



TRACK FOR EUROPE

Abbreviations

The most common abbreviations used in the document are the following:

ATO, Automatic Train Operation
CCS, Control Command and Signalling
CEF, Connecting Europe Facility
CINEA, European Climate, Infrastructure and Environment Executive Agency
CNC, Core Network Corridor
DAC, Digital Automatic Coupling
DCM, Digital Capacity Management
EC, European Commission
ERA, European Union Agency for Railways
ERDF, European Regional Development Fund
ERJU, Europe's Rail Joint Undertaking
ERTMS, European Rail Traffic Management System
ETCS, European Traffic Control System
ETS, Emissions Trading System
FRMCS, Future Railway Mobile Communication System
GHG, Greenhouse Gases
MaaS, Mobility as a Service
MDMS, Multimodal Digital Mobility Services
MFF, Multi-annual Financial Framework
NRRPs, National Recovery and Resilience Plans
OSDM, Open Sales and Distribution Model
PSO, Public Service Obligation
RMMS, Rail Market Monitoring Report
RRF, Recovery and Resilience Facility
TMS, Traffic Management System
TSI, Technical Specification for Interoperability
TTR, Timetable Redesign

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A high-speed train is captured in motion, blurred to convey speed, as it travels along a track. The scene is set at dusk or dawn, with a soft, colorful sky transitioning from blue to pink and purple. In the background, two large wind turbines stand on a grassy hillside. The overall atmosphere is one of modern, sustainable transportation.

EXECUTIVE SUMMARY

The present document outlines the CER vision for well-functioning rail passenger and freight services, as well as for a high capacity rail infrastructure, with the objective of pursuing the modal shift and modal share objectives of the EU Strategy for Sustainable and Smart Mobility and fostering Europe's green and digital transitions.



ON TRACK FOR EUROPE

CER invites **EU policymakers to position railways at the centre of any array of policy tools** for promoting Europe's sustainability and prosperity because of three main features:

1

Railways are by far the **most sustainable mode of transport**;

2

Railways' energy efficiency will **help decrease Europe's energy consumption**, increase Europe's share of renewable energy sources, and increase Europe's independence from non-EU energy sources;

3

Railways are **efficient investors** and contribute to the creation of sustainable economic ecosystems.



The document explains how future policy actions should be based on four fundamental pillars:

A. Ensuring fair competition between modes

Today the regulatory framework is not fair, and past attempts to redress it have failed. The conditions and pricing to access infrastructure differ from rail to road; energy taxation is uneven and favours aviation in particular; VAT rules too are applied unfairly; social conditions also differ thereby allowing social dumping practices in the road sector. Much remains to be done in this field and concrete policy actions must be priorities for the next legislature.

“Modal shift is paramount for a more sustainable, more secure, socially and economically fairer, stronger Europe.”

B. Ensuring adequate financing of railways

Railways need fair, long-term, comprehensive financing. To meet the huge infrastructure investment needs of the sector, rail will need a bigger CEF budget line in a scaled-up MFF, where ETS revenues should be earmarked and EU Green Bonds made standard for supplementary sustainable projects if new European debt is issued to finance the next MFF. Multiannual Contracts between governments and infrastructure managers must be drawn up and applied correctly and for a duration of no less than five years. In addition, private resources may be attracted complementarily in certain Member States thanks to the tools provided by the EU Strategy on Sustainable Finance. At a broader level, European Semester recommendations will have to affirmatively promote the green transition, coupling macroeconomic stability with the prioritisation of sustainable investments.

C. Digitalising rail services and ensuring the deployment of rail's key enablers: ERTMS (and FRMCS), DAC, DCM

Accomplishing the digital transition means for rail to deploy its enabling technologies within the shortest possible delay. ERTMS, the Future Railway Mobile Communication System (FRMCS), Digital Capacity Management (DCM) and Digital Automatic Coupling (DAC) in freight are all potential game changers. A new governance should be designed to coordinate ERTMS, DAC and FRMCS investments & deployment to finally unlock the benefits of these key technologies, including better data exchange, optimised capacity and ultimately more trains, also cross-border.

D. Recognising the need for to a new approach to market and competition policies

EU market and competition policies must better take into account EU climate objectives and in fact be re-designed to facilitate their achievement. For example State aid rules should be fit to ensure support for Single Wagon Load and for the technologies that are key to the future development of the rail system. At the same time, the creation of a Sovereignty Fund could be a way to re-balance the spending capabilities of Member States.

“Rail is key to ensuring Europe’s future and to the creation of sustainable, energy-efficient, prosperous economic ecosystems.”

The final portion of the document is dedicated to putting forward concrete policy suggestions for each of these pillars, plus others that are considered to be urgently needed to allow rail to further develop further and Europe to benefit from the full potential of the system.



A blurred high-speed train in motion, with the word 'FOREWORD' overlaid in large white letters. The train is moving from left to right, creating a sense of speed. The background is a clear blue sky with a few wispy clouds. The train tracks and gravel bed are visible in the foreground, leading towards the horizon.

FOREWORD



Rail is key to ensuring Europe's future and to the creation of sustainable, energy-efficient, prosperous economic ecosystems.

Particularly today, in the changing geopolitical context that has been described in many recent publications by the European Commission (EC) – from the 2023 Strategic Foresight Report to the 2023 State of the European Union – it is key to enabling railways' vision, to draw all possible benefits from high quality rail services and open the way to a better connected, more sustainable, more resilient and secure Europe.

Rail companies are putting forward to all EU policymakers the present document to **inspire worthwhile policy initiatives** as of the first day of the new legislature.

This document is the result of the work of all CER members – including the CER Infrastructure, Passenger and Freight CEO Coalitions - and benefits from the information that has been gathered through the CER survey that ran during 2023, when the association engaged in consultations in-house and with a number of external stakeholders across Europe – inter alia Allianz pro Schiene e.V., BDI, CargoBeamer AG, CLECAT, the Croatian Chamber of Economy, the European Rail Freight Association (ERFA), the European Transport Workers' Federation (ETF), the European Climate, Infrastructure and Environment Executive Agency (CINEA), the European Cyclists' Federation (ECF), the European Disability Forum (EDF), the European Passengers' Federation (EPF), the European Travel Commission (ETC), the European Youth Forum (EYF), FEPORT, GATX Rail Europe, the International Transport Forum (ITF), Ombudsrail, Sequelwork, the trade union FNV Spoor, the Trade Union of Hungarian Railwaymen, Transport & Environment and UIRR.

CER is grateful to all the distinguished organisations that decided to **provide their views in the context of this exercise and looks forward to cooperating with all of them** and further stakeholders on all relevant policy fronts during the next five years.

We hope this document will help continue existing conversations with EU policymakers and to open new ones.

A high-speed train is shown in motion, blurred to convey speed. The train has a white upper section and a red lower section. A person wearing a grey puffer jacket is standing on the platform to the right, looking out of one of the train's windows. The background is a clear sky.

RAILWAYS' AMBITIONS



1

Better passenger services for all

2

More digital rail freight logistics integrated with other modes

3

A higher capacity infrastructure

Modal shift must be at the centre of EU policy to decarbonise transport, and the measure of our ambitions is matched by our commitment to contribute actively to the EU policymaking of the next years.

We will do so with the full strength that comes from the expertise of our professionals, from the experience we have in all continental markets and from the vision we have for Europe's future.

Our ambitions will have to be met by appropriate initiatives, that will take the shape of firm commitments from our companies, targeted improvements to the regulatory framework and the definition of adequate provisions in national and EU budgets.

BETTER PASSENGER SERVICES FOR ALL

Whilst the European rail sector fully supports the goals set by the Strategy for Sustainable and Smart Mobility¹, **we believe it is necessary to go even further.** We want to at least double the modal share of rail passenger transport in all segments by 2040 - mass transit, regional rail and high speed - providing suitable, better quality and more sustainable alternatives to individual cars and short-haul flights.

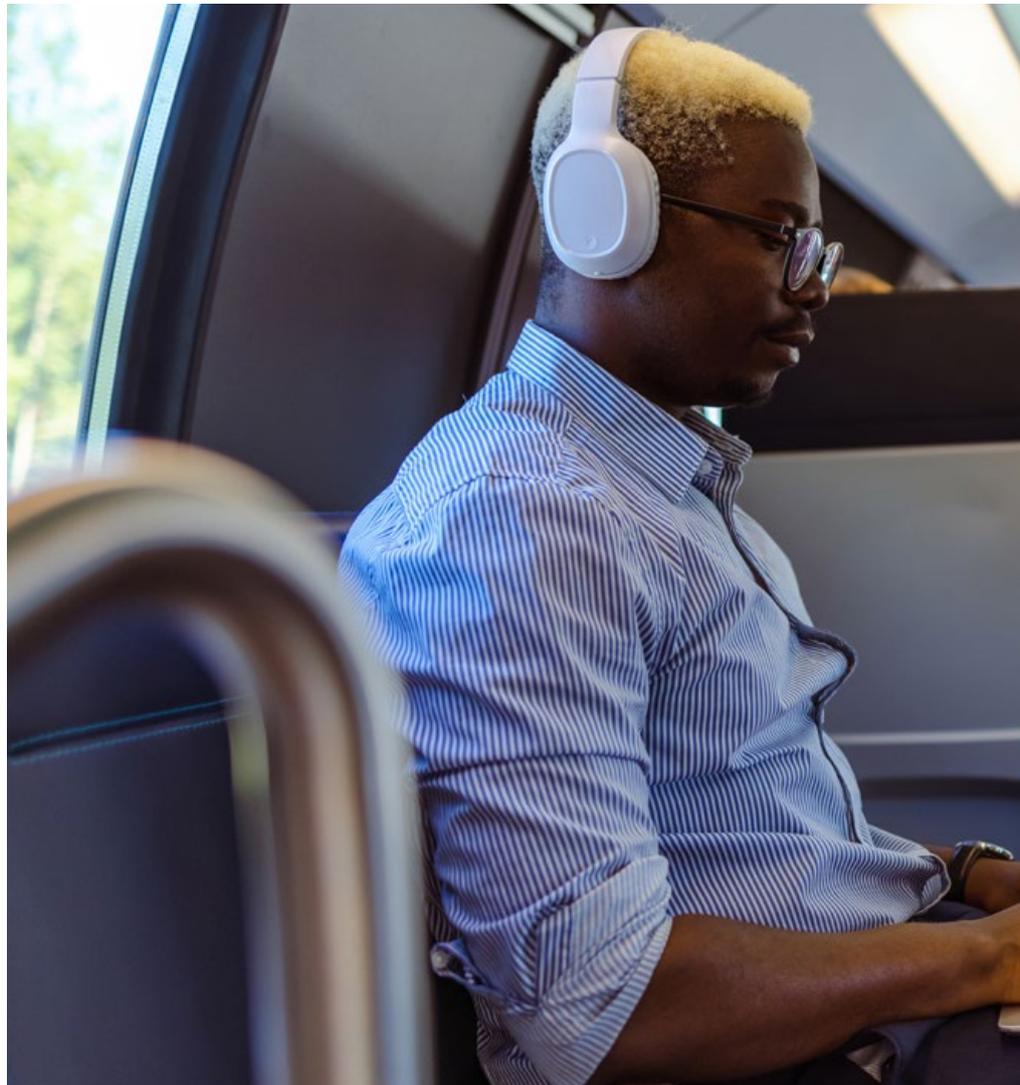
Connecting European capitals and major urban nodes through high-speed rail services is an outstanding tool to better compete with short-haul flights insofar as high-speed has a high potential for significantly reducing CO₂ emissions compared to short-haul aviation and long-distance private road transport, especially in journeys between 600 and 800 km², and possibly also longer routes.

We want to ensure the quality of regional rail passenger traffic. This is key to reduce congestion in urban areas and decrease road pollution in and around cities, while contributing to territorial cohesion and the mobility of their populations.

The railway industry has also started delivering rolling stock designed to be accessible for people with reduced mobility and providing enough space for bike transportation.

This trend must continue in the future to make rail fully accessible and attractive.

For leisure travellers railways expect to play in the future an increasingly important role, **boosting sustainable tourism** and integrating its services with the ones of other providers including the ones who offer accommodation³.



¹ COM/2020/789 final.

² See also CER Essay "High speed rail as a strategic tool for achieving European transport policy goals", by L. Ferraris (FS) and Prof. O. Baccelli (Bocconi University), March 2023

³ See also CER Essay "Railways and sustainable tourism", by Z. Pafféri (MÁV) and Prof. B. Remenyik (University of Tokaj), March 2023

“Passenger hubs in all cities should be integrated to improve air-rail connections and in the urban transport network to allow the full use of urban collective transport solutions.”

Night trains will be key in this context, with more routes and ever more quality services to be offered throughout the Union.

In addition, initiatives like DiscoverEU are instrumental in contributing to the modal shift to rail of younger generations and should be extended to other Erasmus+ student mobility projects.

Rail passenger services must also be better **connected with other modes of transport.**

Passenger hubs in all cities should be integrated to improve air-rail connections and in the urban transport network to allow the full use of urban collective transport solutions.

European Rail Traffic Management System (ERTMS), Digital Capacity Management (DCM), harmonisation of ticket sales and distribution based on sector-designed specifications such as the Open Sales and Distribution Model (OSDM), and Mobility as a Service (MaaS) are some of the **technological tools** that can generate positive spill overs for operators and customers⁴.

Also, it is important to provide passengers with real-time information. Railway undertakings will work together to develop a European real-time data service, allowing all relevant parties (railway undertakings, ticket vendors, transport authorities and other stakeholders) to connect to and better inform passengers during their journey, in case of disruptions or delays.



⁴ See also CER Essays “High speed rail as a strategic tool for achieving European transport policy goals”, by L. Ferraris (FS) and Prof. O. Baccelli (Bocconi University), March 2023, and “Czech high-speed rail for a sustainably connected Europe”, by J. Svoboda (SZCZ), Prof. Ing. o. Jiroušek (CTU) and Assoc. Prof. O. Plášek (BTU), May 2022. See as well Metropolitan Network: A strong European railway for an ever closer Union by PTV Group (publishing author: DB AG).

