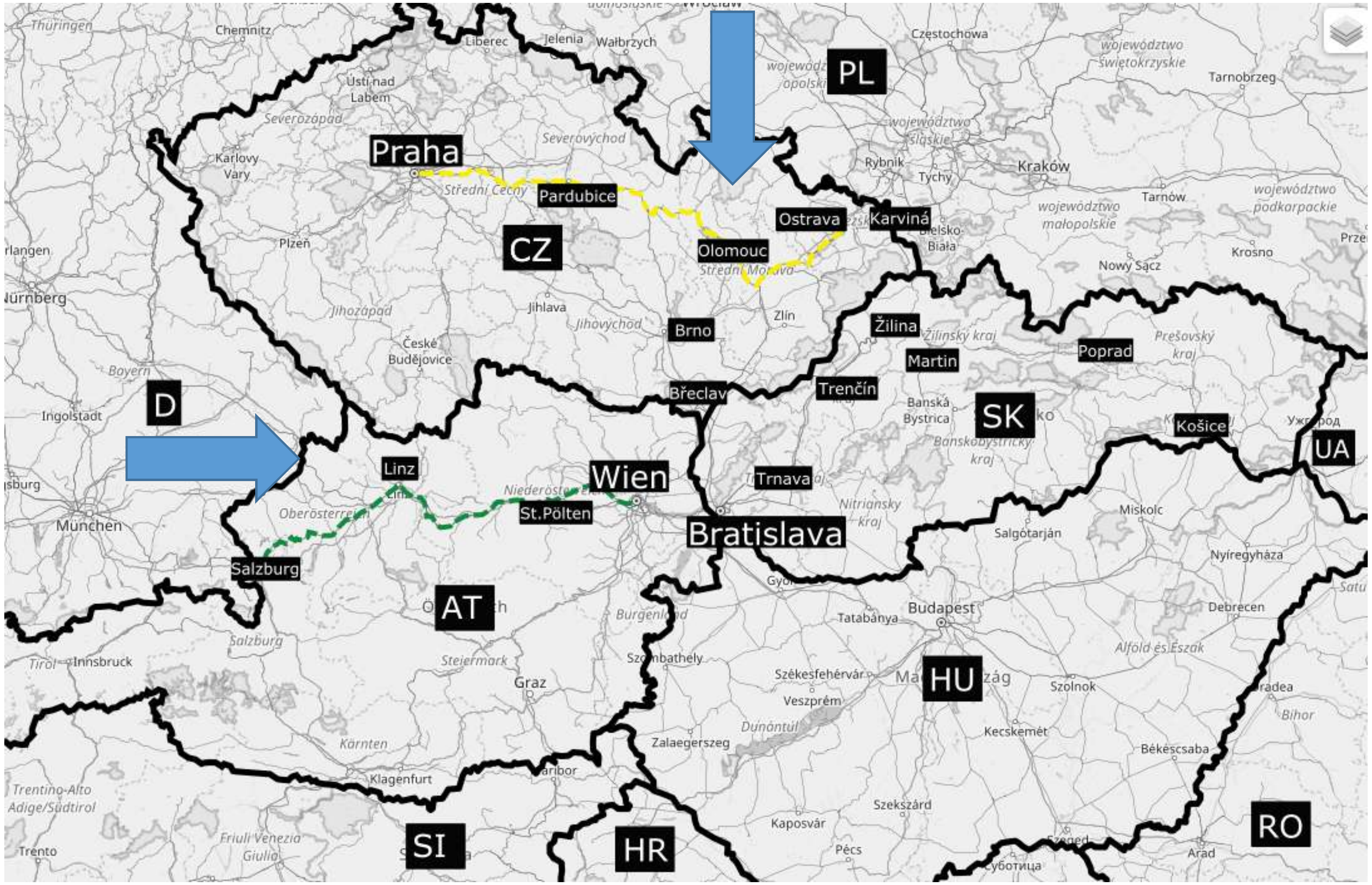
The paper compares the impacts of open access entries on the development of national railway markets. The comparison consists of:

1) entry barriers
2) business model
3) market developments
4) regulatory challenges

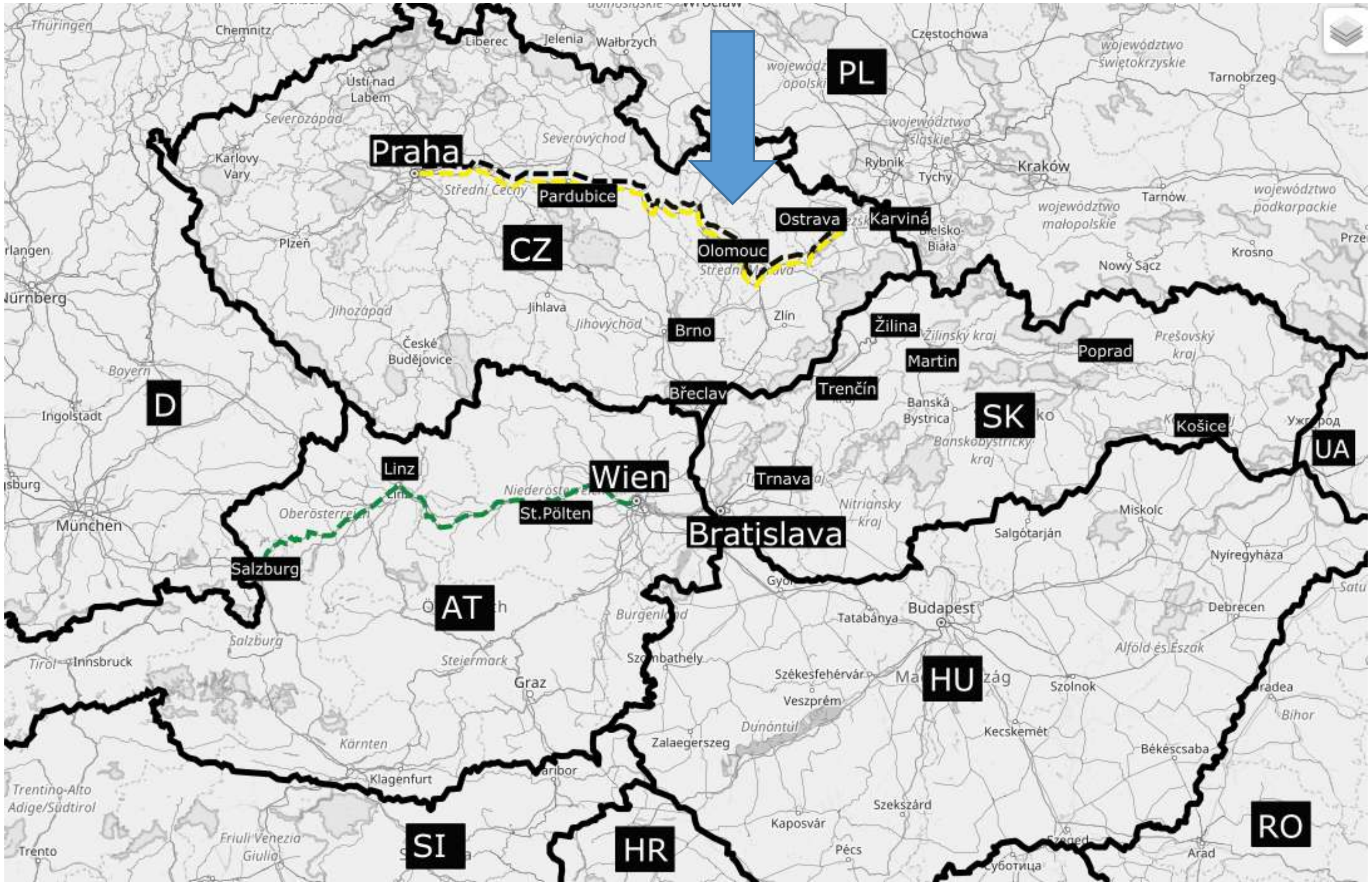
Railway passenger market

	Austria	Czech Republic	Slovakia
Area (1000 km^2)	84	79	49
Population (million)	8.5	10.5	5.4
Length of railway lines (thous. km)	5.1	9.5	3.6
Share of electrified lines (%)	70	34	44
Passenger-killometres (billion)	12.0	7.6	2.6
Fare box revenue as % of total revenue	56	50	33
PSO as % of total services	71	93	91

