

PRESS RELEASE

## 2030 climate protection programme:

The rail system is more than just Deutsche Bahn AG

Berlin (23 September 2019):

mofair welcomes the fact that the coalition government wants to strengthen the rail infrastructure. However, the right funding is crucial. "Providing the integrated DB AG Group with a billion euros a year via a capital increase runs the risk of massive competitive distortions. There can be no assurance that these funds will be exclusively directed towards infrastructure. Deutsche Bahn has already announced that it also intends to use them to acquire new trains.

Thus, the hitherto successful competition in regional and freight rail operations is being stifled. In the case of long-distance operations, it does not exist: "How can a new competitor such as FlixMobility, for example, which has to finance its trains itself, compete against DB Fernverkehr, if this is gifted new ICE trains by the state?," criticises Christian Schreyer, mofair President. He adds: "To strengthen the rail infrastructure, there is no need for a capital increase. The state can directly finance the necessary infrastructure measures, as it already does via the performance and funding agreement, for instance. The coalition government must finally understand that the rail system is more than just DB AG," says Schreyer, summarising his fundamental criticism.

In its white paper, the Federal Government's Climate Cabinet agreed a total of 66 individual actions that are intended to achieve the 2030 climate protection objectives. In the extremely backward transport sector, these include useful measures such as a further increase in Municipal Transport Financing Act (GVFG) funding, increased finance in the performance and funding agreement and a reduction in VAT to a uniform rate of 7% for all tickets. Specifically, these actions need to be further substantiated in order to be effective.

If the state wants to provide the "rail system" with billions of additional euros, there are many possible ways of doing this without distorting the competition. For example:

- a clear commitment to fully financing ETCS as "rolling infrastructure", including on-board equipment,
- an increase in regionalisation funds, so that regions and/or local authorities can permanently tender and order additional regional transport services, or



- the competition-neutral funding of new long-distance trains to ensure that the integrated rail-planning scheme also includes attractive offers from other providers in future for Germany's long-distance services.

Instead, however, coalition leaders have agreed a measure that has never been discussed by any expert body, not even by the "Future Rail Alliance": Measure 21, "DB capital increase":

*"The state will invest EUR 1 billion additional equity capital per year in DB between 2020 and 2030. This will enable the company to invest additional capital in the modernisation, expansion and electrification of the rail network and railway system."*

In 2016/17, DB AG already received an equity capital injection of EUR 1 billion in two stages. At that time, the German Parliament's Budget Committee made it clear that this should be a one-off action. It also noted that the "financial objectives of the rail reform" of the 1990s had "not been achieved". Since then, there has been no noticeable improvement in the quality of the rail infrastructure. "We cannot understand why the coalition parties now believe that an eleven-fold dose of the same medicine will be able to achieve a better effect," concludes mofair Managing Director, Matthias Stoffregen.



About Mofair:

The lobby group, mofair e.V., was founded in 2005. Its members are Germany's most successful private, independent and competitive rail passenger transport companies.

The association is committed to completing the process of opening up the rail market and ensuring non-discriminatory infrastructure access to rail transport. The aim of the lobby group is to continue to ensure a high-quality public transport market under fair framework conditions, so that public mobility can become a growth market offering secure jobs.

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