MORE DIGITAL RAIL FREIGHT LOGISTICS INTEGRATED WITH OTHER MODES



Rail freight traffic in Europe must double by 2050⁵ and achieve a modal share of

30%

by 2030.

Rail freight capacity will be **boosted by the cooperative efforts** of the infrastructure managers and the other actors, and through the wide deployment of ERTMS and new technologies such as Digital Automatic Coupling (DAC), Digital Capacity Management (DCM) and digital rail freight operations, which if combined can increase the capacity on existing rail infrastructure by more than 30%.

Rail freight companies will have to be involved by local authorities in the processes of urban and regional mobility planning. Rail freight services will need to have access to industrial hubs and transshipment facilities equipped with the adequate technologies required to allow for efficient multimodal traffic. Additional terminals and marshalling yards will have to be built to handle volume increases.

A major barrier to shifting from road to rail today is the high share of non-craneable equipment. Road operators often refrain from the extra cost of making loading units craneable and while several technologies exist to allow horizontal loading of non-craneable units, they are still more costly and their deployment is so far limited. **Craneability must therefore become obligatory for new semi-trailers via appropriate policy initiatives at EU level.**

A HIGHER CAPACITY INFRASTRUCTURE

Regenerating and modernising the European rail network, as well as making it more interoperable, is key to allowing it to welcome a much higher number of trains and achieve, in this way, the European Green Deal targets. A better functioning of capacity relies foremost on robust and well-maintained infrastructure. All efforts should be made to urgently ensure the regeneration and the modernisation of the network as a prerequisite for its development.

Furthermore, infrastructure capacity will have to be boosted for freight and passenger services and infrastructure maintenance and works will have to be planned in such a way as to allow earlier bookings for passenger services, while allowing sufficient capacity and flexibility for efficient multimodal freight logistics. **This more efficient capacity planning, allocation and management will be key to make rail transport more competitive and enable modal shift.**

ERTMS will in particular guarantee a major capacity boost that is calculated to be up to

40%

The Commission's proposal on the use of Railway Infrastructure Capacity has the potential to improve the utilisation of scarce and congested physical rail capacity and to better meet the needs of railway undertakings. It will be necessary, however, to ensure the adequate participation of railway undertakings in the setting up of processes.

Rail infrastructure needs to connect Europe to its neighbouring commercial partners, and the extension of the TEN-T infrastructure will have to boost very long-distance intercontinental traffic, developing routes towards the Western Balkans and neighbouring countries, the Middle-East and the Asian and African continents.

The development of high-speed rail infrastructure between

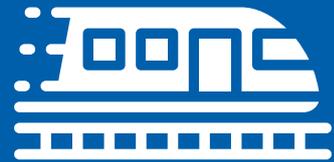
European capitals and major urban nodes would play an essential role in avoiding short-haul flights and bringing additional capacity along the main transportation corridors.

Rail infrastructure capacity will have to be enhanced not only via new physical infrastructure projects but also via a modernised and regenerated infrastructure, and through the deployment of the right technologies. ERTMS will in particular guarantee a major capacity boost that is calculated to be up to 40%, and will have to be deployed in an interoperable way on the TEN-T network and beyond. The Future Railway Mobile Communication System (FRMCS) will also play a major role in these developments, and DCM will increase the infrastructure capacity by a significant extent within a short time frame and with comparably small investments.



WHY RAIL?





THREE GOOD REASONS TO CHOOSE RAILWAYS

1

Rail transport is ready to complete Europe's green transition

2

Railways provide resilience to the EU society and the economy

3

Rail investments contribute to creating greener and more digital economic ecosystems



FAST TRACK DECARBONISATION

1. RAIL TRANSPORT IS READY TO COMPLETE EUROPE'S GREEN TRANSITION

The notion of railways as the most sustainable transport mode goes today widely uncontested and it is part of a shared foundational knowledge upon which wide-reaching legislative initiatives such as the Fit for 55 legislative package have been designed and processed by EU policymakers.

Rail has reduced its direct greenhouse gas (GHG) emissions continuously since 1990, while carrying around 11.5% of freight and 5.5% of passengers across all modes in intra-EU transport in 2020. During the last decades, railways significantly improved their GHG emission intensity since the GHG emission reduction was complemented by higher traffic volumes in freight transported by rail⁶.

Further than that, rail contributes to the decongestion of road traffic in urban areas and around them, and consumes less energy to transport more people, therefore contributing to **reducing Europe's 58% dependence on imported energy sources**, and also to reducing emissions from the production of electrical energy, where such production does not come from renewable sources.

In total, 81.6% of rail train-kilometres in 2020 were run using electric propulsion, while 57% of the total rail network in the EU is electrified. **This means that railways are already prepared to provide their services by using only energy from renewable sources, thus delivering carbon-free services for freight and passengers.**

Unlike any other transport mode, railways have everything in place as of today to bring their carbon footprint to zero.

In total,

81.6%

of rail train-kilometres in 2020 were run using electric propulsion.

57%

of the total rail network in the EU is electrified.





RESILIENCE TRACK RECORD

2. RAILWAYS PROVIDE RESILIENCE TO THE EU SOCIETY AND THE ECONOMY

During 2022 **the rail sector found itself at the heart of the EU's response to Russia's war of aggression against Ukraine** and rail undertakings responded to the call for help of Ukrainian refugees, bringing them to safety in Europe. At the same time, the rail sector has also helped set up EU-Ukraine solidarity lanes, alternative trade and transport corridors to help Ukraine export its goods to the rest of the world and import the goods it needs⁷.

The conflict, however, created the conditions for the energy crisis that impacted European households and industries, with electric energy prices skyrocketing to unprecedented levels. **In the worst days of the energy price surge, railways' energy efficiency was essential in providing low energy-intensive mobility solutions.** In fact, rail is not only comparatively less polluting but also more energy-efficient than other means of transport.



In August 2022, natural gas prices fell to an average of

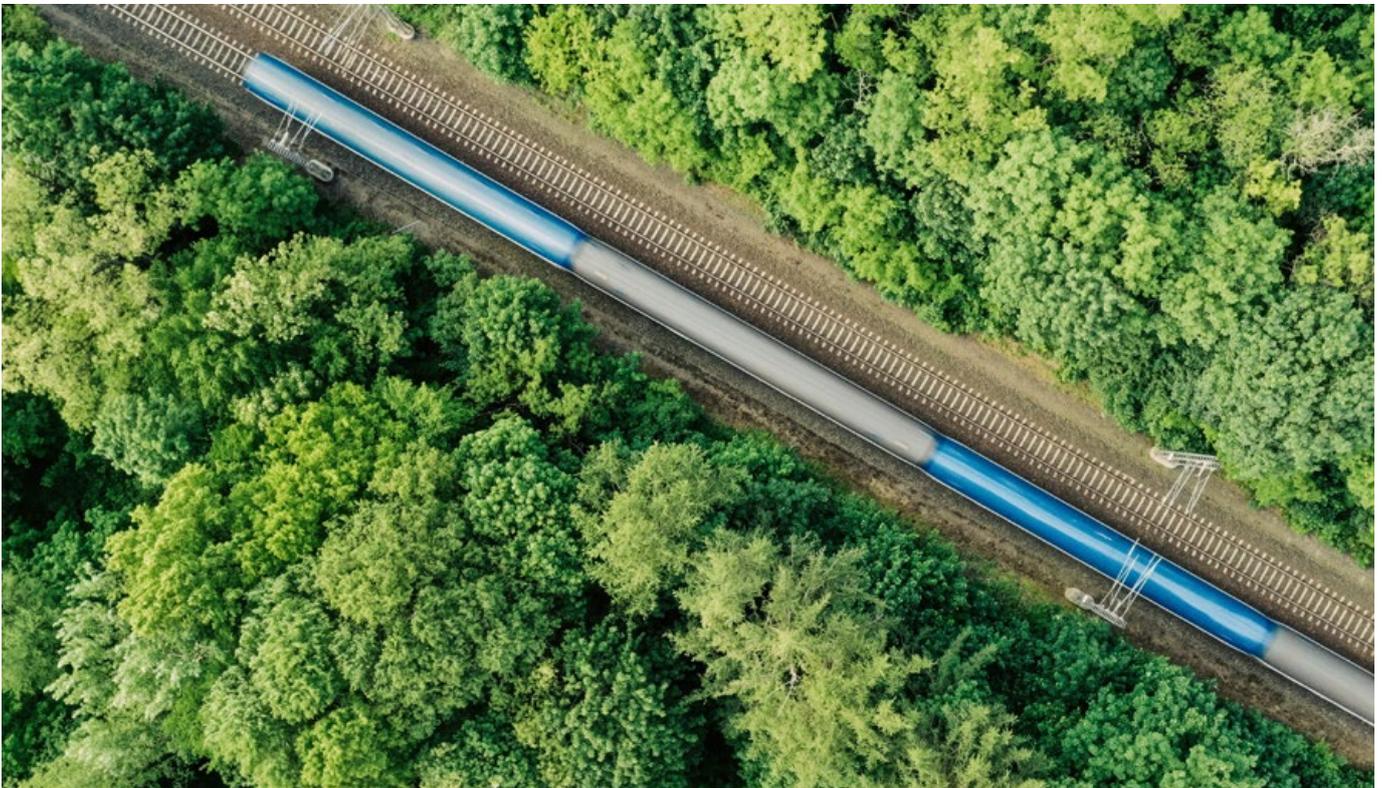
€44/MWh

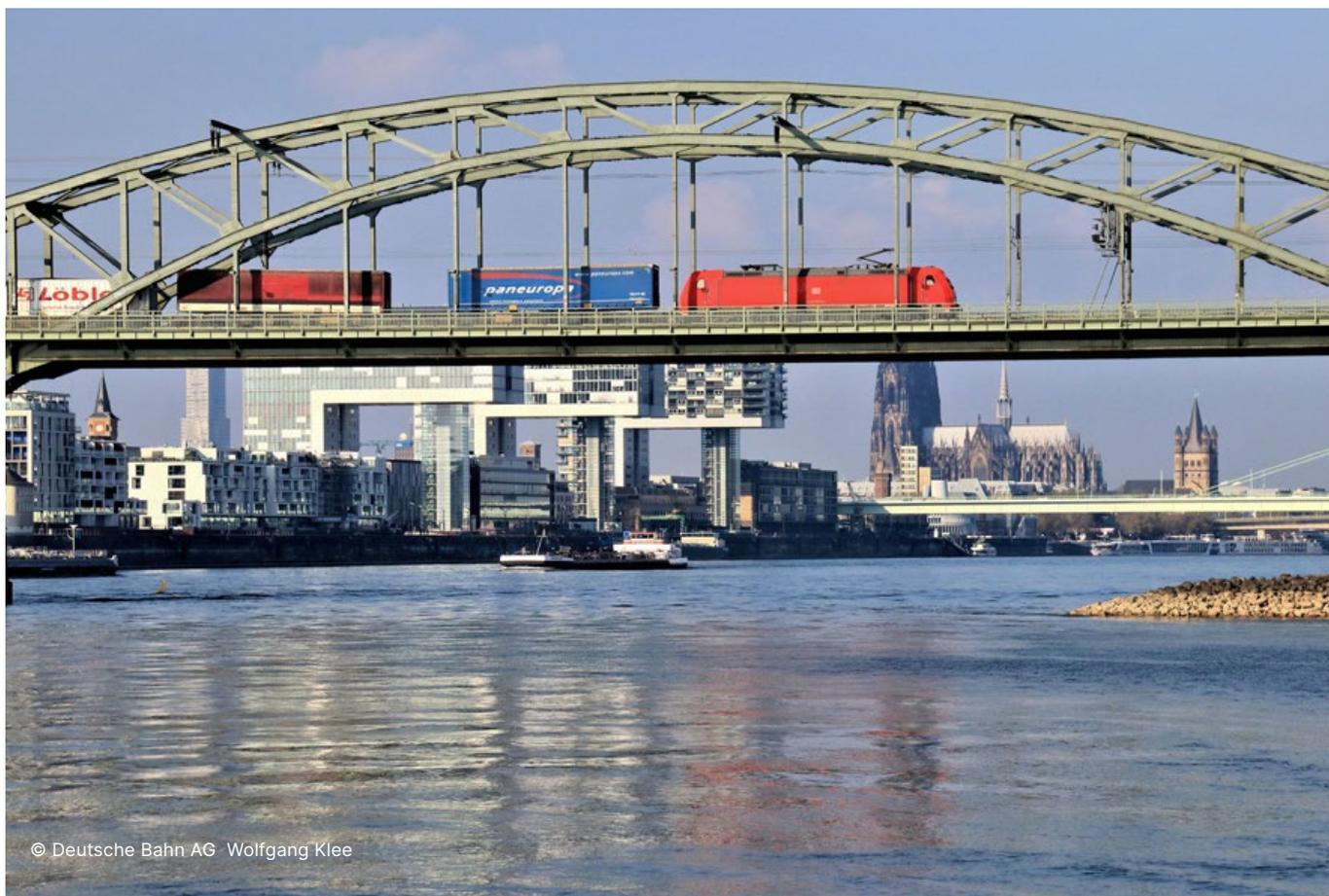
and electricity prices fell to an average of

€107/MWh

On 24 October 2023, the European Commission adopted its State of the Energy Union Report 2023. The report notes that after the peak in energy prices in August 2022, natural gas prices fell to an average of €44/MWh and electricity prices to an average of €107/MWh, however energy markets remain vulnerable and inflation is still high. Eurostat reported an EU average price in the first half of 2023 of €183/MWh for non-household consumers. Crude oil prices returned above \$90/barrel in September 2023 but are forecasted by the International Energy Agency to decline further in the next years. This situation indicates the **continuation of short-term risks** for already electrified transport modes like rail, facing relatively higher operational costs when compared to fossil-fuel driven modes, such as aviation and road.

In this context, it is worth remembering that trains are capable of carrying large amounts of cargo and passengers in a single journey. The energy required per tonne-mile or per passenger-mile is relatively low when compared to individual automobiles or airplanes. Steel wheels on steel rails result in lower rolling resistance compared to rubber tyres on roads.





