# Regulatory challenges of open access passenger rail services in the Czech Republic

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# Czech railway passenger market

| | 2000 | 2005 | 2010 | 2015 | 2018 |
|---|---|---|---|---|---|
| Passenger-Kilometers (billions) | 7.3 | 6.7 | 6.6 | 8.1 | 10.2 |
| Modal Share of Railways (%) | 8.4 | 7.3 | 7.5 | 8.6 | 9.6 |
| Private Operator's Market Share (%) | 0.0 | 0.0 | 0.2 | 5.0 | 12.5 |

Source: Eurostat

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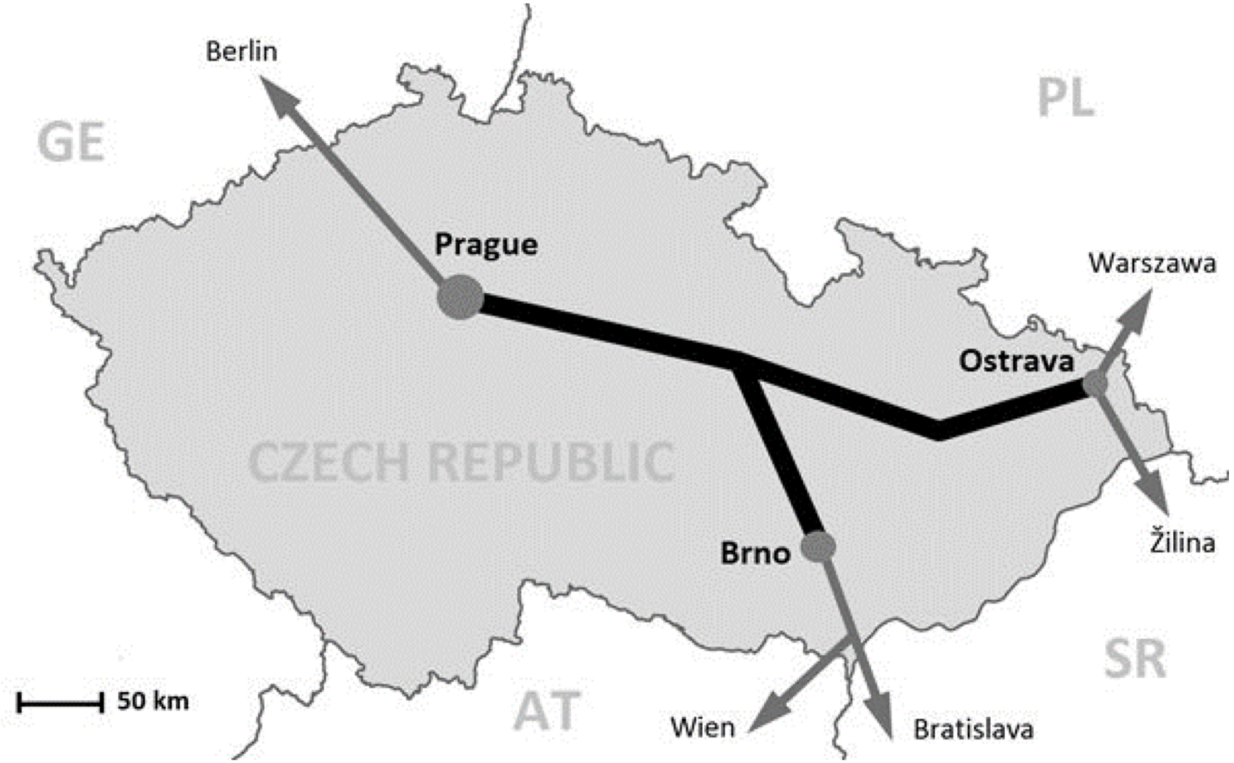
# Map of open access services



# Open access impacts (Prague-Ostrava, 2011-2016)

- **Supply** → + 65%
- **Prices** → -42% (2nd class); -14% (1st class); price war 2011-2013; afterwards stabilization
- **Demand** → +97%; ridership went up from 3,6 → 7,5 mil; market shares of RJ+LE = 41% +15%
- **Business model** → quality improvement; innovations; new on-board services; product differentiation
- **Profits** → all operators unprofitable

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# Regulation challenges

- Infrastructure capacity (charges, priority rights)
- Cherry picking
- Conflicts with PSO operations (priorities, financing)
- Anticompetitive behaviour (predatory pricing)
- Tariff integration
- Competition stability

# Assessment

+ better quality of services
+ higher frequency of trains
+ lower prices for customers

- strains on infrastructure capacity
- conflicts with PSO operations
- tariff disintegration