Celebrating without a party?

by Alberto Mazzola, *Executive Director, CER*

It is the question European railways asked themselves last year when it became clear that, by the kick-off of the European Year of Rail in January 2021, the pandemic would still very much be with us – and would remain this way for some time. Rail passenger operators suffered almost €25b in loss of turnover in 2020 (in EU 27), a year-on-year decrease of 42%, an estimated weekly loss of €470m. The EU 27's rail freight industry lost almost €1.9b in turnover in 2020 (-12% yoy; €36m/week). The first months of 2021 have not, so far, shown adequate signs of recovery. The situation of the rail sector remains fragile.

However, despite the difficulties, the party is on. The **Connecting Europe Express** (CEE), a joint DG MOVE-CER initiative for the Year of Rail, will cross 26 countries in 36 days, including in its route all European gauges. The Baltic strand will commence in Tallinn at 8:49 on 21 September and arrive in Kaunas at noon on 22 September, with mid-stops in Tartu, Valga, Riga, Jelgava, and Vilnius; other regional stopovers include Stockholm, Malmö, Copenhagen, and Gdańsk. Special events will be organised at almost all CEE locations, giving business and political communities the chance to meet to discuss why rail should be the backbone of European mobility and how this can be made a reality.

Sustainability – capitalised

It takes a certain kind of resilience to organise such a major operation in these difficult times. We believe this kind of resilience has enabled railways to continue providing passenger and freight services of essential importance during the worst days of the pandemic. And in the context of National Plans for Recovery and Resilience (NRRPs), railways have capitalised on it and their sustainability credentials.

Rail – nine times less CO_2 intensive than road for freight and air travel for passengers – is indisputably the ready-made solution for decarbonisation. Rail is also seven times more energy-efficient than road and accounts for only 2% of total EU energy consumption for transport, while it carries 18% of freight and 8% of passengers of all transport modes (2018 data). It is by any standard more sustainable than any other mode of transport. This is, of course, another pivotal feature of rail that cannot go unnoticed in the context of NRRPs, given the obligation of the **Recovery and Resilience Facility** (RRF) Regulation to spend at least 37% of its resources on projects that could contribute to the green transition of the EU economy.

To date, CER has collected data covering most EU Member States, intending to have a clearer understanding of state RRF spendings. Situations differ greatly from one country to another. It is not always easy to draw clear-cut conclusions regarding national investments in rail from considering NRRPs only, nor is it simple to make a comparative analysis between different NRRPs. In certain cases, railways are among the leading receivers of RRF funds. In other cases, they receive a lower share of RFF, but public support is granted through other means (both EU and national). There are also instances when railways have only a very small share of RRF and no compensation from other sources.

All in all, transport spending accounts for roughly 17% of the national plans' budgets, and rail accounts for approximately 57% of the transport total. Around 5% of the rail budget is earmarked to rolling stock and 95% to rail infrastructure. On a different front, road investments account for about 23% of the transport budget, with seemingly less than half of this envelope dedicated to road electrification projects. It comes as a surprise since it would mean that over half of the road transport budget within NRRPs is dedicated to traditional road transport – something not in line with the green and digital transitions RRF resources should foster.

At the same time, pro-climate reforms have been announced with the NRRPs. Policy solutions, of course, differ significantly from country to country. Among other initiatives, we see the EU Member States committing to implement general carbon-pricing for transport and industry, the distribution of vouchers to citizens to support the use of public transport solutions, the implementation of fiscal modulations of ownership taxes on combustion engines cars, fiscal incentives for the production of green hydrogen, and minimum thresholds of clean vehicles in public procurement practices.

Investments, investments

The EU Trans-European Transport Network (TEN-T) should indeed be expanded, with particular attention to high-speed. Only city-to-city high-speed

connections can hope to replace short-haul flights, providing the quality service that citizens demand. The idea of connecting European capitals with high-speed rail is gaining momentum among the block's Member States. We hope to see this reflected at the end of 2021, when the EU Council will discuss the revision of the Regulation establishing the TEN-T.

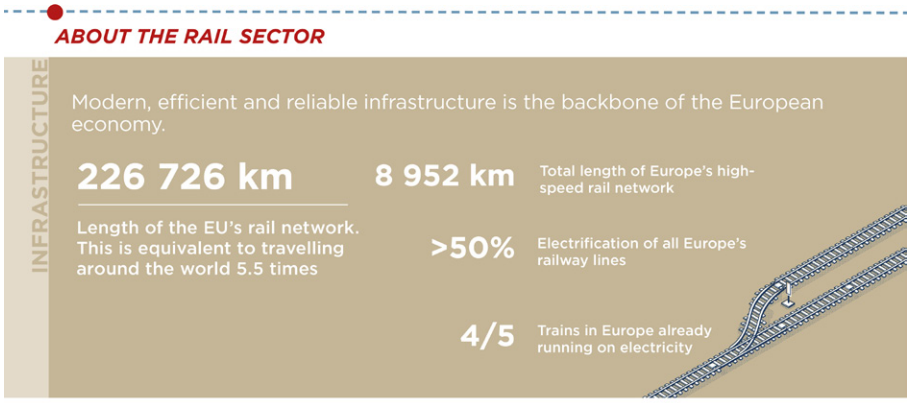
At the same time, infrastructure projects should enable rail freight services to reach their full potential. Longer and heavier trains should be able to run on European tracks, and last-mile infrastructures, like local freight networks serving industrial sites as well as rail terminals at sea- and airports, should be developed to expand, as much as possible, the possibility of offering door-to-door rail services for European goods.