Many modern trains are equipped with regenerative braking systems: when a train brakes, the kinetic energy is converted back into electrical energy and fed back into the power grid, reducing overall energy consumption. Trains operate at relatively consistent speeds, which can improve energy efficiency. In 2020, rail accounted for 0.4% of both transport GHG and CO₂ emissions and for 1.9% of transport energy consumption in the EU-27⁸.

It is inevitable that against the above uncertain geopolitical context, where international supply chains and the international energy markets are being re-shaped at unprecedented pace, **rail technology will have to be included in any array of solutions** that are to be implemented and fostered to ensure Europe's energy security and to support our Union's leadership on the global stage.

In 2020, rail accounted for

0.4%

of both transport GHG and CO₂ emissions.

⁸ 8th RMMS Report, COM(2023) 510 final.

GREEN & DIGITAL INVESTMENT

3. RAIL INVESTMENTS CONTRIBUTE TO CREATING GREENER AND MORE DIGITAL ECONOMIC ECOSYSTEMS

Today railways are among the biggest and most efficient absorbers of public funding in all Member States and among the biggest investors of the continent. This is because railways are unique vehicles to distribute economic resources along different value chains of the continental economy, and thereby create widespread prosperity. This happens while providing mobility solutions for both passengers and freight that are sustainable and progressively

more digital, contributing to the development of sustainable economic ecosystems.

In line with this, EU policy recommendations to national governments are increasingly combining classic concerns regarding macroeconomic convergence with the need for **policymaking at national level to be consistent with the EU climate objectives** and contribute to the European fight against global warming.



The most recent example of this approach has been the design of the National Recovery and Resilience Plans (NRRPs) and the way in which such design has been framed by clear EU rules. In fact, to have access to the resources of the Recovery and Resilience Facility (RRF), Member States had to invest at least 37% of the resources in projects contributing to the so-called green transition (and 20% to the digital transition).

To date, we can say that these objectives have been exceeded, since out of the €723.8 billion (2021 prices, where €338 billion were available in grants and €385.8 in loans) 40% has been spent in green projects and 26% in digital projects. **In this context, rail projects have received an unprecedented funding boost in many Member States:** around €55 billion has been allocated to rail projects so far, providing support for rail infrastructure, rolling stock, urban rail transport and ERTMS.

In other words, economic recovery was the priority in the RRF design but not at any cost. **Investing sustainably was the other firm point of RRF.**

To date,

40%

of grants and loans have been spent in green projects.

To date,

26%

of grants and loans have been spent in digital projects.



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This approach has been applied again recently with the June 2023 Council country-specific recommendations on the 2023 National Reform Programmes⁹. The recommendations underline **the importance of designing fiscal reforms** that encourage more environmentally friendly transport and avoid environmentally harmful subsidies, including tax exemptions and tax reductions. They underline that efforts on

energy efficiency, including in transport, **are important to achieve national climate and energy targets**, reduce the reliance on fossil fuels and boost competitiveness and job creation, and praised the commitment to finance public investment for the green and digital transitions, and for energy security, with specific reference to investments in the rail network.

Although the greening of the European Semester process is **something that should progress in the future**, it is clear that sustainability concerns have started to be factored more visibly in continental macroeconomic reflections and that actors in these processes recognise the advantages of investing in rail.



“Railways are uniquely placed to distribute economic resources along different value chains of the continental economy.”

⁹ The Council country-specific recommendations are issued in the context of the European Semester process. The European Semester is part of the European Union's economic governance framework. During the European Semester, Member States align their budgetary and economic policies with the rules agreed at EU level. Initially conceived as an economic exercise, the European Semester has evolved, integrating other relevant policy fields into the process. It aims to ensure convergence and stability in the EU, ensure sound public finances, foster economic growth, prevent excessive macroeconomic imbalances, monitor the implementation of national recovery and resilience plans as well as coordinate employment and social policies. Twice a year, the Council issues country-specific recommendations to each Member State government.



2024-2029
FOUR PILLARS
FOR FUTURE
GOOD POLICY



MODAL SHIFT IS PARAMOUNT FOR A MORE SUSTAINABLE, MORE SECURE, SOCIALLY AND ECONOMICALLY FAIRER, STRONGER EUROPE

Modal shift to rail must be the cornerstone of the EU policies to decarbonise transport and the economy as a whole, to proceed swiftly towards the green and digital transition, and to create ever greener value chains and economic eco-systems. CER insists that shifting passenger and freight traffic to rail is of paramount importance to allow the European Union to achieve its climate objectives, strengthening its energy security, supporting social and economic cohesion, and fostering its leadership on the global stage.

From this, the vision that should inspire EU policymaking in the next five years is based on four main concepts:

- A. Ensure fair competition between modes;**
- B. Ensure adequate financing of railways;**
- C. Ensure the deployment of rail's key enablers: ERTMS (and FRMCS), DAC, DCM;**
- D. Ensure competition policy that supports the European green transition.**

A detailed list of policy proposals for each of the pillars described here below can be found as the last chapter of the present document.

An aerial photograph of a multi-lane highway bridge crossing a river. The bridge has a metal truss structure. Several white semi-trucks are driving across the bridge. The surrounding landscape includes a river, dense green trees, and some buildings in the distance. The entire image has a blue color cast. Overlaid on the image is large, bold, pink text that reads "LEVEL PLAYING FIELD".

LEVEL PLAYING FIELD



ENSURE FAIR COMPETITION BETWEEN MODES

Only fair intermodal competitive conditions
can allow each mode to do what it does best.

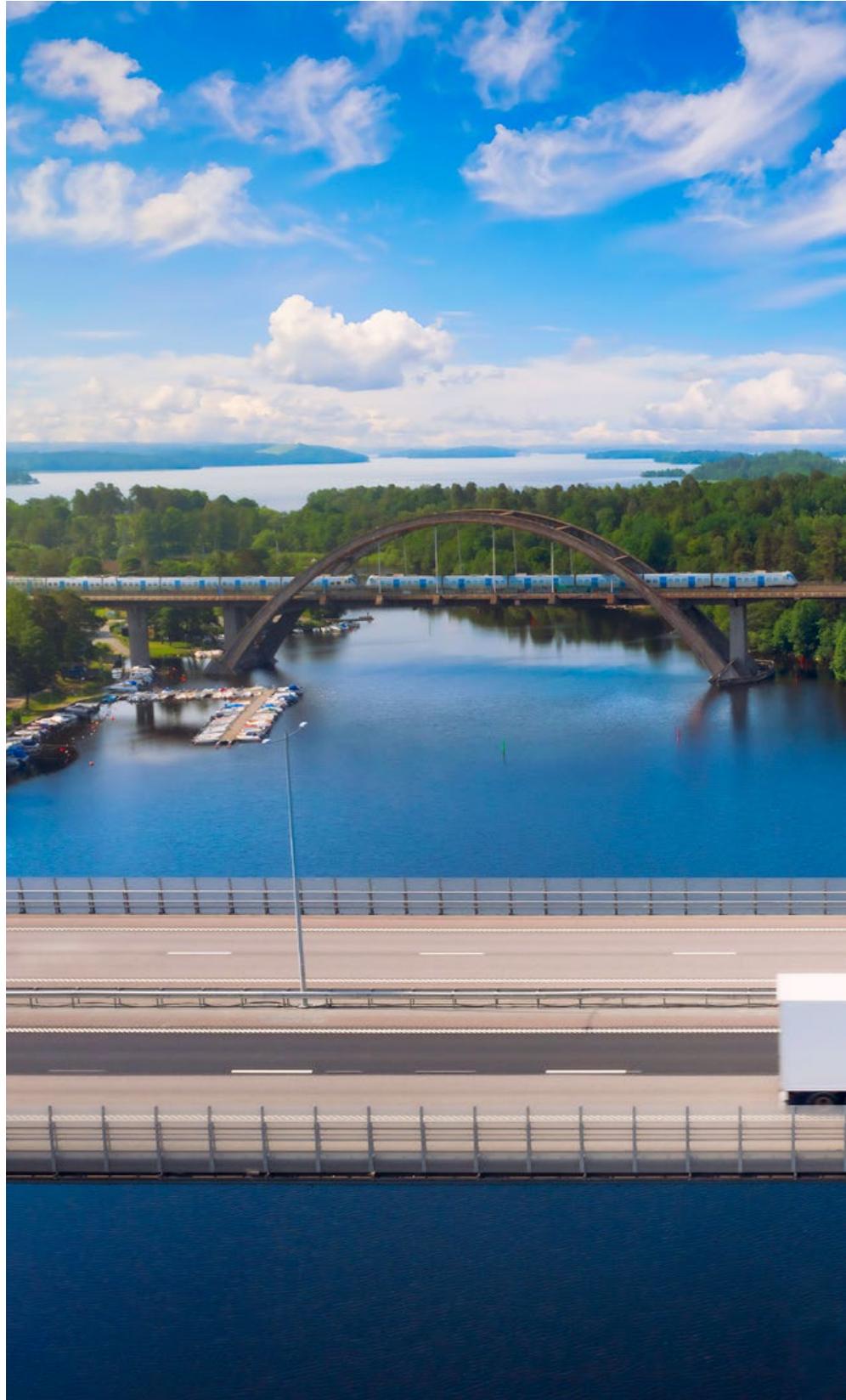
ENSURE FAIR COMPETITION BETWEEN MODES

CER has been advocating for decades for establishing an EU regulatory framework that ensures fair competition between modes. Only fair intermodal competitive conditions can allow each mode to do what it does best, serve the market that it serves best, by delivering efficient services and enabling the creation of optimally distributed multimodal mobility chains.

However, regrettably, insufficient steps have been taken in this direction.

For example, all attempts to revise rules for road infrastructure charging have substantially failed in this sense, including the last revision of the Eurovignette Directive. The revision of the Energy Taxation Directive, among the objectives of the Fit for 55 legislative package, is proceeding at very low speed, with only weak signals of an appropriate fiscal treatment of aviation fuels. VAT regimes still give exemption to international aviation tickets, whereas this is not the case for rail tickets in all Member States.

The 2023 proposal to revise the Combined Transport Directive is a welcome step, although the new definition of Combined Transport (40% external cost savings compared to road) must be improved and made easier to implement, while support measures must be given to national intermodal operations, and investment into transshipment terminals accelerated.





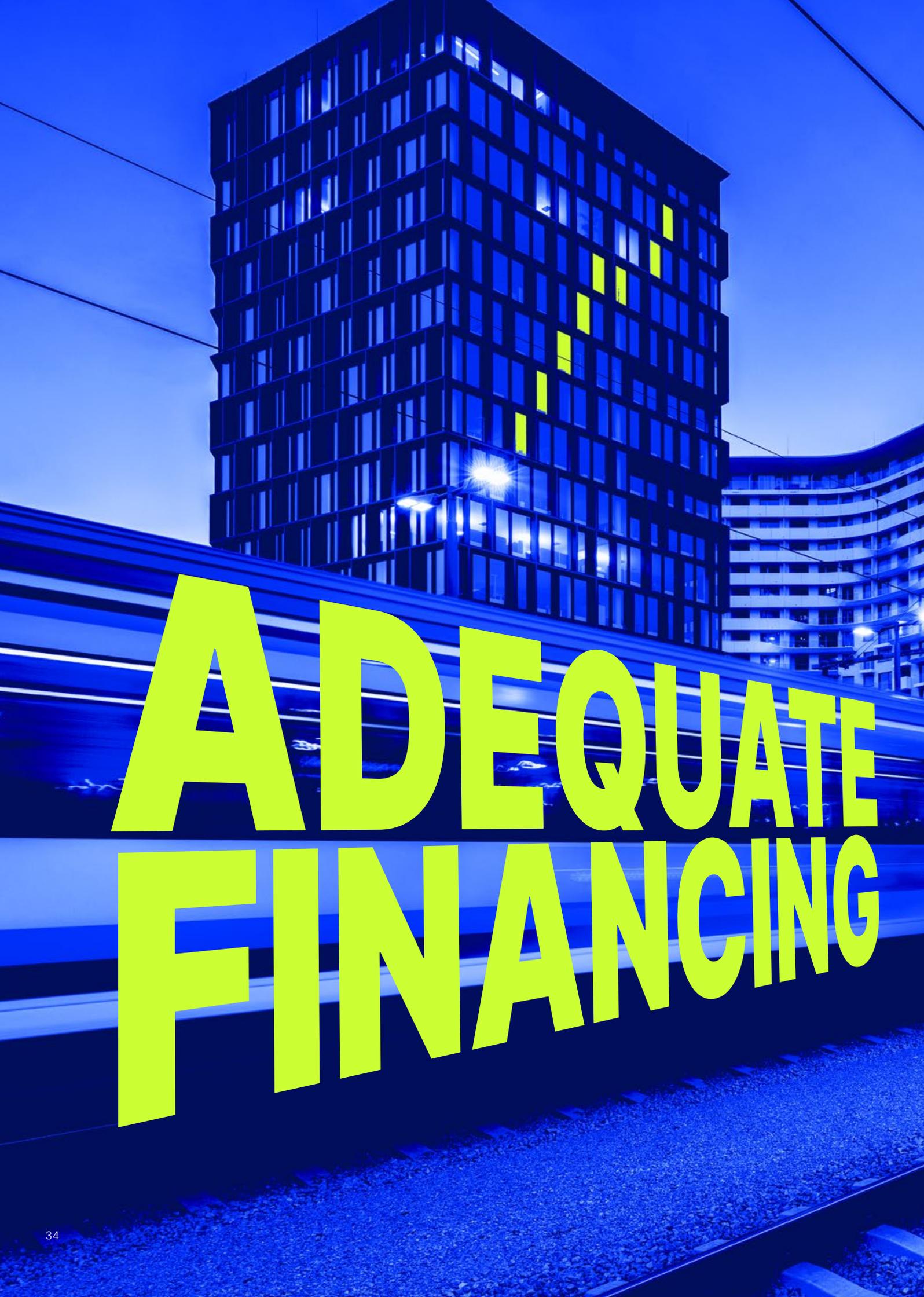
40%

external cost savings
compared to road.



“A stronger
commitment
by all EU
policymakers and
more ambitious
policies are
urgently needed
to trigger rail’s
full potential.”