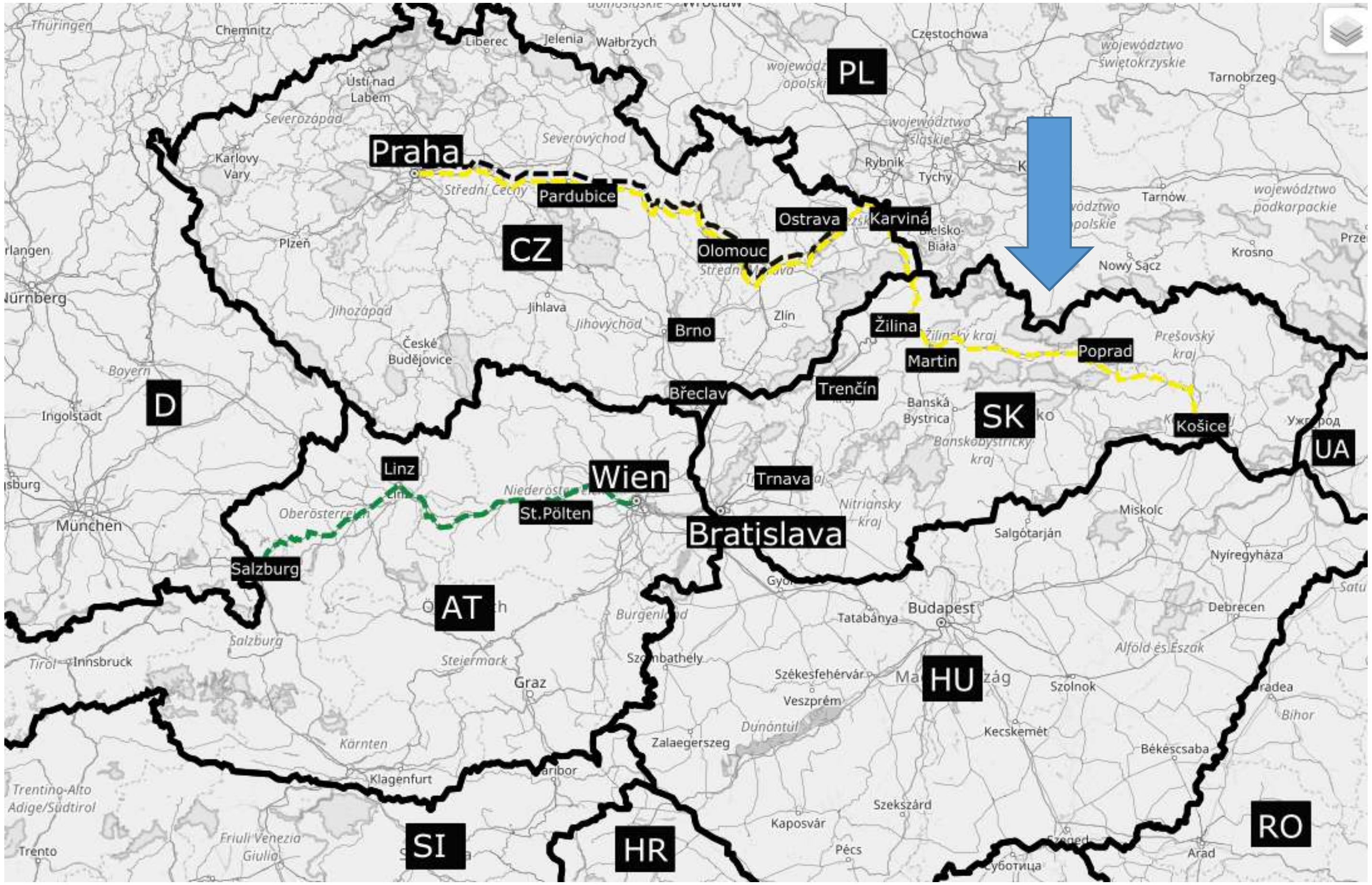
2011: FIRST ENTRIES IN CZ & AT



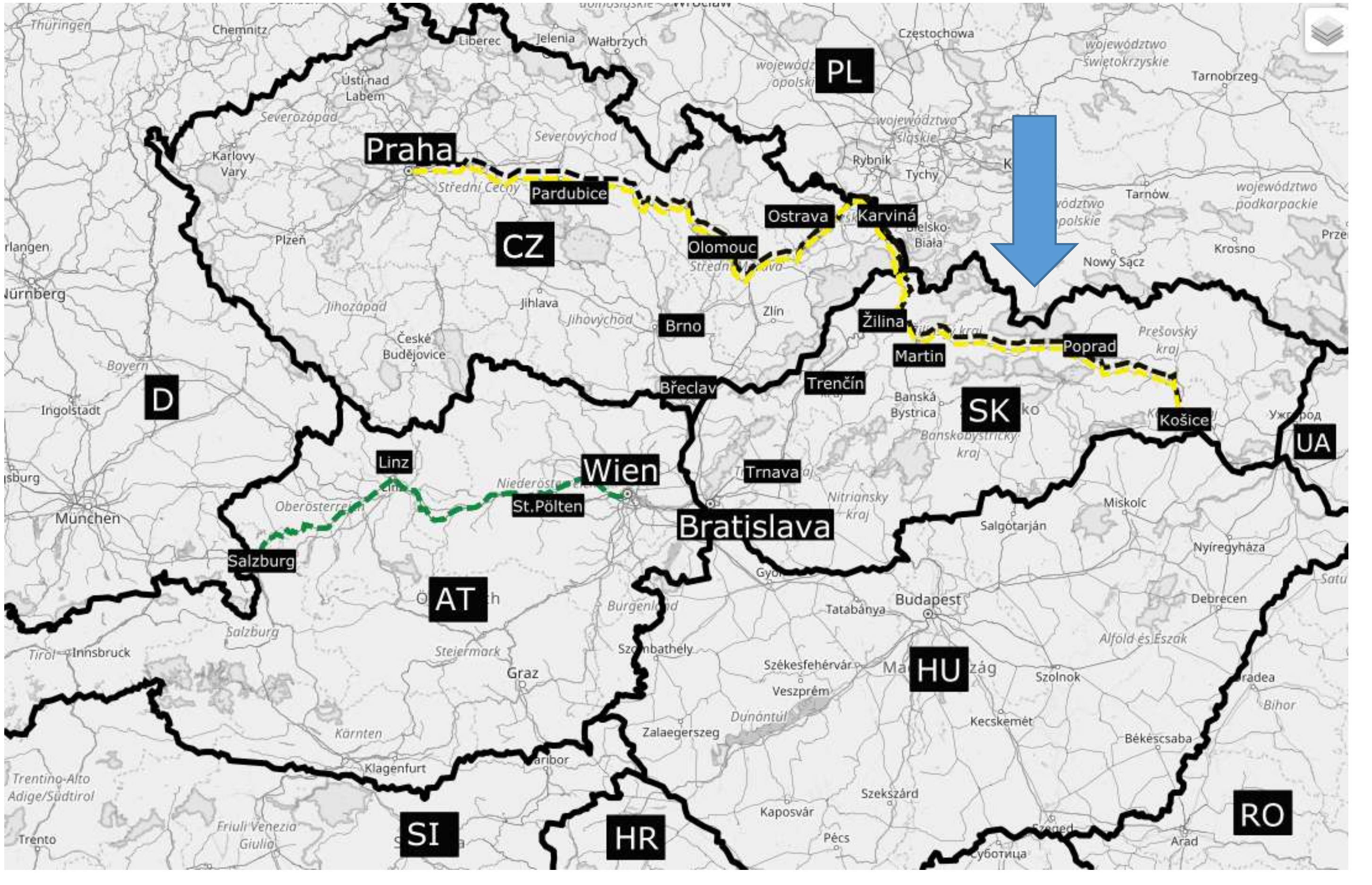
2013: 2nd ENTRY IN CZ



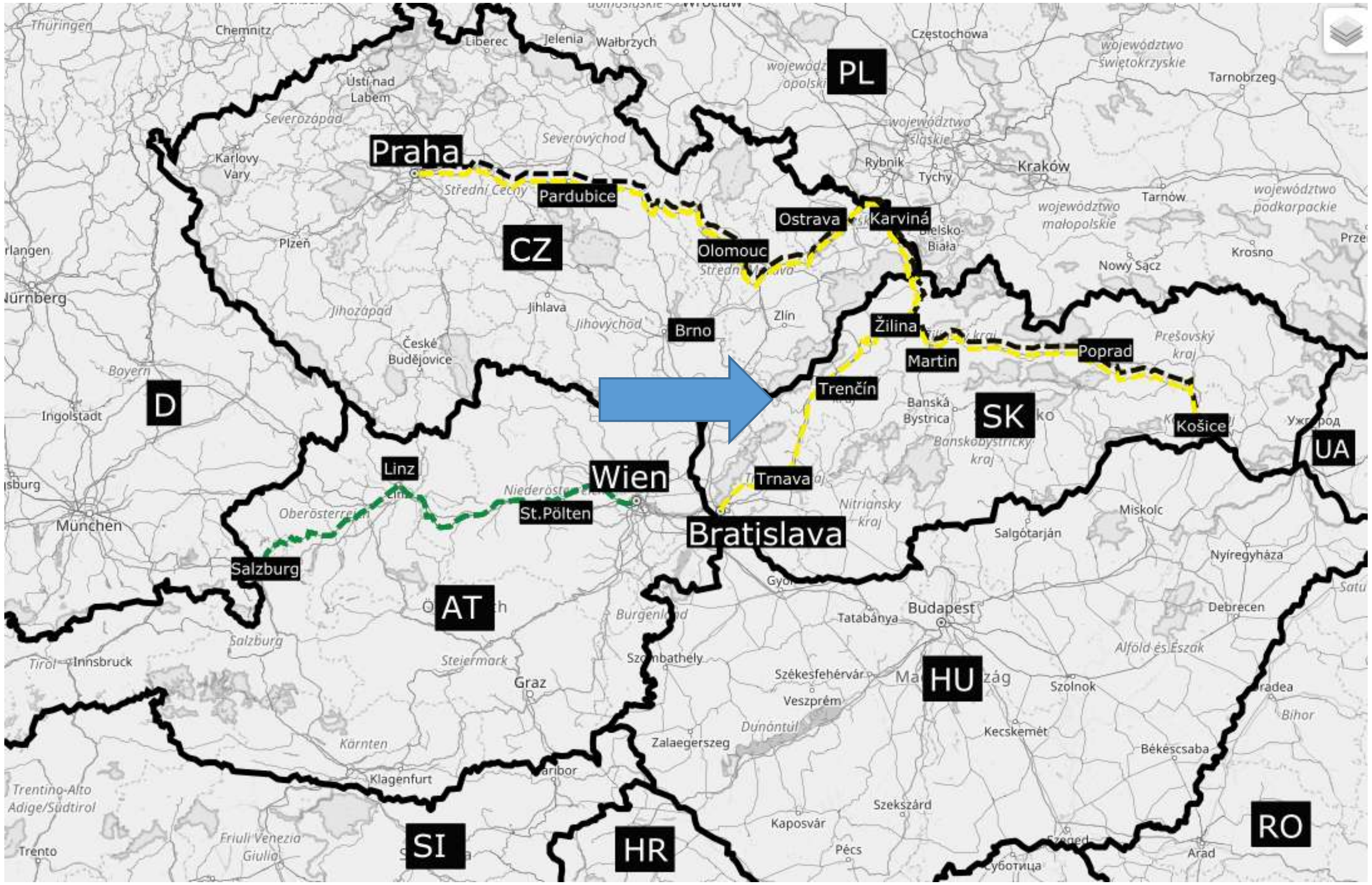
2014: 1st ENTRY IN SK



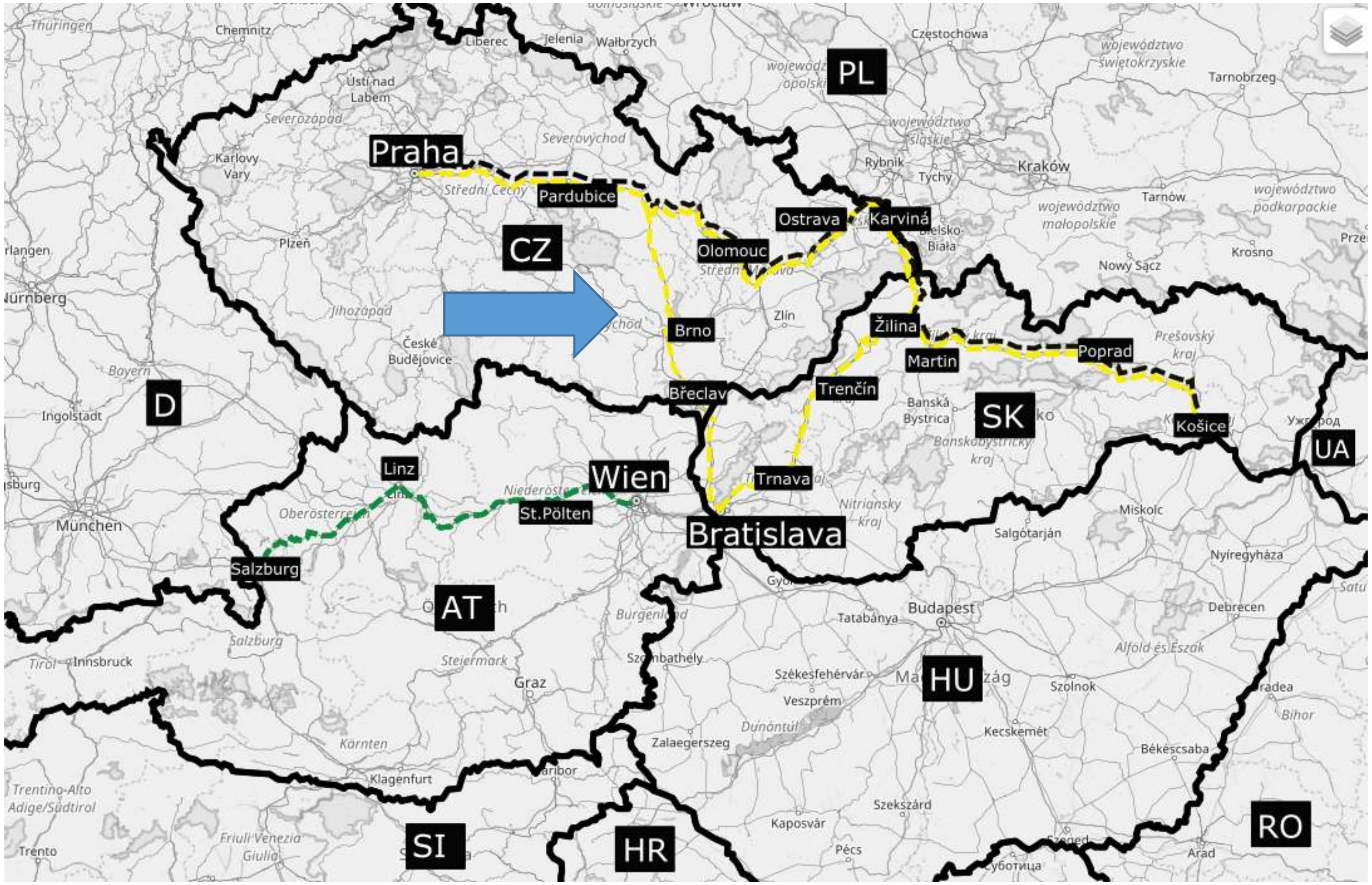
2014: 2nd ENTRY IN SK



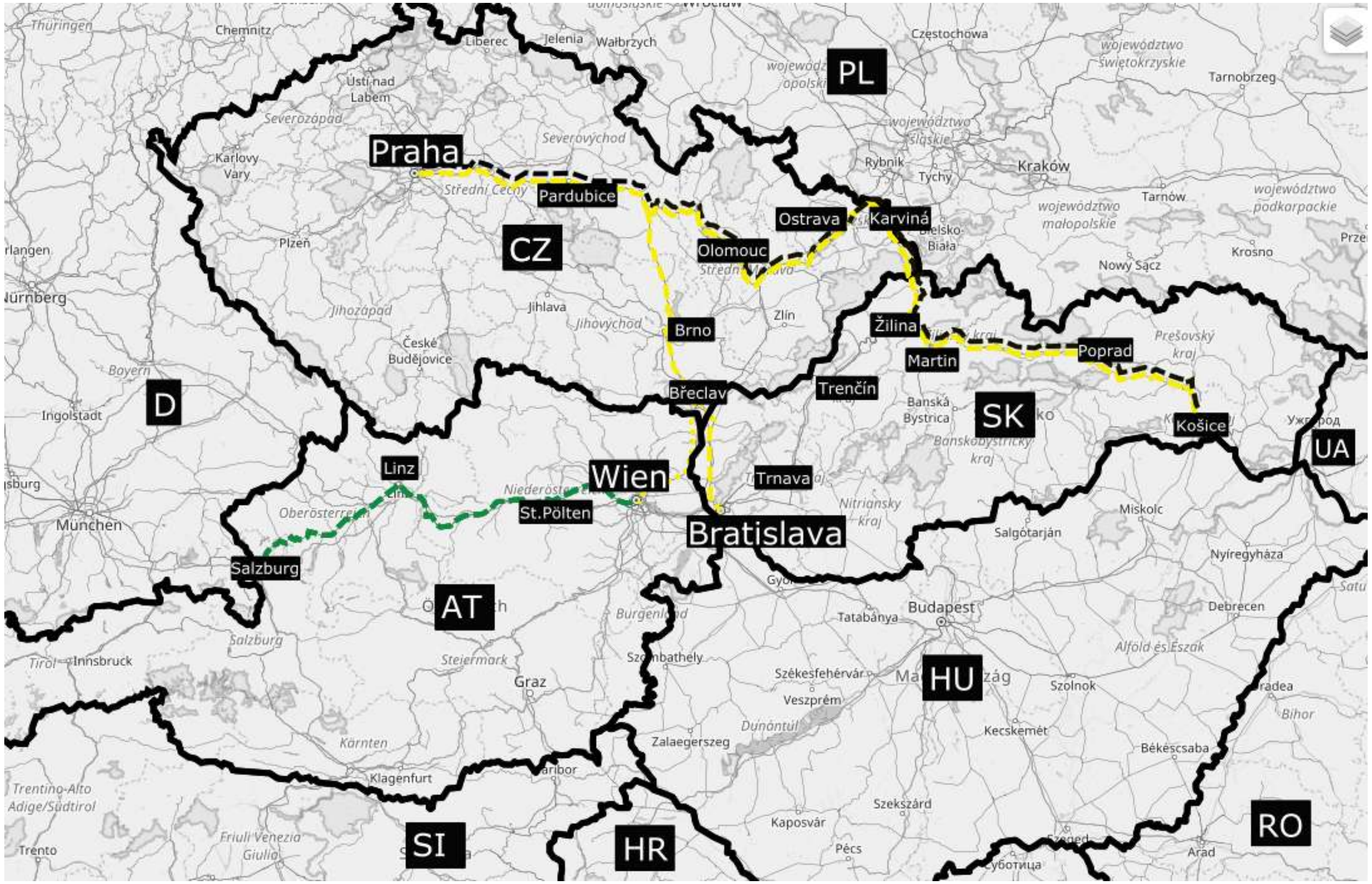
2014: EXTENSION IN SK



2016: EXTENSION IN CZ



