

1 Summary

In the Danish debate, several parties, including the Productivity Commission and the Competition and Consumer Authority, have argued that there is potential for savings by allowing train services to be sent out for tender in Denmark. But tendering remains a controversial topic. Some stakeholders argue that economies of scale make it more effective to have only one provider, namely Danish State Railways (DSB), that the cost of preparing and executing tenders would be very high and that tendering might harm quality, e.g. lead to more delays.

In our neighbouring country, Germany, tendering of train services is at an advanced stage; over the past decades, alternative suppliers of regional passenger services have gradually been allowed. The Competition and Consumer Authority asked Copenhagen Economics to examine the German experiences of tendering regional railway services, and our study shows that Germany has achieved savings averaging 26 percent without any reduction in quality or extraordinary increases in fares.¹

Passengers are at least as satisfied with the new suppliers' services. Indeed, more and more people choose to take the train. Railway lines which had otherwise been shut down, or were about to be, have been reopened and new services have been introduced. German taxpayers are paying less than before because the state subsidy for railway operations has been reduced without it leading to extraordinary increases in fares.