ADEQUATE FINANCING



ENSURE ADEQUATE FINANCING OF RAILWAYS

Adequate financing is at the core of a well-functioning rail system however railway infrastructure is still underfunded in most Member States. Only by designing the right economic model will we be able to address all evident bottlenecks that prevent the rail market from growing.

ENSURE ADEQUATE FINANCING OF RAILWAYS

FAIR, LONG-TERM, COMPREHENSIVE, SERVICE-ORIENTED FINANCING FOR RAILWAYS

Total rail infrastructure spending in the EU 27 in 2020

€41.8 billion

TEN-T investment needs over the period 2021-2030 under the current Regulation are estimated at around

€500 billion

for the Core Network alone.

National budgets contributed so far to total expenditure and investment by about

69%

In the EU 27, total rail infrastructure spending rose from **€39.1 billion in 2015 to €41.8 billion in 2020**. In 2020, 25% of the spending was on maintenance, 27% on renewals, 28% on upgrades and 20% on investments in new infrastructure¹⁰.

However, in order to implement the TEN-T Regulation in force, total investment needs over the period 2021-2030 are estimated at around €500 billion for the TEN-T Core Network (€50 billion per year on average), and at around €1.5 trillion for the TEN-T Comprehensive Network and other transport investments up to 2050¹¹.

The full cost of such investments, considering the entire life cycle cost of each project, is huge. Once adopted, the new TEN-T Regulation, currently under revision, will increase the level of the total investment needed even further.

According to the 8th Rail Market Monitoring Report (RMMS), national budgets **contributed so far to total expenditure and investment by about 69%, whereas EU co-financing accounted for 8%**.

The remaining share came from other sources, including loans, equity and self-financing¹².

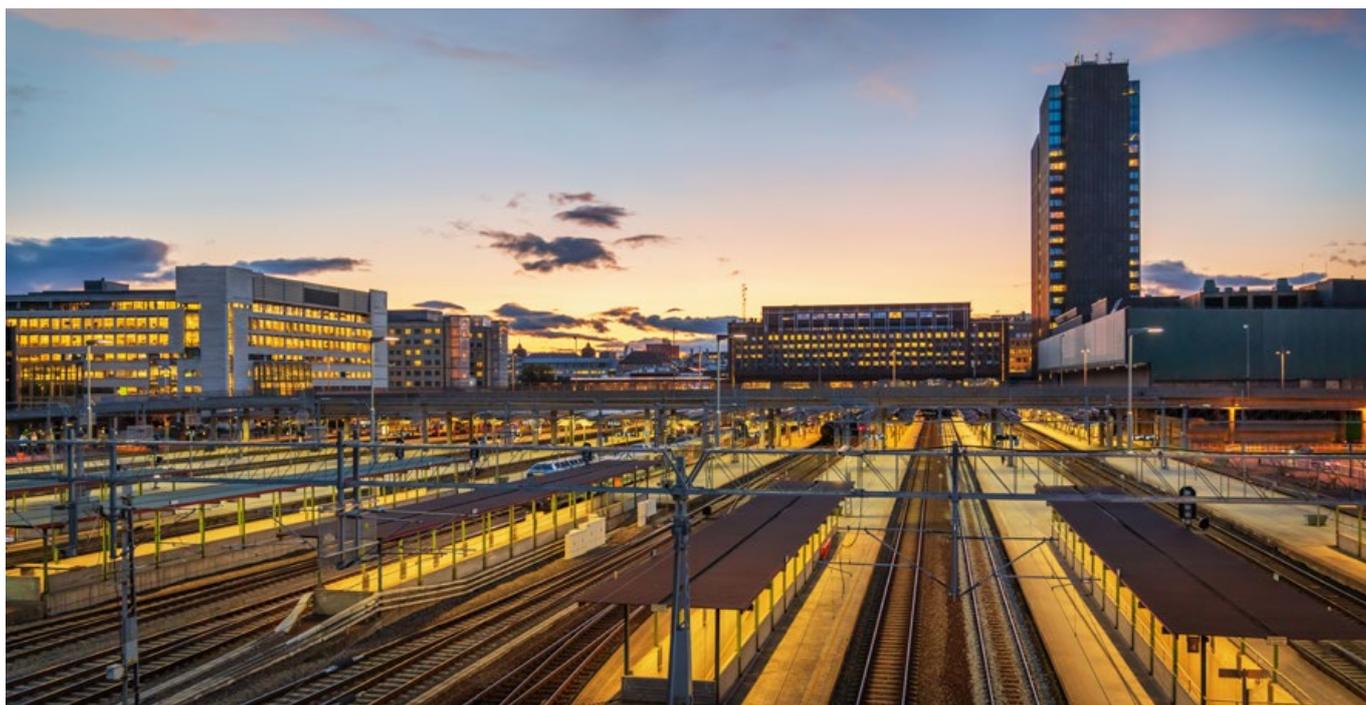
As for the CEF2 budget for 2021-2027, calls are regularly oversubscribed by a factor up to five times. Already today, the funding of high-quality transport infrastructure and rolling stock projects **must be rejected for purely budgetary reasons**.

Lastly, the mid-term review of the MFF package proposed by the EC does not provide additional resources to the CEF2. **New projects, such as the deployment of DAC are not sufficiently taken into consideration** although its European added value is recognised in most EU Member States and beyond.

¹⁰ 8th RMMS Report, COM(2023) 510 final.

¹¹ EC (2021), Impact Assessment Report - Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network, amending Regulation (EU) 2021/1153 and Regulation (EU) No 913/2010 and repealing Regulation (EU) 1315/2013.

¹² 8th RMMS Report, COM(2023) 510 final.



Public grants, both European and national ones, are and will continue to be **the most important funding instrument** for railway infrastructure development. Nonetheless, and despite the additional investments from the Recovery and Resilience Facility, it is evident that public budgets – at both European and national level – **are not sufficient to achieve those conditions** that would allow EU modal shift goals to become a reality.

It must be underlined that railway infrastructure is still underfunded in most Member States. **Public subsidies and track access charges most of the time do not suffice to guarantee a sufficient level of regeneration of the infrastructure.** This results in further ageing of the railway infrastructure, leading to a reduction of speed limits and even the closure of some lines.

Adequate financing is therefore the core issue of the rail system. Only by designing the right economic model will we be able to address all other evident bottlenecks that prevent the rail market from growing, starting with the issue of shrinking infrastructure capacity as well as the problems related to the acquisition of rolling stock for existing and new services.

Adequate financing of railways means fair financing, which can be achieved only if EU regulations ensure a level playing field for different modes of transport.

“As for the CEF2 budget for 2021-2027, calls are regularly oversubscribed by a factor up to five times. Already today, the funding of high-quality transport infrastructure and rolling stock projects must be rejected for purely budgetary reasons.”



This means **long-term financing**, most of all respecting at least the five-year period of the multiannual contracts (MACs) between governments and infrastructure managers as defined by Directive 2012/34.

Further reflections should be made on the possibility to align the minimum duration of MACs to the duration of the EU Multiannual Financial Framework, in which rail-relevant budget lines are defined and aligned with infrastructure planning as well as the implementation of interoperability and safety provisions.

This also means **comprehensive financing**, where resources are foreseen for maintenance, upgrade and renewal of

infrastructure as well as new infrastructure, rolling stock and technology for both and access to maintenance facilities.

It means providing adequate facilities for R&I projects and adequate resources for the core enablers of rail automation (in particular: ERTMS, FRMCS, DCM and DAC), their industrialisation and deployment.

Last but not least adequate financing means **service-oriented financing**, i.e. investing in projects that are ultimately aimed at better serving customers - regional commuters, long-distance leisure and business travellers, cargo shippers or composite logistics undertakings¹³.

ATTRACTING COMPLEMENTARY PRIVATE RESOURCES TO RAILWAYS

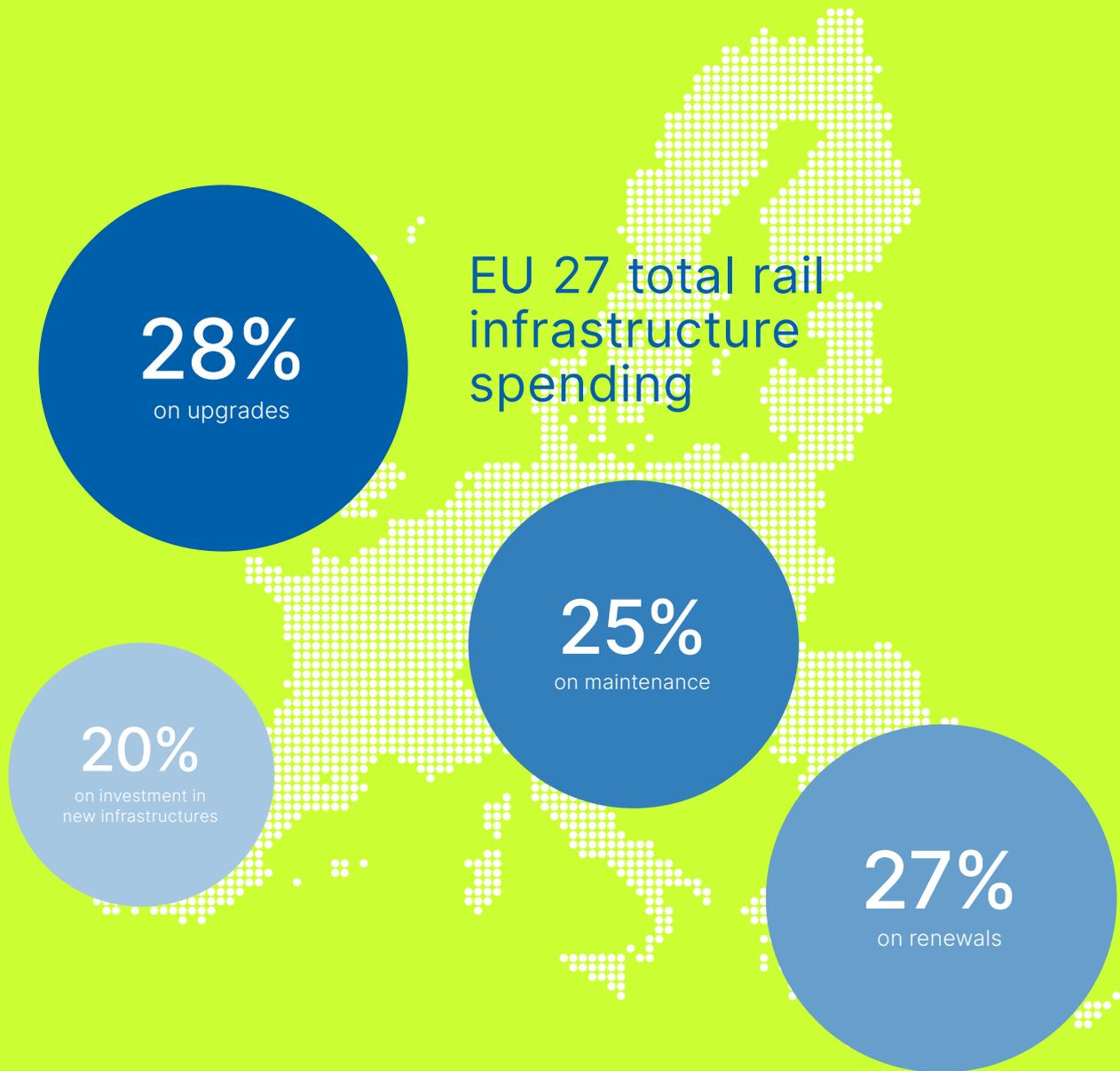
The Member States should provide their infrastructure managers with stable multiannual funding for the maintenance, renewal and new construction of rail infrastructure for a period of at least

5 years

Adequate political commitment to rail and the funding of rail infrastructure development is crucial. **Public funding is and shall remain the main source of financing for the sector.** With respect to public funding, the Member States should provide their infrastructure managers with stable and timely announced multiannual funding for the maintenance, renewal and new construction of rail infrastructure for a period of at least 5 years.

The amount of resources available to the infrastructure manager per year should be made transparent to the infrastructure manager.

However, complementarily to public funding, **private resources could be bundled in some Member States, in order to bridge the gap between the public funding available and railway infrastructure funding needs.**



The involvement of private debt capital might provide an additional source of funding, especially in Member States where public resources cannot be further increased to reach the ambitions set for railway infrastructure in the coming years. This would benefit cross-border connectivity along the TEN-T corridors, determining a further integration into a truly connected single European railway area.

Acknowledging the role of railway infrastructure as a public utility, and based on the existing European regulations that already allow the involvement of private debt financing in railway infrastructure investments, the

European railway sector could move even further forward by **improving predictability and transparency** with the aim of attracting increasingly reliable private investors in infrastructure development.

This could in some cases help the infrastructure managers to benefit from a long-term perspective and define their priorities in line with the life cycle of infrastructure. Moreover, in a context where the Member State continues to finance the investments to be made, the involvement of private debt capital could improve the management of financial flows into the rail system easing the Member State's financial commitments over time.

FOLLOWING UP TO THE EU STRATEGY FOR SUSTAINABLE FINANCE

The work done by all policymakers on the EU Strategy for Sustainable Finance, including on the so-called Taxonomy Regulation and its delegated acts, **is overall positive and we believe it will help re-orient a portion of private capital**, or at least to avoid the worst greenwashing practices.

This exercise should nevertheless be developed further, **towards green investment requirements for all** (public and private) credit institutions as well as clearer rules to factor in climate risk in any capital lender's risk-weighting exercise.

The above will also help **leverage the efforts made by the sector within the framework set by the Corporate Sustainability Reporting Directive (CSRD)**. The Directive provides a binding legal basis for railway companies to publish their first disclosures in 2025 for the reporting year 2024. These reports need to be independently audited and based on common EU reporting standards. In addition to the company level data, companies in the entire supply chain (up and downstream) will be covered. **Such corporate reporting is an opportunity for attracting new investors to rail** and is also relevant for increasing revenue for railway companies. The definition by DG FISMA and EFRAG of European sustainability reporting standards will be key in this sense.

“Corporate reporting is an opportunity for attracting new investors to rail and is also relevant for increasing revenue for railway companies.”



