



VIEWS OF THE RAIL SECTOR POST-2020 MULTIANNUAL FINANCIAL FRAMEWORK



For the Commission, rail is a key sector: You are the centre piece of our decarbonisation strategy. We want to see more people travelling by train and more companies choosing to move their goods by rail. I have faith in the sector, I fully support you: but I am relying on you to keep your side of the bargain.

***Violeta Bulc, EU Commissioner of Transport
Innotrans, September 2016***

In the context of the budgetary discussions for the post-2020 period, we – the European associations representing the rail sector – would like to explain in this joint paper why it is important for the European Union to continue investing in rail projects, particularly considering the benefits of rail transport for the economy and the whole society. Besides illustrating the European added value of rail projects, the paper also highlights the considerable financial resources still required to complete the TEN-T rail network, modernise and digitalise rail infrastructure in Europe for the benefit of Europe’s citizens.

Investments in rail as a key lever for social inclusion, economic growth, and environmental sustainability

As the greenest¹ and safest mode of transport, rail provides a significant contribution to the EU economy and to the completion of the Single Market. To enhance Europe’s competitiveness internationally, it is therefore necessary to further develop the efficiency of the rail system for the benefit of all EU citizens.

There is an enormous need for investment in rail transport at all levels: European, national, regional and urban. The European Commission estimates that €430 billion is needed in rail investment by 2030.²

The resources allocated to rail transport in the post-2020 Multiannual Financial Framework will play a key role in ensuring that the transport system as a whole efficiently supports EU’s economic growth. Moreover, in the post-2020 programming period, there should be a streamlined approach for all EU funds being clearly earmarked for rail and other transport modes, enabling a better overview of how EU’s financial resources are allocated in transport.

¹ Source: European Environment Agency (EEA); 2016; Greenhouse Gas Emissions (GHG) from Transport by Mode EU-28 (Million tonnes CO2 equivalent).

² Speech by Commissioner Violeta Bulc at the Innotrans Opening Event, 22 September 2016.

Despite the likely overall reduction of the post-2020 budget due to the Brexit, it will be essential for the rail sector to receive increased EU funding support in relative terms.

Connecting Europe Facility

Connecting Europe Facility (CEF) Transport grants have provided crucial support to the achievement of the TEN-T Policy objectives and the development of sustainable transport system. The rail system has been a key beneficiary of the funds available under the CEF, which were increased threefold compared to TEN-T funding in the 2007-2013 period. The results achieved so far, of which some examples are shown in Annex I, show the importance of these investments to the whole European economy. CEF grants have played an important role in supporting the cross-border projects that are essential for the implementation of the TEN-T Core Network Corridors.

In this context, the CEF should continue to be the cornerstone of the EU Investment Policy in the transport sector also in the post-2020 period. Financial support through CEF grants will be vital for the development of the TEN-T Core Network Corridors that are key to bridge the gaps and bottlenecks, thus increasing the competitiveness of the European rail system.

The high demand for EU co-funding was exemplified by the 2014, 2015 and 2016 CEF Transport Calls, which were all significantly oversubscribed. This very high demand for CEF funding and the strong project pipeline indicates that the budget should be increased further in the next MFF.

There should be dedicated CEF funding made available to foster automation and digitalisation of the railway sector. This will contribute to a more performing and attractive railway in the interest of the customers and the society. The combination of Automated Train Protection (ERTMS), Automated Train Operations (ATO) and Automated Train Supervision (ATS) will increase capacity, performance (punctuality and speed), interoperability, safety and last, but not least, productivity. Notably, the ERTMS deployment will require additional resources in order to accelerate its rapid roll-out (especially in the framework of the revised European ERTMS Deployment Plan adopted in January 2017) and unlock the economies of scale and efficiency gains that it will bring to the rail system. Making digital railways a priority will also spread positive effects with regard to improving maintenance systems and procedures. In this regard, a ring-fenced budget for smarter maintenance of existing infrastructure should be considered.

