

## Joint position paper

### Call for the EU Commission to launch an initiative in favour of rail freight operators to promote modal shift towards clean transports

**Supported by Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Estonia, France, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Romania and Slovakia**

In a context where the EU set a strong ambition on climate with its new -55% emissions reduction in 2030 compared to 1990 and the 2050 carbon neutrality targets, promoting more efficient and sustainable transport has never been more crucial. Decarbonising transport will indeed be key to reach both our short and long term ambition. Modal shift has an important part to play, as the EU strongly reaffirmed in the past six months, based on the Green Deal call for a substantial modal shift: the challenge is paramount with a substantial part of the 75% of inland freight carried today by road to be transferred to rail and inland waterways.

In particular, rail freight has a huge potential but much needs to be done in the coming years to modernize the sector (digitalization, automation, interoperability, shift towards more sustainable rolling stock). Rail freight corridors have proven to be reliable tools for creating European collaborative environment between stakeholders and they do serve as key instrument to accelerate operational interoperability and to remove barriers at border crossings. Those corridors are instrumental for a swift railway connection across Member States. Besides, another key success factor for rail freight is the possibility for relevant stakeholders (chemical industry, construction sector, forestry, etc.) to have access to branch lines and loading places that are well connected to the main national and European rail network, with operators active offering various types of services (single wagon load, combined transport, block train). These actions will be crucial to help rail freight fully unleash its potential and conquer new markets without being hindered by unequal competition conditions.

We now have to act to implement ambitious measures benefiting to sustainable transport. The EU Strategy for Sustainable and Smart Mobility, published last December, highlights the necessity to *“substantially revamp the existing framework for intermodal transport”* and to consider *“introducing economic incentives for both operations and infrastructure”* as regards sustainable modes of transport.

To increase the competitive position of rail freight the objectives and measures of the Berlin declaration must notably be followed up. Innovation is a key enabler to make rail freight more competitive: for examples those innovations efforts may focus on rolling stock and adaptation of infrastructure gauges so as to maximize the use of existing infrastructure (e.g. 740m trains, P400 profiles or lowered wagons for the transportation of semi-trailers, etc.), digitalization to support quality and reliability of operations and introduction of digital coupling.

In addition, it may be necessary to correct competition distortions between the different modes of transport: the positive externality gap related to most rail freight journeys in terms of greenhouse gases emissions, noise, congestion, air pollution or fatalities compared to their road equivalent is not well appropriately addressed by the current regulatory environment and resulting market prices. A coordinated approach between the Commission and Member States on support measures may be justified.

In this context, a study is planned as part of the European Year of Rail focusing on boosting rail freight. Rail freight is an industry which is iconic of European integration: we are thus convinced that it should not only be dealt with at the national level through various State aid regimes in each Member State

but that Europe must fully take up onboard the issue of both regulatory and financial support to rail freight, including for instance single wagon load.

A non-discriminatory European support could be necessary within the existing EU financing tools. At the same time, support measures at national level should be facilitated by introducing a higher level of flexibility on State aid regime.

We therefore call the EU Commission to:

- Quickly **launch** a study on the Union schemes to support rail operators, notably rail freight operator with the view to achieve a concrete modal shift from road towards rail transport, and how to migrate towards more innovative and competitive concepts like digital automatic coupling.

*Following a kick-off meeting by the EU Commission in April 2021, a first follow-up meeting of this study could take place in Paris in June 2021.*

- Based on the ambitious Green Deal target, the study should focus on the following:
  - o Percentage of modal shift achievable taking account of the capacity currently available on the European rail network;
  - o Percentage of additional modal shift attainable by focusing on concrete interoperability issues while highlighting the subjects;
  - o Investments required at the European level in order to address the capacity and interoperability issues laid open by the present study;
  - o Possible actions to raise customers awareness including through the use of green labels
  - o Percentage of modal shift reachable by introducing a non-discriminatory financial mechanism at EU level to cover the positive externalities of rail freight in comparison to road (beyond State aid regimes at MS level);
  - o Propose Union schemes to support rail operators, notably rail freight operators at short notice.
- At the same time, **reinforce** the innovation and digitalization efforts in favour of rail freight as regards both rail infrastructure and rail freight operators
- Besides a scheme at European level, rail freight transport would also profit a lot if EU rules for financial support offered by member states were simplified and processed in a swifter manner<sup>1</sup>.

We are looking forward to work with the Commission on concrete proposals to develop decarbonized modes of transport. This is an essential step towards achieving carbon neutrality.

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<sup>1</sup> An option would be the adaptation and simplification of the „Communication from the Commission Community guidelines on State aid for railway undertakings (2008/C 184/07)”. Paragraph 107.b concerning “the presumption of necessity and proportionality of the aid” needs to be adapted in such a way that the intensity of the aid for reducing external costs should be raised to 100 % of the eligible costs similarly to the aid for rail infrastructure use. Currently it is limited to 50% of the eligible costs.

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