SCALING UP THE MFF

Before NextGenerationEU, the European Commission already issued bonds, for instance to finance loans to EU Member States and third countries, including up to €100 billion for the SURE programme to support jobs and keep people in work during the COVID-19 pandemic.

To finance NextGenerationEU, the European Union is borrowing on the markets at more favourable rates than most Member States and redistributes the amounts. In total, until 2026 the NextGenerationEU temporary recovery instrument will gather additional resources up to €800 billion to support the economic recovery from the coronavirus pandemic and build a greener, more digital and more resilient future. **By issuing 30% of all NextGenerationEU funds (up to €250 billion) in the form of green bonds, the Commission will soon become the largest green bonds issuer in the world¹⁴.**

Now it becomes clearer every day that **the size of the current MFF is not adequate** for the ambitions that are described in many policy documents, from the EU Strategy on Sustainable and Smart Mobility to the new revision of the TEN-T Regulation. The evidence of budgetary shortages is as stark as the need to pursue those ambitions, and this is why all policymakers during the next legislature will face the question of **how to scale up the next MFF**, which will kick off in 2028.

By issuing

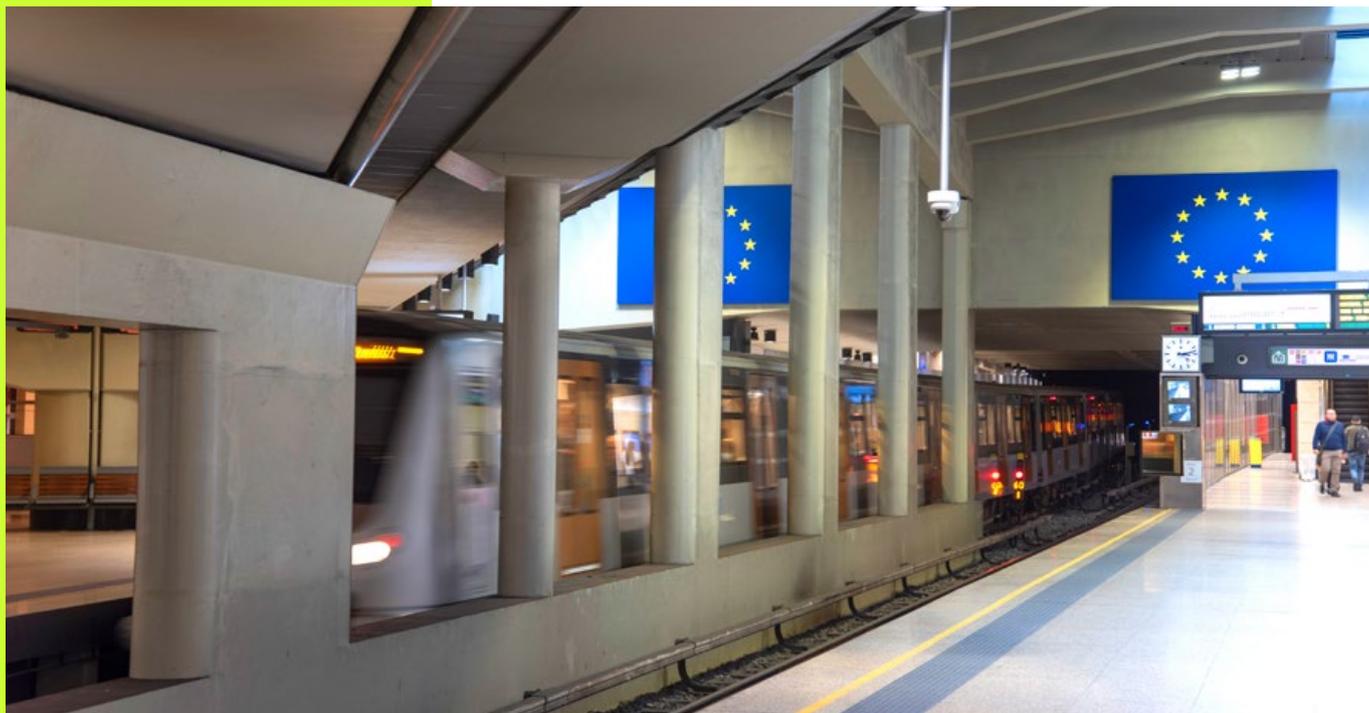
30%

of all NextGenerationEU funds (up to €250 billion) in the form of green bonds, the Commission will soon become the largest green bonds issuer in the world.

“It becomes clearer every day that the size of the current MFF is not adequate for the EU’s ambitions.”



¹⁴ https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations_en



“We underline the importance that such bonds are issued as EU Green Bonds, fully allocated according to the taxonomy requirements as per Regulation 2023/2631.”

Because of past experiences, we **understand that in the coming months political pressure could rise in favour of issuing new EU bonds**, that can provide Member States with the additional funding required to invest in large infrastructural projects. In that case, we underline the importance that such bonds are issued as EU Green Bonds, fully allocated according to the taxonomy requirements as per Regulation 2023/2631. But it will only help the sector on the strict condition that these **Green Bonds are raised to finance Capex investments** that are additional to the already existing infrastructure managers' multi-annual investment plans. In so doing the funds raised at European level in Green Bonds will be backed by infrastructure financing projects, without further reducing the envelope of green bonds (backed by projects) directly issued by infrastructure managers.

Further than that, a portion of additional resources for the MFF may come, for example, from a re-channeling of ETS revenues as the Union's own resources. **Today there are four different sources of Union-own resources:** customs duties on imports to the EU, revenues based on value-added tax (VAT), revenues based on GNI and, from 1 January 2021, a contribution from EU countries based on the quantity of non-recycled plastic packaging waste. It could be envisaged that further resources are acquired to the MFF by channeling to the EU budget part of the ETS revenues collected at national level.

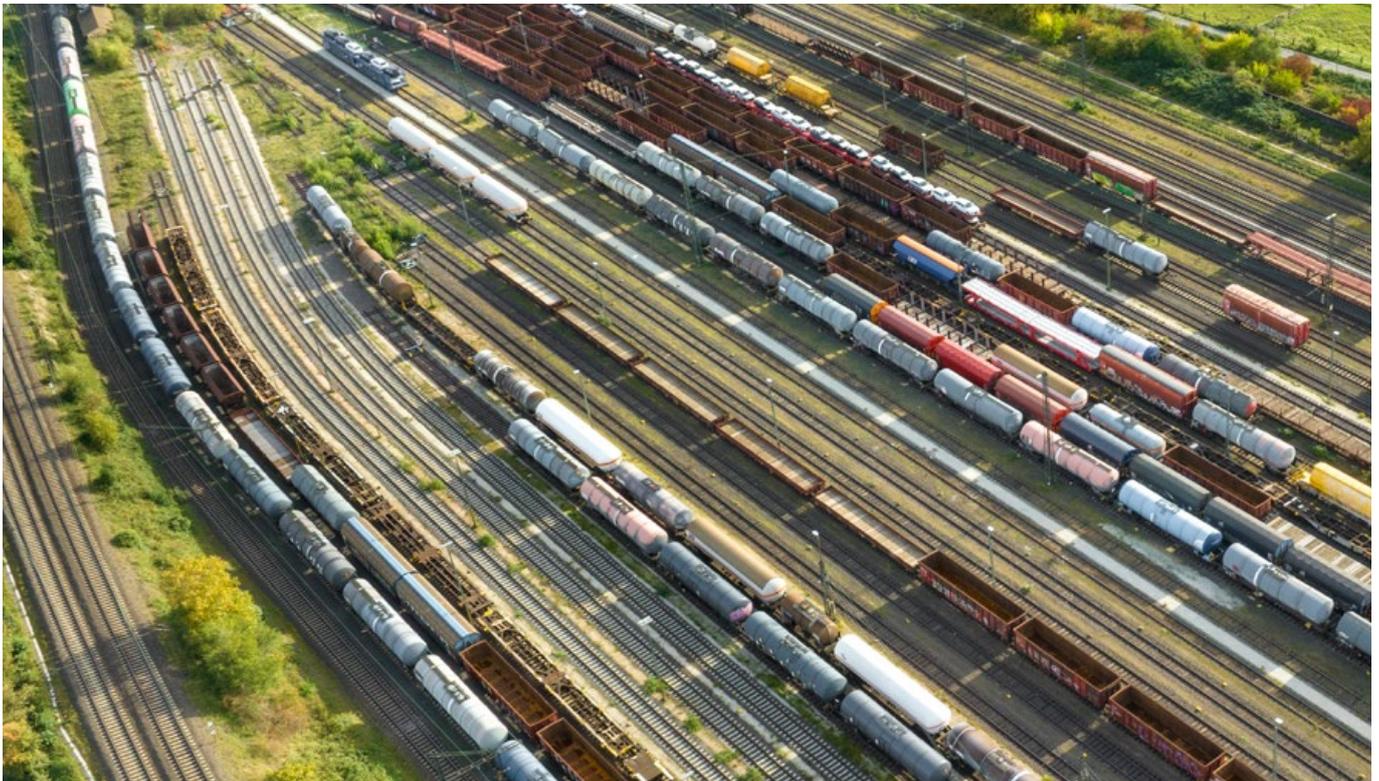
GREENING THE EUROPEAN SEMESTER CYCLE

In the context of the European Semester cycle, the Council's abovementioned June 2023 country-specific recommendations on the 2023 National Reform Programmes underlined **the importance of designing fiscal reforms that encourage more environmentally friendly transport** and the need to avoid environmentally harmful subsidies. Efforts on energy efficiency are said to be important to achieve national climate and energy targets, and those same recommendations praised the commitment to finance public investment for the green & digital transitions and for energy security, with specific reference to investments in the rail network.

The Annual Sustainable Growth Survey 2024 has triggered the next European Semester process and it is important to note how the first two dimensions of sustainable competitiveness described in the document are 'macroeconomic stability' and 'environmental sustainability'. Furthermore, the Commission's reasoning on sustainability is developed by underlining the need for *'scaling up energy efficiency measures to reduce energy poverty and supporting the development of value chains in critical raw materials and technologies necessary for the green transition'*.

In line with this, to consolidate the stability and push the growth of the EU economy, future policy recommendations at EU and national level will have to **increasingly combine macroeconomic convergence with the need of policymaking at national level** to be consistent and contribute to the European fight against global warming.

Importantly, a methodology should be designed to measure how non-green policies impact each country's financial stability. This process should progressively make the European Semester cycle greener.





DIGITAL RAIL



DIGITALISE RAIL SERVICES AND ENSURE DEPLOYMENT OF RAIL'S KEY TECH ENABLERS

Unlocking rail's full digital potential for the benefit of its passenger and freight customers relies on the fastest possible deployment of enabling technologies like ERTMS, DAC and DCM.

DIGITALISE RAIL SERVICES AND ENSURE THE DEPLOYMENT OF RAIL'S KEY ENABLERS: ERTMS, DAC, DCM

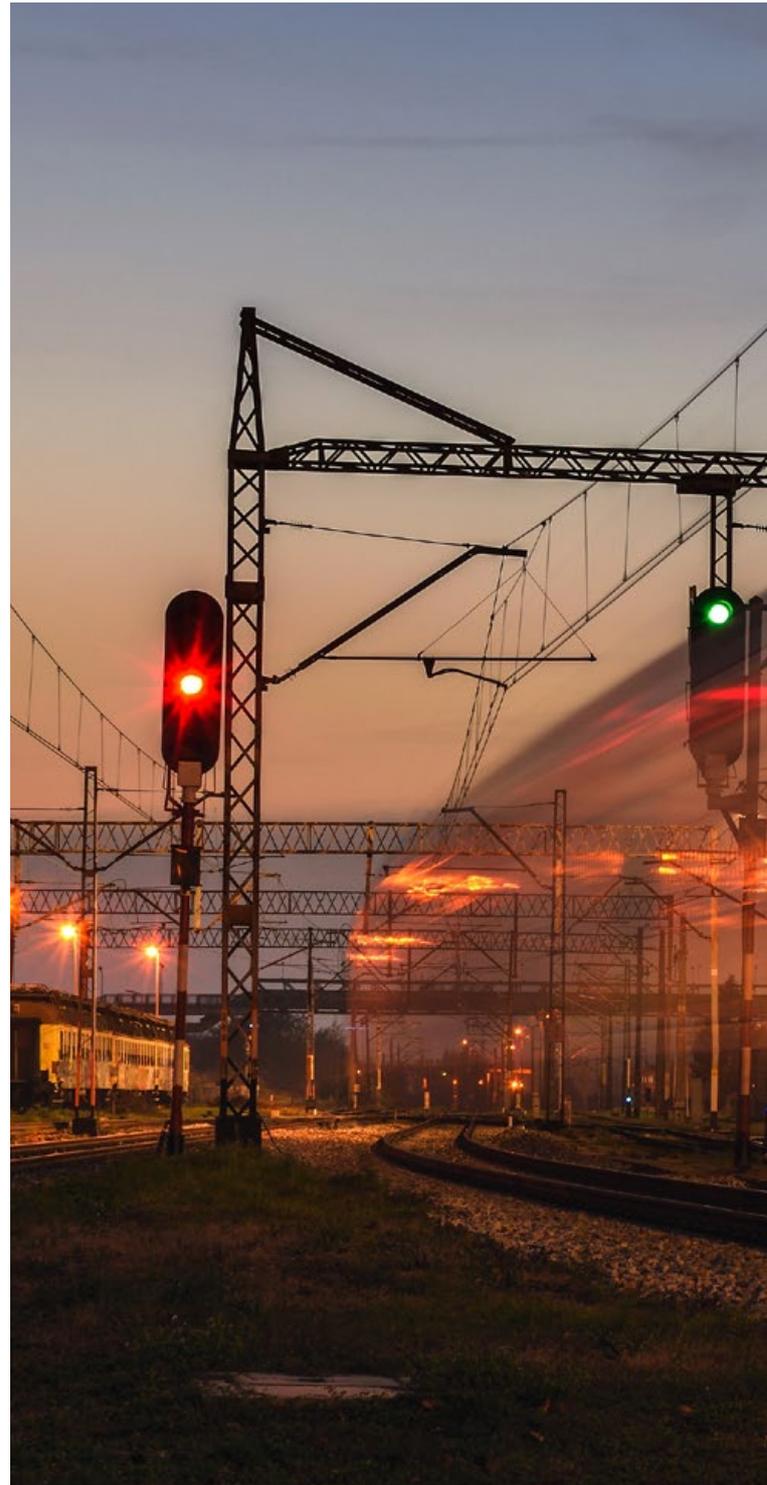
DIGITALISE RAIL SERVICES

The priority for the sector is to facilitate passengers travelling in Europe to plan and book their trips, with a view to promoting the most sustainable modes of transport and by offering the purchase of integrated services.