CEF eligibility should also be extended to rail rolling stock in order to support the decarbonisation of the rail system thanks to more energy efficient and/or trains using alternative fuels, thus reducing the number of diesel engines in service.

It will be also important to increase support to the urban nodes located on the TEN-T Core Network, and to provide adequate grants support for sustainable transport infrastructure and rolling stock projects. Virtually all passenger journeys start or finish in urban areas; therefore, the quality and efficiency of urban public transport infrastructure and services must be ensured.

Regional, suburban and urban transport is at the centre of the mobility of the European citizens:

- The total number of passenger journeys made by public transport every year is almost 60 billion.
- 89% of rail passengers are passengers using regional, suburban rail services, accounting for 8900 yearly million passengers (*source: [Regional and Suburban Railways - Market update analysis](#)*)
- In comparison, commercial aviation accounts for 800 million.

Overall, CEF will be a crucial tool to maintain EU's leadership in achieving the sustainability targets and the implementation of the COP21 Paris Agreement. It is important that CEF continues to provide the grants funding for rail infrastructure projects, with rail standing out as the most carbon-conscious transport mode, contributing just over 3.3% to overall global transport emissions (or less than 1% of overall emissions) while transporting 9% of world passenger and freight-tonne kilometres.

With its focus on cross-border projects and projects aiming at removing bottlenecks or bridging missing links in various sections of the network, CEF Transport also significantly contributes to economic, social, and territorial cohesion. In this view, it is important to ensure the synergies between the projects supported with the CEF Transport grants and the ESI Funds.

EU Structural and Investment Funds (ESI Funds)

The achievement of an integrated European transport system will also depend on the continuous investments in the rail projects under the EU Structural and Investment Funds (ESI Funds). In the 2014-2020 programming period, the Cohesion Fund and the European Fund for Regional Development (ERDF)

have been providing significant support to environment-friendly means of transport (i.e. investments in rail and urban transport) thus providing great stimuli for the economies of the EU Member States. The EU Member States, in particular the Cohesion countries, should continue to benefit from the EU Funds support for rail projects to bridge the significant investment gap. Capacity-building measures should be prioritised in order to achieve long-standing results.

In this respect, the earmarking of 10 billion EUR from the Cohesion Fund to be centrally managed by CEF (EUR 11.3 billion in current prices) has proven to be very successful. Applying the same co-funding rates as under the Cohesion Fund, and keeping the national envelopes for the first half period of the MFF, the absorption rate of this part of the Cohesion Fund has been 100% with a high proportion of investments in rail projects.

Mobilising additional investments for rail

As the cornerstone of the Commission's Investment Plan for Europe, the European Fund for Strategic Investments (EFSI) should play a key role in fostering private investment in important long-term transport infrastructure projects. Unfortunately, the number of projects in the rail sector so far is relatively small.

There is an important potential of private investments in rail projects. Innovative financing instruments such as availability-based public-private partnerships have been used in the rail sector, even more for urban projects than for main line ones. However, their widespread use has not taken place due to the low return of investment that require substantial support from the public authorities promoting the project and ultimately the projects' consolidation in their debt. EFSI should provide greater incentives for projects contributing to the objectives set by the COP21, especially with regard to accounting and statistical treatment (i.e. non-inclusion in the public debt as defined in the Stability & Growth Pact). Moreover, technical assistance should be made more efficient and more easily available.

The European Commission has recently been advocating the combination of EU support through the CEF programme with financial instruments, such as EFSI. In the post-2020 period, this blending mechanism could be used alongside traditional CEF grants. While the Commission in its Reflection Paper on the Future of Finances (28 June 2017) put forward five possible scenarios for the EU-27 with higher or much higher

use of financial instruments and guarantees, the grants for rail projects should remain at the core of EU financial support to rail projects.