2018: CURRENT SITUATION



1. Access charges

	InterCity	Suburban	Freight
Austria	4.2	2.0	3.4
Czech Rep.	1.2	0.6	3.4
Slovakia	1.8	1.6	2.8

EUR/trainkm

2. Entry barriers

	Charges	Vertical structure	Government attitude
Austria	High	Integrated	Neutral
Czech Rep	Low	Separated	Neutral
Slovakia	Medium	Separated	Hostile

3. Frequency

	2010	2012	2014	2016	2018
Austria (Vienna–Salzburg)	ÖBB 37	ÖBB 37 WB 13	ÖBB 35 WB 14	ÖBB 35 WB 15	ÖBB 35 WB 29
Czech Republic (Prague–Ostrava)	ČD 23	ČD 22 RJ 10	ČD 19 RJ 9 LE 7	ČD 21 RJ 10 LE 7	ČD 19 RJ 11 LE 6
Slovakia (Žilina–Košice)	ŽSSK 20	ŽSSK 18	ŽSSK 16 RJ 2 LE 0	ŽSSK 16 RJ 8 LE 1	ŽSSK 19 RJ 3 LE 2

Daily train departures; one-way

4. Business model

	Entry	Rolling stock	Market leader
Austria	Head-on	New	OBB
Czech Rep	Head-on	Second-hand/ New	RegioJet
Slovakia	Niche	Second-hand/ New	ZSSK

5. Market effects

	Δ Prices	Δ Ridership	Δ Revenues	Δ Frequency (proxy for Δ Costs)
Austria 2010–2016 Vienna–Salzburg	−(20..25)%	+(20..25)%	-10%..0%	+35%
Czech Rep. 2010–2016 Prague–Ostrava	−42%	+97%	+14%	+65%

6. Profits

	2012	2013	2014	2015	2016
WESTbahn	−23.5	−14.5	−10.3	−5.4	-8.7
RegioJet	−2.8	−3.4	−1.6	+1.5	n.a.
LEO Express	−2.9	−5.9	−5.1	−3.1	-4.2

mil. EUR

Regulatory challenges

- The need for dedicated regulator
- Predatory pricing
- Conflicts between OA and PSO services
- No tariff integration
- Infrastructure capacity around big cities

Conclusions

- Demand → undoubtely positive impact of open access services (innovations, marketing, frequency, quality, prices, ridership)
- Supply → questionable/negative impact of open access services (rising unit costs, stagnating revenues, financial losses, cherry-picking, long term sustainability)
- Regulation → significant challenges (vertical structure, infra capacity, priority rights, operators disputes, predatory pricing, anticompetitive behaviour)