

State aid: Commission opens in-depth investigation into restructuring aid for Polish Regional Railways

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Polish Regional Railways has already benefitted from state support in the past. We need to assess whether the aid received is compatible with EU State aid rules and make sure that public support does not lead to distortions of competition in this market”*.

In September 2015, Poland notified to the Commission restructuring aid granted to Polish Regional Railways (*Przewozy Regionalne*), worth PLN 770 million (around €181 million).

Under EU State aid rules companies in financial difficulty, such as Polish Regional Railways, can receive restructuring aid only once over a period of 10 years (the so called “one time, last time” principle). This is to avoid that struggling firms rely on public funding to stay in business, instead of improving its business performance and competing on their merits.

During its preliminary assessment, the Commission found that Polish Regional Railways had already received State support in the past. The Commission’s in-depth investigation will examine:

- whether this past State support should be considered as restructuring aid, and consequently whether the aid granted in 2015 complies with the “one time, last time” principle;
- whether, as required by EU State aid rules, Poland has offered adequate measures to alleviate distortions of competition caused by the restructuring aid, and
- whether Polish Regional Railways sufficiently contributes to the costs of restructuring from its own resources.

The Commission acknowledges that the Polish domestic rail passenger sector is different from other economic sectors in certain respects, in particular because it provides an important public service on a market that is not yet fully open to competition at EU level. The Commission will consider how to take account of those differences in the assessment of restructuring aid to Polish Regional Railways.

The Commission will now investigate further to find out whether its initial concerns are confirmed or not. The opening of an investigation gives interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation.

Background

Polish Regional Railways is the largest passenger regional rail operator in

Poland and the sole provider of public passenger rail transport in 7 out of 16 regions. The company has been in financial difficulties for some time. In 2015, the State-owned Industrial Development Agency paid PLN 770 million to acquire a majority stake in Polish Regional Railways. Polish Regional Railways used the proceeds from this equity investment to repay its debts and finance restructuring.

Under the [EU Guidelines on Rescue and Restructuring Aid](#), companies in financial difficulty may receive State aid provided they meet certain conditions. Most importantly, the Guidelines require that restructuring aid may be granted only once over a period of 10 years. In addition, the beneficiaries of restructuring aid must offer measures to limit distortions of competition caused by the aid. Such measures can take the form of a commitment by a Member State to open up the market to competition from other operators.

More information will be available on the Commission's [competition website](#), in the public [State Aid Register](#) under the case number SA.43127.