Key role of EU support for rail Research and Innovation

The next Multiannual Financial Framework should foresee as well an ambitious EU support for rail Research and Innovation (R&I) in the framework of the upcoming 9th Framework Programme for Research and Innovation (FP9). Due its key role for social inclusion, economic growth and environmental sustainability, and taking into account the modal shift objectives of the 2011 Transport White Paper, the future budget dedicated to transport R&I should clearly give priority to rail transport.

The rail sector therefore highlights the need for “Shift2Rail 2.0” in the 9th Framework Programme for Research and Innovation. Indeed, the Institutional PPP model (Joint Undertaking) has proved to be an R&I instrument since Shift2Rail has been an unprecedented joint effort of all the stakeholders of the European rail sector to invest together in research and innovation, in order to reinforce the attractiveness of rail transport toward passengers and business.

“Shift2Rail 2.0” should redefine the place and ambition of rail transportation in the future mobility landscape. This vision should be built in cooperation with all rail stakeholders in order to continue the good cooperation established in Shift2Rail. Building on the success of Shift2Rail, tomorrow’s “Shift2Rail 2.0” should take into account the ongoing mega-trends, especially in terms of urbanisation, growing interest for environmental issues and an ageing population.

Ensuring future adequate resources for the European Union Agency for Railways (ERA)

The Fourth Railway Package has considerably extended the tasks of the European Union Agency for Railways (ERA). It will therefore be crucial to ensure that the post-2020 EU budget provides the ERA with the sufficient human and financial resources to perform these tasks for the benefit of the whole European rail community.

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ANNEX I: Examples of financing of rail projects using EU funds

Below are listed some examples of rail projects which are co-financed using EU funds. The use of these EU funds has had an important leverage effect in mobilising national resources for rail projects, which in turn has made, or in case of ongoing works is expected to make, a significant contribution to rail transport in terms of increasing capacity, eliminating bottlenecks, bridging missing links, and improving interoperability.

Increasing Capacity

<p>Construction of the Second Rail Track in Section Skrīveri – Krustpils</p> <p>The upgrading of the Skrīveri-Krustpils line in Latvia includes the construction of 56 km of a second track, two new bridges, the reconstruction of an existing bridge and four stations, the adaptation of the passenger platforms of eight stations, the refurbishing of buildings and of installed systems (signalling, telecommunication, power supply). 53% of the total budget was financed by the EU Cohesion Fund, while the remaining 46.7% were drawn from LDz resources. The project, which was completed in early 2015 and which modernises parts of the rail transit corridor in Latvia, enables much higher volumes of traffic, increases speed as well as rail safety between Krustpils and Riga</p>	<p>Project cost: EUR 123 million</p> <p>EU contribution: EUR 65.5 million</p> <p>Start date: March 2010</p> <p>Foreseen end date: February 2015</p>
<p>https://www.ldz.lv/en/ldz-completes-largest-project-implemented-during-years-renewed-independence-latvia-%E2%80%93-construction</p>	
<p>Construction of the Bolderāja 2 station with an access track to the Krievu Sala terminals</p> <p>This project consists of the construction of a new station Bolderāja 2 in Latvia, including nine stations tracks with a combined total length of 8.5 km, and a new access line to Krievu sala port terminals. The project also includes the modernisation at Bolderāja 1 and the new construction at Bolderāja 2 of signalling, telecommunications and power supply systems as well as the construction of two new bridges and two overpasses. When completed, it will lead to an enlarged capacity of the Riga railway network, unburdening Riga centre from rail freight traffic, and increased freight traffic safety. 72% of the total budget was financed using EU grants.</p>	<p>Project cost: EUR 41.2 million</p> <p>EU contribution: EUR 29.8 million</p> <p>Start date: July 2010</p> <p>Foreseen end date: December 2015</p>
<p>https://www.ldz.lv/lv/content/stacijas-bolder%C4%81ja-2-ar-savienoj%C5%A1o-ce%C4%BCu-uz-krievu-salas-termin%C4%81liemb%C5%ABvniec%C4%ABba-0</p>	