Having in mind the recent MDMS proposal, **we believe that the relations among market participants should be subject to the following fundamental principles:**

- Cooperation should be the result of freely and voluntarily negotiated agreements between undertakings;
- The acknowledgement of the industrial and asset value of data should be ensured;
- The exchange of data should be based on international sector-based standards;
- Given the different levels of competition in the railway sector, it is necessary to set boundaries to ensure that the provisions set out in the MDMS legislation do not lead to market distortions;
- FRAND principles should not just be based on the current situation in the mobility market but rather take into consideration possible evolutions that might lead for example to an increase in market power of digital platforms;
- A constant monitoring of the unrestricted increase or decrease of fee levels that carriers pay to third parties should be ensured, to guarantee a proper balance between costs and benefits for all parties involved and avoid possible market distortions.

For railway operators, data represents a fundamental industrial, commercial and asset value, aimed at increasing profitability, productivity and business competitiveness, as it does for any other corporate asset.



» “The European Mobility Data Space should represent a technically reliable and secure environment.” «



Railway undertakings (RUs) are information-centred and data-generating companies, as the data asset emerging from the industrial process and that they acquire, manage and store represents the culmination of years of investments, as well as the main pillar for strategic decision-making. Therefore, the information acquired by RUs is of primary importance for the purpose of planning the services provided to passengers, with reference to both regional, national and international transport systems. Thus, **it is necessary to identify a sharing model** that allows for the protection of the fundamental value of the investments made, while respecting the principle of sovereignty of the data itself.

In this context, **the European Mobility Data Space - aimed at facilitating data sharing at European level - should represent a technically reliable and secure environment** in which all stakeholders of the mobility industry can share their data by ensuring the following requirements: trustworthiness, accessibility and sharing of data based on coded flows. While it is of paramount importance that the initiative delivers strengthened interoperability and data reciprocity, it must also ensure that data is shared within clear legal requirements and in ways which do not impact upon the protection of valid commercial interests.

ENSURE THE DEPLOYMENT OF RAIL'S KEY ENABLERS: ERTMS, DAC, DCM

A centralised EU level governance and coordination on migration and deployment of key enablers such as ERTMS, FRMCS, DAC, TMS, ATO is vital to achieve the modal shift targets envisaged in the Green Deal. **The necessity for a centralised coordination (i.e. Systems of Systems management) lies in:**

- the complex interrelationships and dependencies between these systems, combined with the continuous further evolvement of (new digital) functionalities;
- the significant costs, time and resources needed and the (potential) impact on business operation related to the integration of these systems in the railway system.

ERTMS

According to the 2022 ERA Report on Railway Safety and Interoperability in the EU, the deployment of the ETCS on the EU railway network has been slow so far; it currently stands at about 10 100 km of railway lines in the EU-27 (on the whole network). Deployment varies considerably among the Member States, reflecting national rail transport policy and investment priorities. ERTMS deployment on the CNC network had reached 14 % (ETCS) and 60 % (GSM-R) at the end of September 2021. Compared to the 2019 deployment figures, the length of CNC lines with ETCS in operation increased by 2 020 km (3 %) and the length of CNC lines with GSM-R in operation increased by 5 700 km (10 %).

ERTMS is a key enabler to improve railway operations by providing a single European command, control and signaling system, ensuring transport reliability, increasing capacity, improving safety levels and reducing costs related to the interoperability requirements of international rail services.

The concrete benefit is different country by country.

ERTMS trackside and onboard deployment is progressing much more slowly than expected. The deployment of ERTMS has been limited so far; only a few countries have deployed the system on a significant share of their network, undermining the benefits of a systemic Europe-wide ERTMS deployment.

The financing of key technologies is not the only problem challenging their fast deployment. The experience that Europe has with ERTMS deployment speaks as well of a lack of coordination between investors, an uneven distribution of financial burdens and an early-mover syndrome that prevents progress being made at adequate speed.

The deployment of ETCS on the EU railway network currently stands at about

10 100 km

of railway lines in the EU-27.





With a focus on the component of ERTMS used for operational communication, **it is necessary to acknowledge the expected obsolescence of the GSM-R communication system and the role that a new technology**, i.e. FRMCS based on 5G technology, can play in replacing it. FRMCS will enable futureproof robust performance of (radio-based) ERTMS and is also the key enabler for ATO (GoA-2 and beyond). As GSM-R will be gradually phased out between around 2030-2035, a core issue lies in the compatibility — or lack thereof — between FRMCS and vehicles using the European Train Control System (ETCS) Baseline 3. The current technical guidelines (TSI CCS 2023) do not facilitate interoperability between these two systems. This problem arises from the specific technical architecture chosen for ETCS Baseline 3. While ETCS System Version 3.0 (Baseline 4, and beyond) is expected to be compatible with FRMCS, there exists a glaring gap for existing Baseline 3 equipped fleets.

Ultimately, synchronised and harmonised trackside and onboard ERTMS deployment is vital to achieve the modal shift targets envisaged in the Green Deal, under the precondition of having suitable funding and financing options in place.

Today, however, **ERTMS governance is spread along a number of different bodies** (EC, ERTMS coordinator, CINEA, ERA, ERJU), whereas a centralised EU-level ERTMS governance should be established to strengthen the cooperation among the different institutions and stakeholders in order to:

- Ensure the alignment of National Implementation Plans (NIP) with the EU programmes and deadlines
- Facilitate a synchronised and harmonised ERTMS deployment both track side and on-board thereby accelerating ERTMS rollout

- Coordinate funding resources for both track side and on-board investment needs, fostering strategies to support cross-border traffic and increase operation with ERTMS

The centralised governance should furthermore

- Continue harmonising operational rules at European level
- Facilitate a harmonised approach to development, procurement and liabilities
- Safeguard existing investments and assure the backward compatibility of current ETCS specifications
- Accelerate and where possible simplify authorisation and approval procedures (both trackside and on board) and ensure a unique approach across Member States (ERTMS trackside approval).

The DAC migration phase is expected to last

6 years

The DAC Pioneer Trains project cost is estimated at

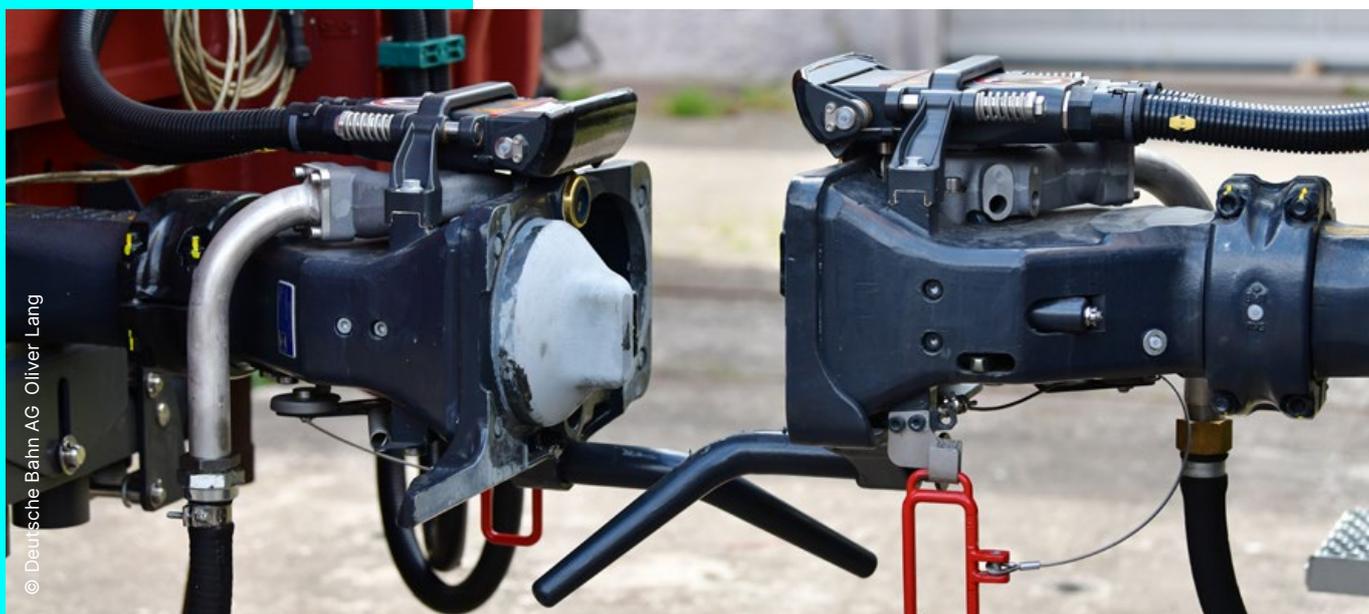
€210 million

DIGITAL AUTOMATIC COUPLING

DAC is an innovative component to automatically couple and decouple the rolling stock in a freight train both physically (the mechanical connection and the air line for braking) as well as digitally (electrical power and data connection). **DAC is key to enable the needed increase in efficiency and transparency of rail freight.**

The DAC migration phase is expected to last 6 years (2028 – 2033) and also in this case a centralised approach is necessary to ensure a harmonised, competitive, and timely DAC deployment including the ramp-up of DAC production by the European rail industry. **Three major steps are to be foreseen:**

- First, the rail freight sector needs a European master plan for the deployment of DAC and the European Commission should take the lead on this task. This master plan should include the creation of a European DAC Deployment Manager, possibly based on the example of the European Air Sector (SESAR Deployment Manager).
- Second, in 2024, EU funding should be made available for the first 100 “DAC Pioneer Trains” in Europe, with 3000 to 5000 freight wagons equipped with DAC. Based on the DAC Sector Statement¹⁵ published in July 2023, the project cost is estimated at €210 million.
- Finally, for the conversion period from 2028 to 2033, funding is needed from both EU and Member States to cover the investment costs of around €13 billion (2021 prices).



DIGITAL CAPACITY MANAGEMENT

In 2021 CER together with RailNetEurope, Forum Train Europe, the Rail Freight Forward initiative (RFF), European Rail Infrastructure Managers (EIM), the European Rail Freight Association (ERFA) and the Union International des Chemins de fer (UIC) published the cornerstones of the future of Digital Capacity Management (DCM) with a Joint Vision for the Sector on DCM¹⁶.

With properly implemented DCM, Infrastructure Managers can reduce bottlenecks through smart data management, run more trains on the existing infrastructure, better plan their maintenance works, and harmonise interoperable freight and passenger trains. Railway undertakings will have easy access to long- and short-term high-quality train paths in order to design and market better services to their customers. In addition, with DCM, infrastructure managers and railway undertakings will be connected to facilitate the complete capacity management process – from advance planning to the actual train run.

A strong call for investments is needed. We therefore ask the EU and national governments to finance DCM implementation with European and national funds. Increasing capacity by DCM requires only 5% of the costs compared to building new physical infrastructure while at the same time saving time through an easy, fast deployment. A total amount of €675 million is estimated for infrastructure managers' and railway undertakings' IT developments.

A total amount of

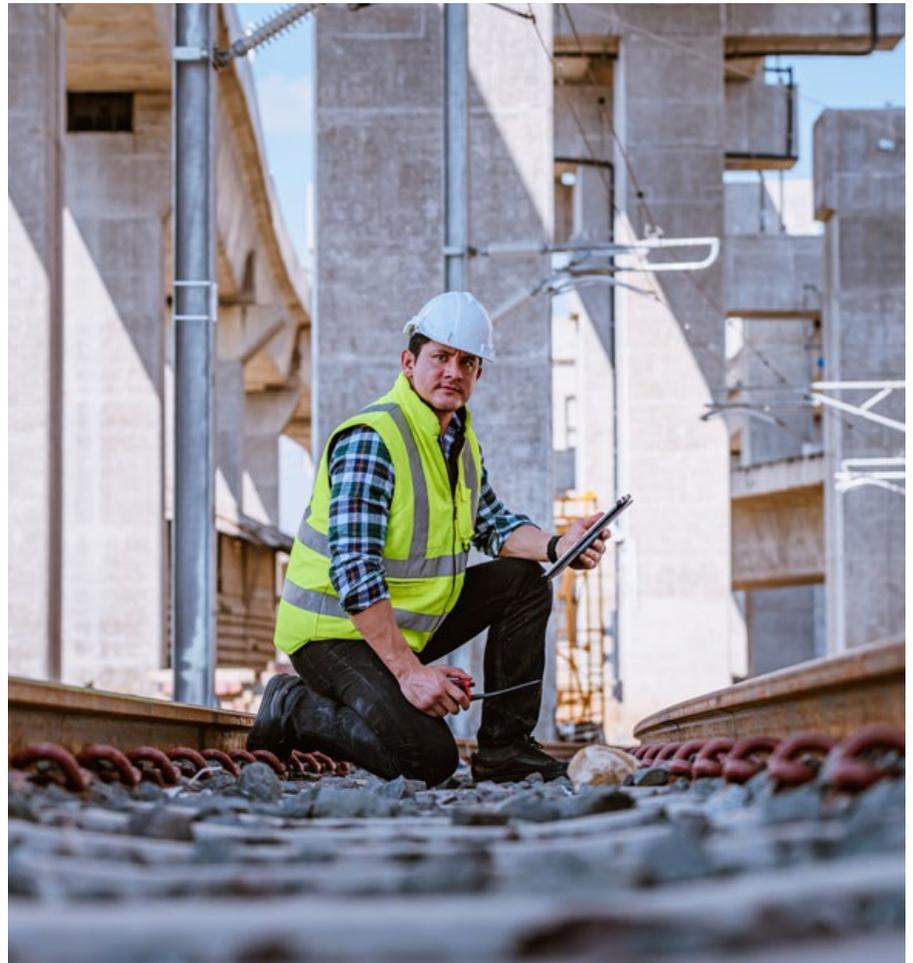
€675 million

is estimated for IT developments.

