

## **Karima Delli and the rail freight transport sector reaffirm and underline the need to accelerate modal shift in the transport of goods**

*“Rail freight is essential to accelerate the green and energy transitions and to reduce the European Union’s dependency on energy, especially on energy sourced from outside the EU. Rail freight consumes 7 times less energy than road transport and emits 9 times fewer greenhouse gas emissions than road freight. Whilst we called for a significant increase of the rail freight modal share in May 2020, this modal share is stagnating. Ahead of the 2023 Commission’s Work Programme and the Green Transport Package to be presented this year, we stress the urgent need to support rail freight across Europe in order to achieve the desired modal share target of 30% by 2030. The synergies between different transport modes should be kept in mind: maritime transport for heavy and long distances, railway transport over medium to long distances (including across borders) and electric road transport for short and last-mile distances.”*

Following a first joint declaration issued in May 2020, Karima Delli, the Chairwoman of the ‘Transport and Tourism’ committee of the European Parliament, together with the Executive Director of the European Union Agency for Railways (ERA) and CEOs of European rail freight transport companies have reaffirmed the need for supporting rail freight across the European Union.

Given that rail freight is the most energy-efficient and cleanest mode when it comes to transport of goods, supporting modal shift across the EU should be a matter of top priority. This is all the more crucial as the World (and Europe in the first place) is entering an era of probable permanent energy scarcity as well as of a needed transition to end fossil fuels. Rail has also proved to be crucial for military transport. Rail freight contributes to both military security of the whole EU territory and to the security of supply of food, energy and materials.

Rail’s modal share (16.8% in the EU) has however not increased for the three years since the original joint declaration. The 30% target set out by Mrs Delli and the rail freight sector in 2020 only remains realistic, when an ambitious approach is adopted by the European Institutions as the operational environment for freight railway undertakings is heavily hit by the effects of the current geopolitical situation.

Given the 2023 Commission’s work programme and the Green Freight Transport Package to be published in Q2 2023, and given the fact that we may now be entering a long-lasting phase of energy scarcity, we call on the Commission and the Member States to address the following issues, which were in the main presented in the May 2020 joint declaration:

## 1. Energy and CO<sub>2</sub>:

- Rail freight energy consumption is 7 times lower than road and 9 times better in terms of CO<sub>2</sub> emissions. The energy performance of rail is linked to rail's intrinsic technical parameters (with very low steel wheel to steel rail friction which dissipate far less energy than rubber to asphalt) and to rail's ability to bundle flows. The CO<sub>2</sub> performance of rail is linked in the first place to its low energy intensity and also, to some extent, to its use of electricity sources that are already largely decarbonised.
- Measures should therefore be introduced...
  - To increase the share of rail in the whole European transport mix (see point 2 below).
  - To ensure that the rising cost of electricity does not lead to reverse modal shift given that electricity prices have risen much more than diesel prices.
  - **The European Commission should explore a possible cap on electricity for rail freight** as a short-term solution. **Rail should benefit from surplus revenues.** The provisions of Article 6 of Council Regulation 2022/1854, which cap market revenues of producers of electricity from certain non gas-related “inframarginal technologies” at 180 € per MWh are a positive step, provided that Member States take into consideration rail's high exposure to the electricity market when allocating, according to Article 9 of the Regulation, the surplus revenues resulting from the application of the cap. Rail must adequately benefit from the surplus revenues to reduce the unit cost of rail electricity.
  - **Track Access Charges.** Member States should be allowed to support railway companies by reducing, waiving or deferring the payment of track access charges. One way to achieve this could be to prolong Regulation 2020/1429 until December 31st, 2024. The Regulation establishes the measures for a sustainable rail market in view of the COVID-19 outbreak. Currently, the period of application of this Regulation expired on December 31st, 2022.
  - Successful ERTMS deployment presents the potential to revolutionise railway management through enhanced capacity usage and network interoperability and must be viewed as a priority. Given that ERTMS is a system technology, the deployment of both onboard and trackside ERTMS equipment shall be synchronized and publicly funded. Current ERTMS investments, onboard and trackside, shall be properly safeguarded and remain compatible also with future releases. Both of these points are essential in order to ensure that ERTMS deployment, both trackside and onboard, can be achieved on schedule.
  - Digital Automatic Coupling (DAC) represents an opportunity to increase the modal share of rail and to decrease the overall energy intensity and carbon emissions of the transport sector while furthering the process of digitalisation of the industry and increasing macroeconomic productivity across borders in the EU (cf. Conclusion of the European DAC Investment Plan). DAC deployment should be properly studied and funded through major European programmes such as RePowerEU and

CEF, plus Cohesion Funds (in the case of Central & Eastern European Countries). DAC benefits are also dependent on substantial investments in infrastructure.

- **Energy supplies must be secured.** As identified by the International Energy Agency railways must be included in a strategic toolkit for saving energy. Member States should pursue a holistic approach when introducing demand reduction targets as per Article 4 of the Council Regulation 2022/1854 on an emergency intervention to address high energy prices. Therefore, energy-efficient electricity consumers, such as rail, which are committed to decreasing energy consumption without reducing transport services, should receive special treatment when addressed by the energy reduction measures foreseen by the Regulation. Any energy supply reduction during peak hours would mean for railways a necessary reduction of passenger services offered during those hours, leading to a reverse modal shift which would inadvertently benefit more polluting and less energy efficient modes of transport. Moreover, the level of service offered to customers who rely on rail as a public service should not be reduced.
- **Sufficient State Aid is needed for railways granted through well targeted schemes that ensure a level-playing field among undertakings in the single market.** The Temporary Crisis Framework for State Aid in the context of the Ukraine war allows Member States to partially compensate companies for high energy prices in order to ensure the continuation of economic activity. In this framework, a higher ceiling of €100 million is applied for energy-intensive users. However, the additional costs for railways are much higher, with some railway companies expecting up to €2 billion increased annual costs, making the thresholds set in the Framework inadequate for rail. Moreover, financial ratios to benefit from such measures should not penalise industries, like rail, that have already suffered from the COVID crisis recording around €50 billion losses which were only partially compensated. This is in sharp contrast with other sectors, such as civil aviation that has extensively benefitted from large state aid schemes in the context of Covid pandemic. **In order to avoid unfair competition between different transport modes as well engaging in the necessary efforts to achieve our climate targets, schemes to support rail freight should be proactively introduced on an EU-wide scale preventing a subsidy race between member states.**