<p>Railway Connection Aveiro-Salamanca-Medina del Campo: Works on energy facilities and services to follow-up works</p> <p>The Action concerns the electrification of the line Medina del Campo-Salamanca-Fuentes de Oñoro in Spain. It is located on the pre-identified Rail connection Aveiro-Salamanca-Medina del Campo on the Atlantic Corridor. It consists of the construction of substations, overhead power lines and autotransformers for the electrification in the entire line. It will also include the construction of the overhead contact line, security installations and communications in part of the section Salamanca-Fuentes de Oñoro. The work done, already in service, complies with the interoperability requirements. In a second phase, it will be extended to the Portuguese border (2023).</p>	<p>Project cost: EUR 49 million</p> <p>EU contribution: EUR 19,5 million</p> <p>Start date: January 2014</p> <p>Foreseen end date: December 2019</p>
<p>https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/spain/2014-es-tm-0400-w</p>	

Removal of Bottlenecks

<p>Works for construction of new high speed line between Kundl/Radfeld and Baumkirchen</p> <p>This Austrian project concerns the construction of a new double track high speed rail line for freight and passenger traffic between Kundl/Radfeld and Baumkirchen, an identified bottleneck of TEN-T Priority Project 1 (Railway axis Berlin-Verona/Milano-Bologna-Napoli-Messina-Palermo). It included the construction of 40 km of a new double track suitable for high speed rail, including 32 km of tunnels, walls, galleries, underground sections, and other associated works. The project contributed to the completion of the Brenner Corridor between Munich and Verona, in particular to the northern access to the Brenner Base Tunnel between Austria and Italy. Positive effects of removing this bottleneck include substantial reductions in journey times, a modal shift of the freight traffic from road to rail, and consequent reduction of road congestion in the Alpine region.</p>	<p>Project cost: EUR 1,116 million</p> <p>EU contribution: EUR 58.3 million</p> <p>Start date: January 2007</p> <p>Foreseen end date: December 2013</p>
<p>https://ec.europa.eu/inea/sites/inea/files/fichenew_2007-at-01130-p_final.pdf</p>	

<p>High speed railway line between Nîmes and Perpignan, works and studies for bypassing Nîmes and Montpellier</p>	<p>Project cost: EUR 951.4 million</p>
<p>The Nîmes and Montpellier bypass is located in France on the Mediterranean branch of Priority Project 3, the high speed railway line Paris-Madrid. This</p>	<p>EU contribution: EUR 152.1 million</p>

<p>project consists of the construction of a new railway line of 70 km and is equipped with ETCS (European Train Control System) Level 2 to guarantee interoperability with the European high speed network. The main benefit of this project is the removal of a bottleneck on the railway link between the Rhône Valley and the Pyrenees. The line is planned for mix use, including high speed, conventional rail passenger traffic, and rail freight. This project covers the finalisation on of the design studies, land acquisition, and the construction on of the new line, plus links to the existing railway network. The works will be carried out through a Public-Private Partnership (PPP).</p>	<p>Start date: January 2007</p> <p>Foreseen end date: December 2015</p>
<p>https://ec.europa.eu/inea/sites/inea/files/fichenew_2007-fr-03010-p_final.pdf</p>	

<p>High Speed Railway Line Paris-Madrid: Elimination of rail bottlenecks around Bordeaux</p> <p>This project forms part of the high speed railway line Paris-Madrid (Atlantic branch of Priority Project 3) focusing on the Bordeaux railway hub. The hub is located on a strategic axis that links northern Europe to the Iberian peninsula. The existing single track for each direction is insufficient to support the amount of traffic that passes through Bordeaux. This project specifically aims to eliminate the rail bottlenecks around Bordeaux, mainly through the construction of two additional tracks (one for each direction).</p>	<p>Project cost: EUR 362.9 million</p> <p>EU contribution: EUR 40.2 million</p> <p>Start date: January 2007</p> <p>Foreseen end date: December 2015</p>
<p>https://ec.europa.eu/inea/sites/inea/files/fichenew_2007-fr-03120-p_final.pdf</p>	