Increasing capacity by DCM requires only

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¹⁶ https://www.cer.be/images/publications/positions/211004_VisionSector_DCM_RNE-RFF-FTE-CER-EIM-ERFA-UIC.pdf



COMPATIBLE COMPETITION POLICY



COMPETITION POLICY SHOULD SUPPORT THE GREEN TRANSITION

EU market and competition policies must take into better account EU climate objectives.

COMPETITION POLICY SHOULD SUPPORT THE EUROPEAN GREEN TRANSITION

The regulatory framework of market opening has been completed for railways with the approval of the so-called Fourth Railway Package. The lessons drawn from EU competition policy as well as its rigorous enforcement by the responsible authorities at EU and national level set the basis for a market that is populated by big and small, old and new undertakings in both the passenger and freight market delivering regional or long-distance traffic, on conventional or high-speed lines.

Railway undertakings had 1,192 active licences in 2020, an increase of 100 licences compared to 2018. The average market share of new entrants to incumbents in 2020 was 46% of rail freight markets, an increase of 11 percentage points compared to 2015; at the same time new entrants covered 14% of passenger markets (public service obligation (PSO) and commercial combined), an increase of 2 percentage points compared to 2015¹⁷.

Market barriers are still present.

The rail business is inevitably a capital-intensive business, and the acquisition of rolling stock and technology today requires heavy investments and long authorisation processes that can be challenging for new entrants. It is in this sense necessary to keep on working on decreasing such market barriers and make rail rolling stock cheaper, with a combination of solutions that range from facilitating the widening of the range of the supply while fully respecting European standards, to promoting virtuous rules that allow for better access to capital.

In this sense the recent revision of the Basel III rules as well as the entry into force of the Luxembourg Rail Protocol in early 2024 will certainly be of **great advantage for future rolling stock acquirers.**

At the same time, if on the one hand European competition policy rules play a fundamental role in ensuring the efficiency of the market - **boosting innovation of business models, services and of rail technology** - it is today of the utmost importance that the principles on which the policy is based also take into account other factors that would enable markets contributing to important objectives of the Union.

“Any decision of the European Commission on competition cases should aim to avoid any modal shift from rail to more polluting modes of transport.”



In particular, Competition Policy needs to better take into account the EU's climate and environmental policies. Any decision of the European Commission on competition cases should aim to avoid any modal shift from rail to more polluting modes of transport.

There are rail market segments such as Single Wagon that are often not economically viable today. At the same time, however, they represent a suitable alternative solution to road, to increase modal shift and combat global warming. State support programmes in this field must be measured in a wider context when being scrutinised by the EU. The same goes for innovative technology that could boost train automation and infrastructure capacity, such as Digital Automatic Coupling.

In this sense the rail sector **believes that competition policy cannot be pursued in isolation**, as an end in itself, without reference to the legal, international, economic or political context, nor without interaction and complementarity with other strategic EU policy objectives, including the EU Climate Objectives.

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The average market share of new entrants in 2020 was

46%

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2024-2029 POLICY PROPOSALS



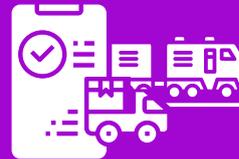
**ON
TRACK
FOR
EUROPE**

The comparative advantages of railways are numerous and span from the aspect of sustainability, to energy efficiency, to safety. It is on this basis that the present paper argues for railways to be considered by policymakers as a key tool to ensure Europe's economic growth and social prosperity. This is why we put forward in this section forty-two concrete policy proposals pertinent to different policy fields to allow Europe to draw the most from its railways.

FAIR COMPETITION BETWEEN MODES



With the **CountEmissionsEU** Regulation, the Commission has proposed a common methodological approach for companies to calculate their GHG emissions. The methodology should be defined at the EU level and comply with international standards. Furthermore, to foster virtuous consumer behaviours when making modal choices, CountEmissionsEU must apply obligatorily to all transport modes and business segments and encompass a market-based approach.



The framework for **combined transport** operations should be designed in a way to incentivise and support the business as an alternative to road-only transport. The definition for combined transport must not create inadequate administrative burden. Exempting pre- and on-carriages of combined transport from road infrastructure costs would extend the catchment area of existing terminals enabling combined transport operators to build more competitive products.



Fair financing can be achieved only if EU regulations ensure a level playing field for different modes of transport. It is clear that with the latest revision of the **Eurovignette Directive** the EU has missed the opportunity to rebalance the cost of accessing road and rail infrastructure. CER will not give up on the possibility of redressing infrastructure access costs between modes, through promoting another revision of the Eurovignette Directive.

FAIR COMPETITION BETWEEN MODES



The proposal for a revision of the Council directive on the **taxation of energy products** is key to align the taxation of energy products and electricity with the EU's energy, environment and climate policies. For railways, it is an opportunity to redress the playing field, especially by foreseeing the fair application of taxation on fuels for all transport modes and getting rid of unreasonable fiscal exemptions for aviation fuels.



The lack of enforcement of legal **working conditions for truck drivers** across Europe brings serious social dumping issues that should be redressed with the utmost urgency.



When the energy price spike hit the whole economy hard, railways' almost complete electrification made them particularly unprotected against the rise of energy prices, whereas other fossil-fuel based and less sustainable modes of transport did not face the same difficulties. The decision of the EU Council (Regulation 2022/1854) to cap market revenues of producers of electricity from non-gas-related sources was positive but it is imperative to reflect on the possibility to set a retail **electricity price cap for services of general economic interest** such as rail.



The intermodal playing field is uneven also because **VAT** is not applied to intra-continental air tickets, whereas on a single cross-border journey, Member States can apply different rates. Such a situation is not justified and should be redressed.

ADEQUATE FINANCING OF RAILWAYS

Next MFF, CEF and ESI funds



In view of the design of the next MFF (which will cover the period between 2028 and 2034), the **CEF budget** line should imperatively be increased to at least €100 billion. A bigger CEF could benefit both rail freight and rail passenger traffic, supporting projects aimed at developing accessibility and multimodality, including in the major stations located on the TEN-T Network. It is clear however that not even this increase will suffice to cover the investments needed to meet the EU ambitions for rail infrastructure, and therefore further efforts must be made to find additional EU funding budget lines.

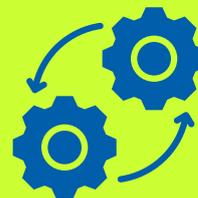


The size of the current MFF is not adequate for the ambitions that are described in many policy documents, from the EU Strategy on Sustainable and Smart Mobility to the new revision of the TEN-T Regulation currently under negotiation. To scale up the next MFF, which will kick off in 2028, policymakers could take into account the issuing of new EU bonds, as it has been the case to finance the RRF *inter alia*. In that case these bonds should be issued as **EU Green Bonds**.



Furthermore, a portion of additional resources for the MFF may come, for example, from a re-channeling of **ETS revenues** as the Union's own resources, in addition to current resources coming from customs duties on imports, revenues based on VAT, revenues based on GNI and contributions based on the quantity of non-recycled plastic packaging waste.

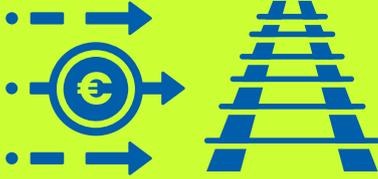
Specific budget lines and calls are necessary for rail technological upgrades for both infrastructure and rolling stock, especially for implementation, retrofitting and upgrading of ERTMS, FRMCS, and also for enabling other priorities such as TTR/DCM, **DAC**, and in general for enabling Automatic Train Operations. Regarding DAC, in 2024, EU funding should be made available for the first 100 "DAC Pioneer Trains" in Europe, with 3000 to 5000 freight wagons equipped with DAC. Based on the DAC Sector Statement published in July 2023, the project cost is estimated to €210 million. For the DAC conversion period from 2028 to 2033, funding is needed from both EU and Member States to cover the investment costs of around €13 billion (2021 prices).



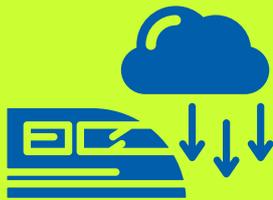
It will be key to ensure a better **project transition** between the current and the next MFF. Projects successfully prepared in an earlier budgetary period must be enabled to proceed to implementation in the next period even if rules and guidelines are changed in the meantime. To avoid losing valuable resources, where appropriate, the Commission should consider the extension of cost eligibility of ERDF, Cohesion Fund and CEF between MFFs.

ADEQUATE FINANCING OF RAILWAYS

ETS and other carbon markets



Railways should be one of the main destinations of **ETS revenues**, with ETS revenues partially earmarked towards rail infrastructure investments at national and EU level.



In parallel, CER will work on developing a concept to include railways in a system that allows railway operators to benefit financially from their low GHG intensity. If on the one hand, railways are de facto covered by the ETS price, at the same time they receive no benefit for the non-emitted tailpipe-GHG. Railways should instead receive **carbon credits**, i.e. a quantity of CO₂ allowances that they will not use, but that they are able to trade on the ETS market and sell to those industries that, on the contrary, emit CO₂.

Other suggestions on funding and financing



The duration of **multiannual contracts (MACs)** between rail infrastructure managers and national authorities should respect the minimum timeframe of five years, as foreseen by Directive 2012/34. Further reflections might be useful on the possibility to align the minimum duration of MACs to the duration of the EU MFF, in which rail-relevant budget lines are defined and aligned with infrastructure planning as well as the implementation of interoperability and safety provisions.



Railways have been among the biggest beneficiaries of RRF resources in some Member States. The methodology applied for the so-called **climate tracking** (Annex VI to Regulation 2021/241) and digital tagging (Annex VII to the same Regulation) descends from the Regulation on Common Provisions for ESI funds, and has been key in guiding national governments to allocate resources on newly built or upgraded rail infrastructure projects on the TEN-T Core and Comprehensive network, as well as outside of it. Despite its positive aspects, it is clear that certain coefficients must be corrected and increased, such as the coefficient for the calculation of the support of ERTMS projects.

ADEQUATE FINANCING OF RAILWAYS

Other suggestions on funding and financing



A methodology similar to the one applied for climate tracking and digital tagging should be developed and implemented for **tracking energy efficiency**. For any EU fund, the evaluation of the projects based on their energy efficiency should be considered as important as its sustainability and degree of digitalisation.



To consolidate the stability and push the growth of the EU economy, future policy recommendations elaborated in the context of the EU Semester process will have to increasingly combine concerns regarding macroeconomic convergence with the need for policymaking at national level to be consistent with EU climate objectives. This process should progressively make the **European Semester cycle greener**.



The work done by all policymakers on the EU Strategy for Sustainable Finance, including on the Taxonomy Regulation, its delegated acts and on establishing standards for Green Bonds, is positive overall and we believe it will help re-orient a portion of private capital, or at least to avoid the worst greenwashing practices. This exercise should nevertheless be developed further, towards making **green investment requirements** compulsory for all credit institutions.



Fair solvency rules for the European credit system are essential to enable railways access to the private credit market. In the context of the recent revision of the **Basel III rules**, policymakers agreed that when credit is provided for railway rolling stock and is secured this must be taken into account by banks when allocating a risk weighting to the credit. Sustainability, however, should play an even bigger role in risk weighting, and based upon its sustainability performance rail projects should benefit from a lower risk rating.

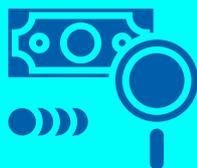


Public funding is clearly the main source of financing for the railway sector. However, **complementarily to public funding, private resources** could be bundled to meet the EU's ambitions for rail transport. The involvement of private debt capital might provide an additional source of funding, based on the existing European regulations that already allow the involvement of private debt financing in railway infrastructure investments. This would enhance funding predictability and transparency. Moreover, in a context where the State continues to finance the investments to be made, the involvement of private debt capital could improve the management of financial flows into the rail system easing the Member State's financial commitments over time.

DIGITAL RAIL SERVICES AND DEPLOYMENT OF RAIL'S KEY ENABLERS: ERTMS, DAC, DCM



For railway operators, data represent a fundamental industrial, commercial and asset value, aimed at increasing profitability, productivity and business competitiveness, as it does for any other corporate asset. The conditions provided in the **European Mobility Data Space**, rather than MDMS, represent a reliable and secure environment in which all stakeholders of the mobility industry can share their data. It is of paramount importance that the initiative deliver strengthened interoperability and data reciprocity, and ensure that data is shared within clear legal requirements and in ways which do not impact upon the protection of valid commercial interests.



A strong call for investments is needed to finance the implementation of the technologies required for **DCM**. The EU and national governments need to finance it with European and national funds, bearing in mind that increasing capacity by DCM requires only 5% of the costs compared to building new physical infrastructure while at the same time saving time through an easy, fast deployment. A total amount of €675 million is estimated for IT developments by infrastructure managers and railway undertakings.

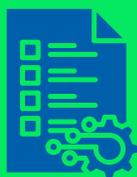


The financing of key technologies is not the only problem challenging their fast deployment. Lack of coordination between investors, an uneven distribution of financial burdens and an early-mover syndrome have prevented progress from being made at adequate speed. This is true for **ERTMS** and other systemic technologies, such as **FMRCS** or **Digital Automatic Coupling**. A centralised approach is necessary to ensure a harmonised, competitive, and timely deployment of such technologies. A centralised European Deployment Management Entity should be set up with a proposal by the European Commission. A European benchmark could be the Joint Undertaking for the Single European Sky Air traffic management Research (SESAR). Regarding DAC, the rail freight sector needs a European master plan for the deployment of DAC and the European Commission should take the lead on this task.

COMPETITION POLICY SUPPORTING THE EUROPEAN GREEN TRANSITION



European Competition Policy rules play a fundamental role in ensuring the efficiency of the rail market throughout the EU, ensuring that market pressure boosts innovation of business models, services and of rail technology. Nonetheless, **Competition Policy** needs to better take into account the EU's climate and environmental policies and any decision of the European Commission on competition cases should aim to avoid any modal shift from rail to more polluting modes of transport.



