



Antitrust: Commission investigates practices of Czech railway incumbent České dráhy in passenger transport

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The European Commission has opened an investigation to assess whether the Czech railway incumbent České dráhy, a.s. (ČD) charged prices below costs with the aim of shutting out competition in rail passenger transport services, in breach of EU antitrust rules.

EU Commissioner in charge of competition policy Margrethe **Vestager** said: *"Competition drives prices down and service quality up. This is what we need in railway passenger transport, especially when we're serious about cutting our carbon emissions. We need to take a close look at České dráhy's business practices to make sure they do not push out competitors to the detriment of passengers."*

ČD is the main railway operator in the Czech Republic and until 2011 it was the only rail company active on the Prague – Ostrava route. After the market entries of competing rail passenger companies RegioJet in 2011 and LEO Express in 2012 on the Prague – Ostrava route, ČD significantly decreased the prices it charged to passengers on the route. The Commission of course welcomes vigorous price competition to the benefit of passengers. However, the Commission has concerns that ČD may have charged prices that are so low that it could not cover the costs of the service. Such practices can hinder competitors from remaining in the market to the detriment of passengers.

Following a complaint, the Commission carried out inspections at the premises of ČD in April 2016. The opening of proceedings does not prejudice the outcome of the investigation; it means that the Commission will treat the case as a matter of priority.

Background on antitrust investigations

Article 102 Treaty on the Functioning of the European Union prohibits the abuse of a dominant market position which may affect trade between EU Member States. Such abuse may include imposing unfair purchase or selling prices or other unfair trading conditions.

The implementation of these provisions is defined in the Antitrust Regulation (Council Regulation No 1/2003), which can be applied by the Commission and by the national competition authorities of EU Member States.

The Commission has informed ČD and the competition authorities of the Member States that it has opened proceedings in this case. The initiation of proceedings by the Commission relieves the national competition authorities of their competence to apply EU competition rules to the practices concerned.

There is no legal deadline to complete inquiries into anti-competitive conduct. The duration of an antitrust investigation depends on a number of factors, including the complexity of the case, the extent to which the undertaking concerned cooperates with the Commission and the exercise of the rights of defence.

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