<p>14@ORY: Streamlining services & facilities of Paris metro line 14 up to its future Paris Orly Airport connection</p> <p>The Action aims to adapt the services provided by metro line 14 in Paris to better serve the first/last mile needs of long distance customers. It is part of a Global Project (South extension of line 14) in the framework of The Greater Paris Public Transport Network project (RTPGP) adopted by the French government in 2010. Paris is a core urban node part of two corridors: Atlantic and North Sea-Mediterranean. As such this Action is located at the heart of a major European region which needs to permanently improve the infrastructure and intermodal services offered. It is expected that innovative services and facilities for air and rail customers will be investigated and recommended.</p>	<p>Project cost: EUR 1.3 million</p> <p>EU contribution: EUR 666 000</p> <p>Start date: April 2017</p> <p>Foreseen end date: Mid-2020</p>
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Construction of Missing Links

<p>Works on the E75 railway line, Czyżew-Białystok section</p> <p>The works on the 71 km long section of the E75 railway line Białystok–Suwałki–Trakiszki in Poland are part of the Rail Baltica global project which aims to link Finland, the Baltic States and Poland with a standard gauge railway line, providing passenger and freight service between the countries and improving rail connections between Central and Northern Europe. It is one of the main projects along the North-Sea Baltic Corridor. This project has significant strategic and political implications as it will be the only railway connection linking the Baltic States, Poland and EU using the 1435 mm standard gauge. Once completed, this project will enable shorter travel time for rail passengers and freight, and improve rail transport efficiency, interoperability and safety on Rail Baltica.</p>	<p>Project cost: EUR 371 million</p> <p>EU contribution: EUR 283 million</p> <p>Start date: September 2016</p> <p>Foreseen end date: September 2020</p>
<p>https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/poland/2015-pl-tm-0002-w</p>	

<p>Optimising Rail Connection Port of Amsterdam - European hinterland (ORCAEU) – Elimination of missing links for intermodal freight transport</p> <p>This project, jointly implemented by ProRail and the Port of Amsterdam, aimed at clearing bottlenecks of the rail network inside the port of the city, and thus improving the multimodal connection to its hinterland.</p> <p>These bottlenecks hampered the potential modal share of rail compared to road already at the beginning of the transport chain. By facilitating the move to a more environmental friendly mode, this project will thus help to reduce the environmental impact of transport. Electrification of one railway yard directly contribute to the modal shift by rendering diesel locomotives unnecessary.</p> <p>Other interrelated activities in this project, aimed at increasing the capacity of the rail network within the port and beyond, included: the extension of the Westhaven railway yard from 550 to 750 metres; improved crossing by port traffic of the Schipholline with frequent traffic; connection of the growth pole Africahaven to the rail network.</p>	<p>Project cost: EUR 31 million</p> <p>EU contribution: EUR 3,1 million</p> <p>Start date: May 2009</p> <p>End date: May 2013</p>
<p>https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/netherlands/2009-nl-00072-e</p>	

<p>Railway connection Sines/Elvas (Spain): Évora-Caia Section and Technical Station at km 118 of the South Line</p> <p>The Portuguese cross-border section Évora-Elvas/Caia (Spanish border) is part of the rail freight axis Sines-Elvas-Madrid-Paris and is a missing link in the High-</p>	<p>Project cost: EUR 315,5 million</p> <p>EU contribution: EUR 128 million</p>
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<p>Speed connection Lisbon-Madrid. The Action includes the renewal of the stretch Évora-Évora Norte as well as the construction of the new railway line between Évora Norte and Elvas/Caia.</p> <p>The new line will allow the movement of 740m freight trains and will be designed for high-speed (over 250 km/h). The Action is located on the Atlantic corridor and is part of a Global Project that aims to develop a high-capacity freight and passenger railway axis linking Portugal with Spain and the centre of Europe.</p> <p>The action aims at promoting modal split, increase the competitiveness of the port of Sines and serve several logistic platforms.</p>	<p>Start date: April 2014</p> <p>Foresee end date: December 2019</p>
<p>https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/portugal/2014-pt-tm-0627-m</p>	

