

State Aid Guidelines to Railway Undertakings

Press Release

EPTO welcomes the Community State Aid Guidelines to railway undertakings

As a result of a longer and intense consultation process with the stakeholders the Commission adopted the "Community guidelines on State aid for railway undertakings" on 30. April.

Guidance should be provided by these guidelines whether and to which extent state aid to railway undertakings is compatible with the EC Treaty. The guidelines are intended to improve the transparency of public financing as well as the legal compliance with the Treaty rules within the context of market liberalisation.

EPTO welcomes the publishing of the new guidelines and especially the requirements for Member States to pay particular attention to competition, the situation of new market actors and the well-functioning of the railway market when proposing to grant state aids.

Tony Depledge, the president of EPTO, stated *"The guidelines are welcomed very much as they recognise explicitly market liberalisation and the potential consequences on the market itself and all actors when state aid is granted."*

For the state owned railways it will not be self-evident any more as it had been in the past to claim state aid without providing sufficient qualified and quantified evidence as to why they need them and how they use them.

The guidelines are part of a series of efforts of the commission to open markets and create level playing fields for all actors. Nevertheless it will still be necessary to monitor how the new guidelines are applied in reality. I am convinced that these guidelines have not been the final step. As our positive discussions with the commission have shown there is still a way to go ahead. EPTO will be a partner in the discussion whether further developments of the framework for state aid are necessary or not"

EPTO Secretary General Jan Moellmann stated *"Although we have submitted much stricter requests to cut state aid or – if granted - to allocate it in the most transparent and controllable way for all actors, we are content with the actual status. Private sector activities have clearly been strengthened by the guidelines. It will become important that the Commission starts to investigate the allowance of any type of aid against the viability and market behaviour of the recipient railway undertaking in a very strict and coherent way."*

EPTO will continue to watch the developments and how the guidelines are put into the practice. For example we doubt whether the latest developments in Poland, the indebtedness of PKP and investment grants comply with the guidelines.

Rolling Stock

| It is EPTO's position that state aid is in general not the only necessary instrument. But where new rolling stock is desired by the transport authority but cannot be justified on objective commercial grounds it should be made a requirement of a public service contract and compensated through such contract.

EPTO welcomes in general the approach shown in the guidelines, that the granting of the aid may be made subject to the obligation on the recipient undertaking to sell under normal market conditions all or part of the rolling stock it is no longer using, so as to allow its further use by other operators;

Debt Cancellation

EPTO is concerned about the feasibility of clearly identifying debts occurred before and after the deadline of 15th March 2001 (or the date of accession to the Community for new Member States).

State guarantees

EPTO strongly welcomes the statement of the Commission regarding a complete removal of state guarantees for railway undertakings as it considers them to be incompatible with the EC Treaty