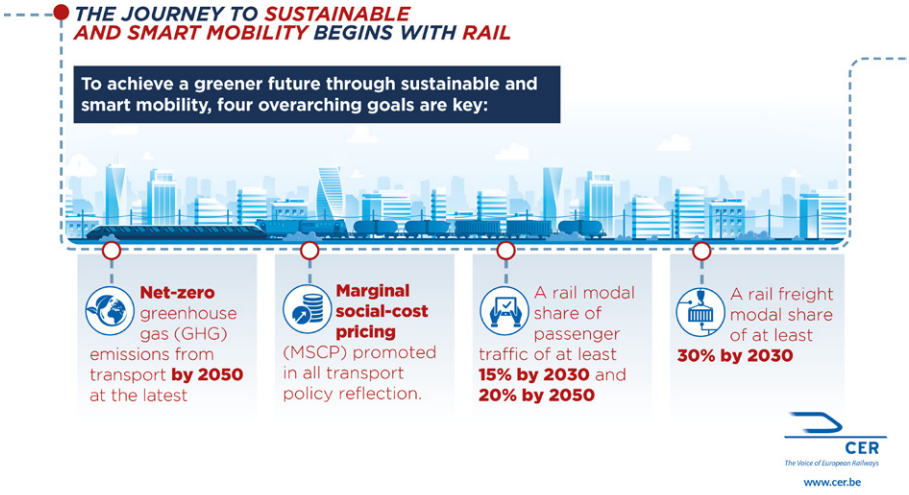
Much is needed for increasing the digitalisation level of rail operations and services. Ensuring the broadest possible 5G coverage throughout the rail network will allow better services for rail customers, web access for train passengers, and the technological basis for new plug-in technologies for track and trace.

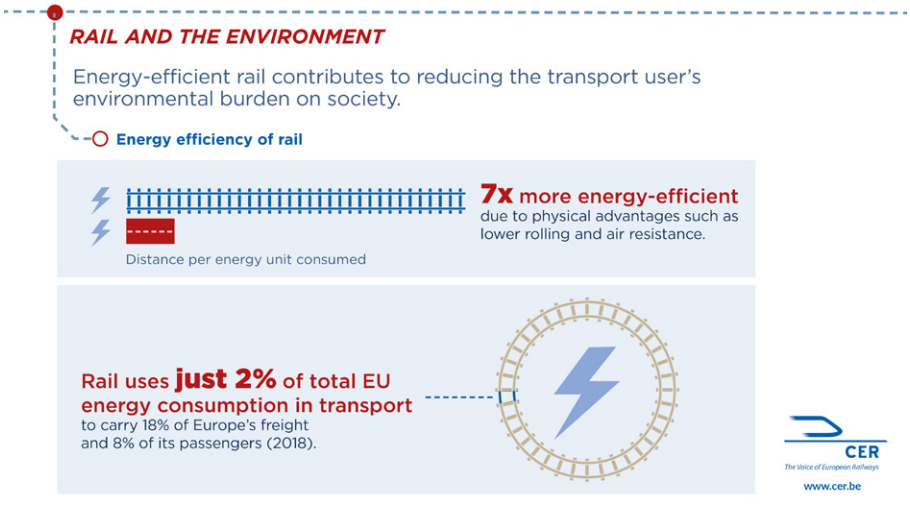
The European Rail Traffic Management System (ERTMS) deployment should be accelerated, with adequate funding, more robust governance, and a readier industrial basis. ERTMS is the only solution to increase network capacity without building new tracks, something that should place ERTMS spending among the most sustainable options for any funding.

Further than that, investment in railway automation will be essential to improve railways credentials on many fronts: safety (although it is already widely known that rail safety levels are the highest among all modes), reliability, cost-effectiveness, and speed. In particular, technologies for digital automatic coupling must be improved further and implemented as soon as possible.

The European rail community looks forward to seeing these projects become a reality. Particular expectations lie with the progress made on cross-border megaprojects, such as the Rail Baltica. On 30 June 2021, the construction work of the Rail Baltica corridor officially commenced at Rīga International Airport, on the railway station which will provide a fundamental regional link between air and rail travel. This is an important signal, and we look forward to seeing the corridor completed – an added value for the Baltic Sea region in particular and the mobility and logistics of the entire European continent in general. ■







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