Interoperability

<p>Deployment of ERTMS/ETCS on the TEN-T Core Network in Poland</p> <p>This project covers the deployment of European Railway Traffic Management System (ERTMS) on four sections of the Polish railway network located on the TEN-T core network, covering a total length of 1,008 km of double-track equivalent. The deployment ERTMS is a horizontal priority in order to ensure interoperability of the EU railway system. As such, this project aims at fulfilling the obligations from Regulation 1315/2013 (TEN-T guidelines), Directive 2008/57 (interoperability), and Regulation 2016/919 (TSI CCS). Once completed, this project will increase interoperability of a considerable part of the Polish railway network and thereby facilitate access to Polish railway infrastructure for foreign operators. It will also improve the safety and the quality of the links between the main nodes.</p>	<p>Project cost: EUR 345 million</p> <p>EU contribution: EUR 293 million</p>
<p>https://ec.europa.eu/transport/sites/transport/files/2016-cef-call/2016-cef-country-fiche-pl.pdf (Proposal Code 2016-PL-TMC-0136-W)</p>	

<p>Sillon Alpin Sud</p> <p>The existing route is 180 km long and comprises line sections that are partly electrified, with different structure gauges, operating systems with insufficient capacity and no interoperability equipment. The aim of the project is to achieve uniformity throughout the whole of the corridor, making it interoperable and accessible to piggyback trains. This project concerns works to upgrade the rail corridor between the Rhone Valley and valleys in the Alps to develop freight and passenger transport services.</p>	<p>Project cost: EUR 216.0 million</p> <p>EU contribution: EUR 21.6 million</p> <p>Start date: February 2013</p>
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https://ec.europa.eu/inea/sites/inea/files/fichenew_2012-fr-91013-p_final.pdf	Foreseen end date: December 2015
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<p>ERTMS implementation the Railway Corridor Rotterdam-Genoa- Netherlands part - Section Port Railway of Rotterdam</p> <p>This project, part of the TEN-T Priority Project 24 railway axis Lyon/Genoa-Basel-Duisburg-Rotterdam/Antwerp, deals with the deployment of ERTMS/ETCS Level 1, SRS 2.3.0, on the Port Railway (Betuweroute - Priority Project 5), a 48 km freight railway track in the Netherlands. The equipment of this section with ERTMS fits in with the overall Corridor objectives. This implementation has allowed locomotives equipped with ETCS Level 1 to circulate along this line.</p>	<p>Project cost: EUR 9 million</p> <p>EU contribution: EUR 4.5 million</p> <p>Start date : September 2007</p> <p>End date : May 2012</p>
https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/netherlands/2007-nl-60310-p	

<p>ERTMS deployment on the Valladolid–Burgos section</p> <p>The Project covers track-side deployment of ERTMS Level 2 (ETCS and GSM-R), Baseline 2.3.0d on an 85 km long double-track equivalent railway line section from Valladolid to Burgos in Spain located on the Atlantic Core Network Corridor. The Action is a part of a Global Project on deployment of ERTMS in all Spanish High Speed lines (HSL) and main Urban Transport Nodes. Implementation of the Action will ensure interoperability of a considerable part of the Spanish HSL enabling uninterrupted traffic of ERTMS-equipped vehicles.</p>	<p>Project cost: EUR 15,5 million</p> <p>EU contribution: EUR 7,8 million</p> <p>Start date: May 2014</p> <p>Foreseen end date: December 2019</p>
https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/spain/2014-es-tm-0514-w	

Reduction of Noise Emissions

<p>CEF supports the retrofitting of 120 952 rail freight wagons with the objective of reducing noise emissions by estimated contribution of 27.6 million Euros.</p>	<p>Total cost of all retrofitting projects: EUR 137.9 million</p> <p>EU contribution: EUR 27.6 million</p>
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