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Position Paper

SGI Europe Position on Modal Shift towards Rail Freight and Public Passenger Transport

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The transport sector is responsible for around a quarter of greenhouse gas (GHG) emissions in the EU and is therefore one of the largest emitters in Europe. **Freight traffic and public passenger traffic by rail and road are already making a significant contribution to climate protection, regardless of the drive technology used**.[1] The volume of traffic can be bundled and the space and energy consumption per person can be significantly reduced compared to individual traffic. Additionally, rail-bound systems also have a six times lower energy consumption than a transport on the road "rubber wheel on road" due to the advantage of the low physical rolling resistance "steel on steel".

Transporting goods by road causes around 15 times more CO2 emissions per tonne- 2 kilometre than transport by rail.[2] In addition, road transport causes six times higher costs for the general public ("external costs" - land consumption, accident costs, traffic jam costs, air pollution, energy consumption, global warming) than rail transport. By increasing the modal split in passenger and goods transport in favour of rail-bound systems, we can achieve an improvement with a leverage effect in favour of all listed factors.

Motorised individual traffic also has a large share of the total emissions caused by the transport sector. All public passenger transport by bus, tram, underground and all of the remaining rail traffic with passenger and rail freight transport account for less than five percent of the energy demand in the transport sector. Increasing the share of public transport and shifting goods from road to rail can not only make a decisive contribution here, but also provide a lever to reduce emissions.

Example for policy recommendation: Vienna already **has a 38 percent share of the modal split** in public passenger transport with a very low share of energy consumption in the transport sector, namely less than five percent and an equally low **share of total urban CO2 emissions**. In a European comparison of capitals and regions, Vienna is a "best practice" here.

[1] Verkehrsclub Österreich: Großes Klimaschutz-Potenzial beim Güterverkehr (2015); https://www.vcoe.at/files/vcoe/uploads/News/VCOe- Factsheets/2013-2017/2015-07%20Grosses%20Klimaschutz-Potenzial%20beim%20Gueterverkehr/VCOE-Factsheet%20Klimaschutz- Potenziale%20Gueterverkehr.pdf

[2] Bundesministerium für Verkehr und digitale Infrastruktur - Projektgruppe Masterplan Schienengüterverkehr: Masterplan Schienengüterverkehr (2017); https://www.bmvi.de/SharedDocs/DE/Publikationen/StV/masterplan-schienengueterverkehr.pdf?__blob=publicationFile

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What incentives can the European Union create to significantly increase the share of rail freight and public passenger transport in the modal split?

The European Commission has recognised the potential to save CO2 emissions by creating legal incentives to accelerate the modal shift and is presenting measures in this regard in the European Green Deal. The importance of shifting freight traffic to rail is particularly emphasised.[3] In order to achieve the desired climate neutrality, traffic-related emissions must be reduced by 90 percent by 2050.

SGI Europe has welcomed the measures announced by the European Commission as part of the EU Green Deal to strengthen rail transport. Even before the EU Green Deal, the EU Commission stated in its **strategy for low-emission mobility**[4] in 2016 that the success of the European emission targets would be determined by the efficiency of the implementation of measures in metropolitan areas. However, this also requires a significant support from EU politics.

A "modal shift towards rail freight and public passenger transport" requires ambitious goals with consistent control measures:

- Measures to secure infrastructure investments
- A shift towards public transport in the EU budget
- Measures to create incentives for the expansion of multimodal transport offers and
- Mobility as a Service
- Measures to create a level playing field

Ambitious goals require consistent control measures

Therefore, we call on the European Commission for immediate actions in order to signal to the Member States and all stakeholders reliability in their national recovery plan implementations. In addition, we offer further suggestions to advance the modal shift as quickly as possible and call for greater consideration and promotion of public transport.

An analysis is also required to **identify bottlenecks in the European transport corridors**. The result should serve to correctly set investment priorities in order to eliminate bottlenecks in the rail traffic connections. **A revision of the guidelines for the Trans-European Transport Networks (TEN-T) with a stronger focus on the railways would be appropriate for this**. The possibility of establishing “green logistics concepts” should be a key decision factor for all future measures to be taken in transport policy. “Urban Nodes” are exposed to extreme traffic loads, which is why concepts with incentive models are also required here in order to achieve control effects.