## 2. Multimodality:

- The role of rail freight in multimodality as a means to reduce both the European transport sector's CO<sub>2</sub> emissions and its energy-intensity and to lighten Europe's dependency on outside energy sources should be fully recognised by all institutions (in the same way as it is largely today in public opinions).
- The European Commission should **adopt a multimodal approach to important legislation such as the revision of the Road Vehicles' Weights and Dimensions Directive**. It is important that road and rail freight remain cross-compatible and that the Weights & Dimensions Directive is adapted to optimise multimodality and not road only, in silo approach. Ensuring the technical compatibility of trucks with rail transport and optimizing the use of freight wagons is now more important than ever. The revision of the Road Vehicles' Weights & Dimension Directive should not be made to the detriment of rail. Rail compatibility of road vehicles in terms of weights, dimensions, resistance to rail air pressure, allowed protruding devices, **and 'cranability'**, must be promoted and become a 'design-by-default' criteria for future trailers.
- Changes in the legal framework on Weights & Dimensions should not lead to a negative impact on rail in the relative price equations between rail and truck transport through the allowance of longer and heavier trucks. In evaluating the benefits of longer and heavier trucks the comparison should be made on an holistic way and not within the silo of truck transport only.
- Combined transport must be made simpler for end-users, and enabling infrastructure should be developed. Interoperability should play an important role to make sure rail transport operates for long distances, with road transport mainly covering the last miles.

## 3. Rail freight as a priority:

- Rail freight should be considered as the backbone of European logistics for both environmental and energy-saving reasons.
- Rail and road freight do not face the same costs and competition issues. A discussion on competition between road and rail must be held at the top level whereby the EU proactively sets schemes which balance the costs and competition between rail and road on a EU-wide level. Such rebalancing is unlikely to happen without strong political decisions organising rail and road transit, similar to the **mandatory transit of trucks through Switzerland by rail** and to the **transport of municipal waste by rail in Austria**. The aim must be to find an effective and workable solution.
- A balanced approach between passenger and rail freight services should be found. It must be possible for both operations to grow unhindered (both at day and night), for which some milestones may be defined in the upcoming new capacity regulation
- Rail freight is international, and the revision of the Rail Freight Corridors Regulation 913/2010 should lead to a better coordination of capacity on the one hand (see Point 6 below) and of needed investments on the other hand (see Points 4 and 5 below).

- **The revision of the TEN-T Regulation must introduce standards which meet the needs of rail freight** (740-meter trains, 22.5 tonnes axel load and P400 compatible, ERTMS, Speed, Electrification) with clear 2030 and 2040 deadlines for implementation.

#### **4. Enable a technological quantum leap for rail freight transport:**

- Economic and Financial support at EU level should be developed to assist rail freight in the deployment of important technologies (**ERTMS, Digital Capacity Management, DAC** and freight dedicated digital tools, etc) being essential enablers of the modal shift objectives.
- Economic and financial support should however be conditioned to eco-friendly/green investments or to investments supporting rail freight role in military security and in the security of supply of food, energy products and other essential materials. (see Point 5 below).
- Member States should also take measures on track access charges, to make them lower for rail freight operators while compensating infrastructure managers for the loss of revenue, where there are losses;
- The European Commission should examine how charging principles can be redesigned to assist Europe's modal shift objectives.

#### **5. Investments:**

- There is a clear need to undertake massive investments (e.g. ERTMS deployment) to strengthen and foster modal shift across the EU and the rail freight sector. They should be targeted on infrastructure and rolling stock, digitalisation and investments in new technologies, which will make it possible to free up more capacity on tracks, especially on Rail Freight Corridors.
- Those investments must comply with the climate objectives, when it comes to infrastructures and technologies.
- Investments supporting rail freight role in military security and in the supply of food, energy products and material should be part of aid schemes.
- Investments in rail freight are not an end in itself, as rail operators pay close attention to what they deliver. Digital Automatic Coupling (DAC), will only be possible with substantial EU support. Subject to the development of a sound business case and deployment strategy, grant options can be discussed while keeping in mind the need to avoid distortion of competition between operators getting different levels of grant from member state to member state.

#### **6. Capacity market and management:**

- Capacity management should be market-oriented, taking into account the need for flexibility of rail freight operators.
- A modernised capacity management system should be developed, which is digital, flexible and secure.
- Infrastructure managers should engage Railway Operators into the capacity management processes in line with the TTR model.
- International coordination of works and capacity restrictions is essential.

## **7. Digitalisation:**

- To make rail freight as effective and green as possible, new technologies are one of the solutions, when it comes to digitalisation, standardisation etc (e.g. DCM - Digital Capacity Management, Digital Platforms).
- The IT technical processes should be harmonised across the EU.
- The use of new technologies must however comply with preservation of jobs as well as with strict data policies.

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