The urgent need for modal shift should be mirrored in the EU's regulatory approach to **State aid**, which should provide strong incentives for modal shift to rail and make it easier for Member States to support rail transport while preserving a level playing field among railway undertakings from different Member States operating beyond their domestic market.



To achieve the ambitious climate neutrality goals within the timeframe set by the EU and sustain the required investments, the creation of a **Sovereignty Fund**, based on communal resources, could help re-balance the spending capabilities of Member States and allow a non-distortive use of the new European State-aid framework.



CER is committed to contributing further to the elaboration of the revised **State aid guidelines for rail**, insisting inter alia on the necessity to have higher thresholds for presumption of compatibility of aid, an overall simplification, including the block exemption for aid for coordination of transport, clear and flexible provisions on funding for purchase and renewal of rolling stock, and specific provisions on aid to rail service facilities and concerning the support of combined transport activities.

OTHER POLICY PROPOSALS

Operations and services



The **Greening Freight Transport Package** builds on several sector initiatives such as the industry-led Timetable Redesign Project (TTR), Digital Capacity Management (DCM) and virtual European Traffic Management Network among others. The creation of a common virtual European Traffic Management Network supported by digital solutions and bringing the National Traffic Control Centers closer together will contribute to enhancing the quality of rail services and the capacity of the network.



It is crucial to ensure that the regulation of rail **PSO services** remains sufficiently flexible and aligned with broader European policy goals. These goals include the development of sustainable and integrated transportation systems, including cross-border services, that promote modal shift and significantly reduce transport emissions. Any potential future regulatory changes at the EU level should empower public transport authorities and rail operators to effectively work toward these modal shift objectives and the broader societal benefits of public transport.



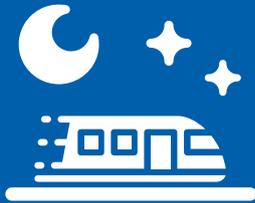
By means of the ERJU System Pillar, CER and its sector partners are delivering a unified operational concept and a secure and system architecture. **The activities target the development of an integrated European rail traffic management, command, control, and signalling (CCS) system.** This development starts with radio-based ETCS only and digital interlockings at its core. Automation of train operations is also a key consideration, and research and innovation efforts should align with agreed customer requirements and remain open to evolution.



CER is entirely committed to the implementation of the **CER Ticketing Roadmap** with the objective of achieving a seamless passenger experience when buying tickets together with journey continuation, providing accurate, real-time information, and upgrading rolling stock to enhance passenger comfort, service punctuality and reliability. Any proposal on rail ticketing should include the actions of the CER Ticketing Roadmap to enhance its effectiveness. Namely the CIT Agreement on Journey Continuation (AJC) should be recognised as the solution for journey continuation, while OSDM should be laid down in the respective Technical Specifications for Interoperability and become the EU-wide rail ticketing standard for both the sector and regulators to simplify distribution and make this cheaper.

OTHER POLICY PROPOSALS

Operations and services



CER is developing policy suggestions to foster **night train traffic**. Pricing should be competitive with alternative travel options, such as short-haul flights or long-distance buses. Lowering track access charges for night trains is at the very basis of the possibility for night train services to be economically viable, while compensating revenue loss for the Infrastructure Manager. The guidance on the application of the PSO Regulation to international public transport services should facilitate the contracting of international night train services as international PSOs.



The sector is also working hard on improving the **accessibility of its services for people with reduced mobility and other disabilities**. This is why CER Members warmly welcome the recent proposal on the European disability card. The card will make it easier for passengers with disabilities to claim their rights under the European Passenger Rights Regulation 2021/782 and would support the implementation of the CER Ticketing Roadmap.



In order to lower operative barriers to shifting from road to rail, a legal requirement for **cranability of trailers** should be introduced. The majority of trailers purchased for intra-continental traffic are not cranable and, thus, it is not feasible to enable a more massive shift from road to rail, even if economically attractive.

Railway Safety



Europe's railways are among the safest in the world and the safest mode of land transport in the European Union. The regulatory framework for railway safety is regarded as sufficient and complete after the implementation of the 4th Railway Package's Technical Pillar (Railway Safety Directive and the Common Safety Methods). At the current stage no more additional regulation is needed, and the focus is now on the **implementation of the CSM ASLP** and the concomitant set up of the tool that allows the exchange of safety related information throughout Europe.

OTHER POLICY PROPOSALS

Social Affairs



CER will remain active in the **current challenges in the HR sector**. Increasing employer attractiveness, measures to find solutions to shortages of skilled workers and personnel and changes in job occupations due to technological developments, digitalisation and automation, for example, are highly relevant priority topics for CER. To this end, CER is involved in projects such as STAFFER.



CER will continue its active engagement as a social partner within the **Sectoral Social Dialogue (SSD) Committee for Railways**, collaborating with EIM and ETF to discuss and adopt joint approaches on important social issues relevant for the sector to respond. Chairmanship will alternate between CER and ETF, continuing a constructive dialogue between social partners and further developing the social partnership. CER is chairing the SSD until the end of 2025. The ongoing revision of the SSD should serve to improve and ensure the functioning of the SSD.



The topic of diversity and the need for stronger efforts to increase women's presence and gender equality in the railway sector has been one of the main issues of the Sectoral Social Dialogue during the last years. Since there is still much to do, it will remain part of the actions of the SSD for the coming years: the CER-ETF project Implementation of the European Social Partner Agreement on **"Women in Rail"**.



A revised **Train Drivers Directive** must lead to a fully digitalised and streamlined certification scheme for train drivers including a license repository that allows the NSAs easy access in the framework of their supervision functions. The communication and language regime for train drivers must fully guarantee safe railway operations. Under these premisses, CER is open to further developments through the use of aids, e.g. digital translation tools. English as single or optional operational language for the communication is not a solution as it will increase costs and will most likely endanger the current high level of safety as well as increase recruitment issues.

OTHER POLICY PROPOSALS

Reform of the Union customs legislation



The European Commission proposals for the **reform of the EU Customs Union** introduce essential elements such as the EU Customs Data Hub and the EU Customs Authority. It is essential that the reform of the Union Customs legislation support the enhancement of rail transport competitiveness by reducing administrative obstacles for rail operators. Any new customs obligations for economic operators must not erode the competitiveness of rail transport in comparison to road transport. Tailoring future EU customs legislation to accommodate the specific requirements and challenges of rail transport will be necessary.



Alongside the reform of the Union Customs Code (UCC), the ongoing **digitalisation of customs-related processes** will continue to be a key focus in the coming years. This includes the implementation of the New Computerised Transit System (NCTS) Phases 5 and 6 as well as the rollout of the Import Control System 2 (ICS2) Release 3, with the potential for future iterations. It is crucial that the close cooperation and exchanges between the European Commission and the railway sector are maintained to ensure that these new computerised systems seamlessly integrate with the rail transport workflow.

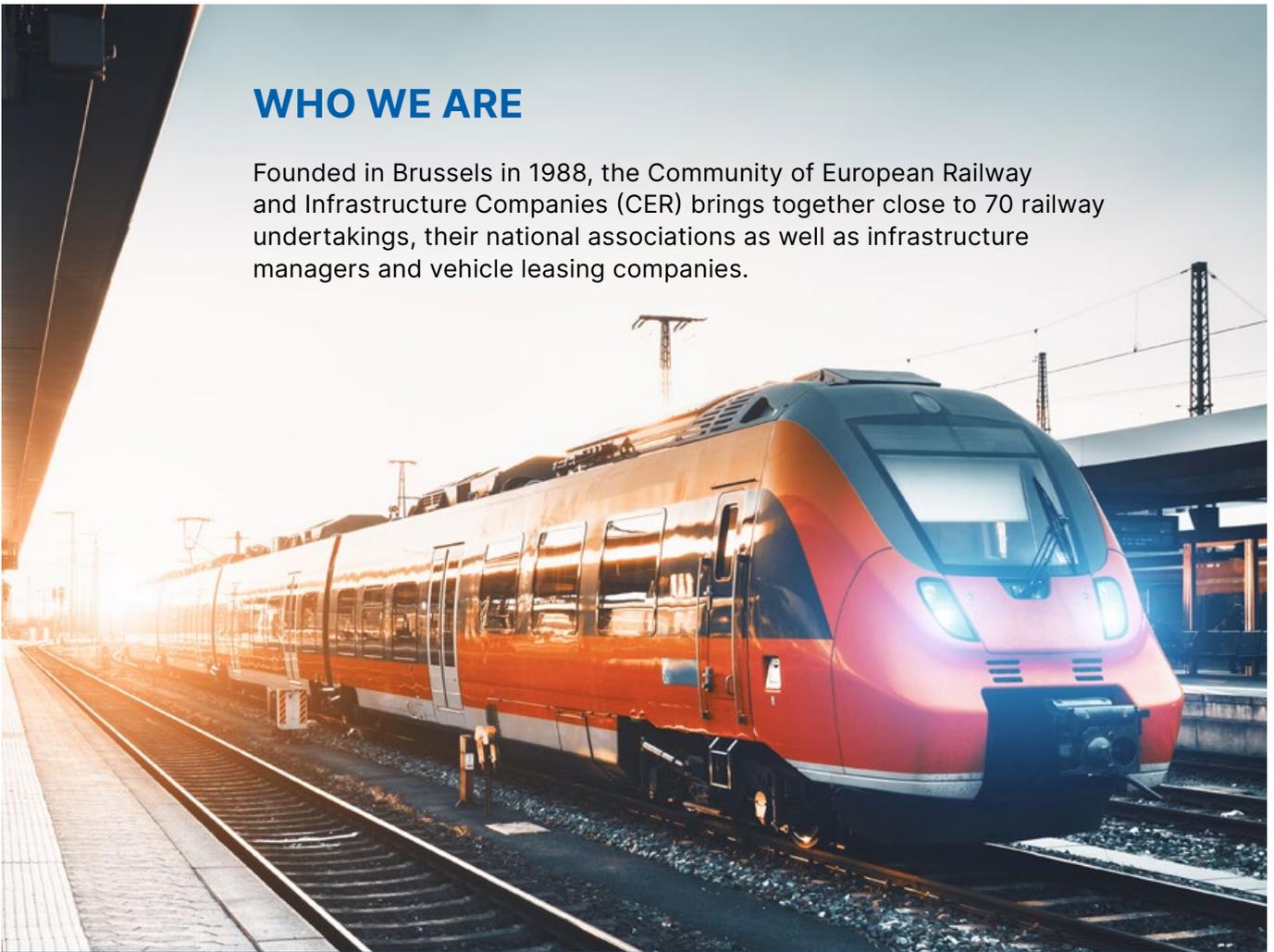
Brexit



It is also essential to continue addressing the remaining challenges and open points related to **rail transport to and from the UK post-Brexit** without imposing heavy additional costs to operators. Ensuring safety, interoperability, and seamless connectivity is crucial, notably by verifying that all requisite processes and facilities for both passenger and freight rail transportation through the Channel Tunnel are operational on both sides of the border.

WHO WE ARE

Founded in Brussels in 1988, the Community of European Railway and Infrastructure Companies (CER) brings together close to 70 railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies.



OUR MISSION



CER's role is to represent the interests of its members on the EU policy-making scene, in particular to support an improved business and regulatory environment for European railway operators and railway infrastructure companies.

OUR VISION FOR THE EUROPEAN RAIL SECTOR



A competitive and viable first-choice transport mode in terms of price and service quality for both passengers and freight customers.



The backbone of a seamless and integrated transport system in close cooperation with the other transport modes.



An enabling factor for the competitiveness of the European economy, supporting economic growth and job creation, and contributing to an inclusive society.



Central to the delivery of Europe's goals of cutting greenhouse gas emissions, achieving energy security, and relieving congestion.

FACTS AND FIGURES

CER is the European association that represents the entire railway system.



of the European rail network length



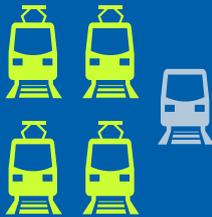
of the European rail freight business



of rail passenger operations in Europe

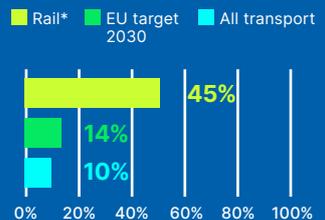
European railways are ready to deliver zero-emission transport

4 trains out of 5 are already running on electricity, which is becoming greener



Rail already goes well beyond the EU's 2030 renewable energy target for transport

Share of renewable energy in transport

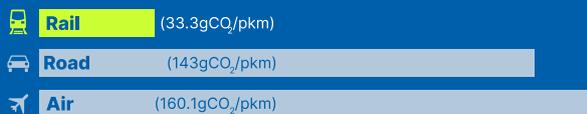


*based on 2021 PRIME Benchmarking Report by Civity

Rail is the most CO₂-efficient transport mode

Specific CO₂ emissions per transport mode

Passenger



Freight



Rail is 7x more energy-efficient than road due to physical advantages



Distance per energy unit consumed

Railways create jobs and grow the economy

Economic size of Europe's rail sector (GVA)



■ Direct ■ Indirect

Millions of persons employed

1

million directly



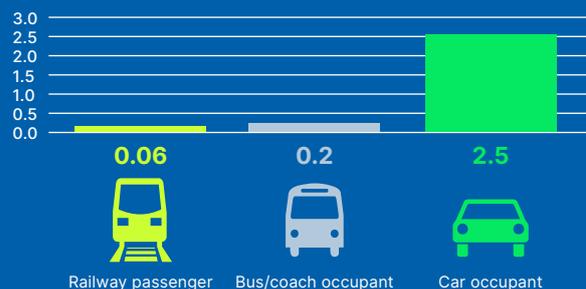
1.3

million indirectly

ONE job in railway transport creates more than ONE other job in indirectly dependent economic activities.

Rail is the safest mode of land transport

Fatalities per billion passenger-kilometres for different modes of transport (2015-2019)



OUR MEMBERS





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