The COVID-19 crisis had or still has massive effects on rail-bound traffic with its trams, underground trains, passenger and freight trains. Passenger numbers in passenger transport fall by up to 80 percent, especially in phases of "lockdown", and it will take a long time before they reach the level before the start of

[3] European Commission: A European Strategy for Low-Emission Mobility (COM (2016) 501 final); https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1588580774040&uri=CELEX%3A52019DC0640

[4] European Commission: A European Strategy for Low-Emission Mobility (COM (2016) 501 final); https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2016)501&lang=en

the corona pandemic. People's trust in the safety of public transport has been massively affected by the COVID-19 crisis. Therefore, and due to the important role of public transport in climate protection, greater promotion of public transport is essential in order to achieve the goals of the Green Deal. The COVID-19 crisis has further exacerbated structural competitive disadvantages in rail freight transport. Rail freight transport must increase its efficiencies through innovations (digital automatic coupling, digitisation of order processes and operational processing, etc.) and the removal of operational barriers such as when crossing borders and reducing bureaucracy, not least through special national regulations. The availability and access to the rail infrastructure as well as to terminals and seaports must be comparatively easy as in road freight transport.

This requires joint efforts through funding, incentive models and legal control measures. System cost disadvantages compared to other modes of transport must be eliminated. The industry expects sales to decline by around 20 percent for 2020 as a whole. According to estimates, sales will only approximate the pre-crisis level again in 2024.

SGI Europe demands for this reason to:

Secure infrastructure investments

Compared to other modes of transport, railway companies have to struggle on the one hand with a huge amount of additional financial and organisational burdens on the other hand with insufficient and uncertain budgetary resources. In order to increase the modal share of the railways, the infrastructure operators (including siding as a last mile) must be provided with sufficient financial means for the implementation of master plans and projects. These financial resources should be secured by a legal claim so that railway companies do not have to appear as supplicants.

> **SGI Europe therefore demand that the European Commission design support measures that have already been promised in the form of a legal claim in order to guarantee railway companies infrastructure financing for long-term projects**. It should also be possible to proactively request corresponding funding.

The planned and desirable increase in rail freight traffic to 30 percent of the total traffic volume by 2030 must go hand in hand with the development of a framework plan for the rail infrastructure and concepts for last mile and terminal projects.

The right focus is also essential when providing financial resources: Since traffic in the EU internal market will grow in the coming years, it is primarily important to **invest enough in the expansion of new routes as well as in automation and digitisation, e.g. to invest in the digital automatic clutch, otherwise the forecast additional demand cannot be met.** It should also be checked whether it is possible to separate traffic corridors for rail freight traffic from rail passenger traffic. If additional structures for freight transport could be created here, time delays could be effectively counteracted. In order to streamline and relieve the organisation of the railway companies, a noticeable simplification in the area of legislation would also be desirable. In particular, the rail transport sector is to receive financial means to mitigate the effects of the COVID-19 crisis.

The development and resilience facility at European level that was set up to cope with the consequences of the corona pandemic is to be welcomed in this context. For a comprehensive and sustainable recovery, it is essential that investments are made in the real economy and that economic value is generated within the European Union. **A significant part of the finances should be devoted to the transport sector.** It should never be forgotten that **investments in rail transport are investments in sustainable mobility, jobs and social participation at the same time.** If public railway companies are granted grants from the development and resilience facility, considerable leverage effects are achieved. A greening of the economy will work in particular through the transport sector and the associated shift of traffic from road to rail. A high modal split share of rail contributes to the creation of high-quality jobs in the rail industry and consequently also ensures long-term economic stability in the euro area.

Shift towards public transport in the EU budget

Financial support for local and long-distance public transport is essential in order to continue to improve public transport. This support is especially important for the switch to alternative fuels, digitisation, modernization of existing infrastructure and infrastructure expansion. This can be achieved through more funding such as the Connecting Europe Facility or through the creation of new funding tools.

Set up measures to create incentives for the expansion of multi-modal transport offers and Mobility as a Service

Rail freight transport in Europe urgently needs fundamental further development in the area of automation and digitisation.

Multimodal freight transport is an environmentally friendly alternative to road freight transport and must therefore be promoted accordingly, but not only in research programs. **We also demand appropriate financial resources and incentives for the implementation of new technologies such as the digital automatic coupling**, since the industry cannot afford the costs of implementing the investments alone. In order to promote the expansion of combined transport, **it is essential to create access to both relevant modes of transport for shippers and forwarding agents.** In addition to **private sidings, transshipment facilities are also possible**. An additional requirement is the further digitisation of the customer-related systems along the logistics chain.

In the field of public passenger transport, too, smart and multimodal transport offers in combination with sharing services represent an environmentally friendly alternative to individual transport. In order to avoid bad investments, **there should be clear rules for all providers, especially when it comes to knowledge transfer.**

This goal could be achieved through guidelines and best practice examples. Experience shows that public transport companies, both privately and publicly owned, have the option of offering such new forms of mobility. This means that synergies can be used even better and more efficiently. **Rapid access to transparent infrastructure capacity dedicated to rail freight transport requires a process change from prefabricated routes to automated and digitised route construction and allocation (digital capacity management).** This also paves the way to real-time capacity management. In addition, it could improve infrastructure capacity by automating operations management. The proposal is to implement it on long-haul routes under the supervision of appropriately trained staff and fully autonomous train operation in shunting yards and on the first and last mile.

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Create a level playing field

Extension of the requirements for the purchase of clean vehicles

Public transport causes only a small proportion of all GHG emissions in the transport sector. In order to reduce the traffic-related CO2 emissions, **private individual transport and all modes of transport on the road as well as operators and service providers who currently do not fall within the scope of the Clean Vehicles Directive should also be included**[5]. At the moment, it would be left to the member states themselves to extend the scope of this directive to include private individuals.[6] **We demand that the European legislator takes this into its own hands:** Not only clients in the sense of the PSO regulation[7] or the provisions of the general right[8] to purchase should be obliged to (proportionately) purchase clean vehicles[9], but **all modes of transport should be obliged to do so and should be subject to legal obligations.** If we really want to achieve the specified climate targets by 2050, the European legislator must also have the courage here to make private companies commit. One should not limit oneself to the transport sector. If one really wants to promote the traffic turnaround, mandatory quotas for the procurement of clean vehicles should be prescribed for all company fleets.

Data exchange

An exchange of data is also important for the promotion of public transport and the new forms of mobility. However, there must not be a unilateral obligation to open data by publicly owned companies. **Private companies must also be obliged to exchange data,** otherwise this would lead to a massive distortion of competition.

Fair carbon pricing for the transport sector

Carbon pricing in the transport sector is essential in order to establish fair competition between the transport modes in the first place. The most promising measure is a separate European emissions trading system for the transport sector, whereby the income generated from the sale of the certificates must be earmarked for the expansion of the analog and digital infrastructure. **The income of the individual companies from any sale of unused certificates within the mode of transport or between the various modes of transport should be made tax-free.** For this purpose, the Commission is to create the necessary data basis with regard to CO2 emissions in the transport sector and to submit a proposal for its own emissions trading system, corresponding to the sector-specific reduction path, by December 31, 2022.

Reduction of duties and taxes

Climate-friendly rail transport is weakened in its competitiveness compared to other modes of transport by various external factors, which make up a high degree of additional financial burden. In order to create fair competition between rail transport and road transport, these additional financial burdens, such as costs for traction current and train path charges, should be reduced sustainably.

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[5] „Clean Vehicles Directive"; COM/2017/0653 final - 2017/0291 (COD); https://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX%3A52017PC0653

[6] Clean Vehicles Directive"; COM/2017/0653 final - 2017/0291 (COD); https://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX%3A52017PC0653

[7] PSO-Regulation"; 2013/0028(COD) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R1370&from=EN

[8] See "classic procurement directive" RL 2014/24 / EU, COM (2011) 896 final; https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=EN and "Sector Directive" RL 2014/25 / EU; COM (2011) 895 final https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0094&from=EN

[9] For a definition of a clean vehicle, see "Clean Vehicles Directive"

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Reduction of infrastructure charges - subsidies for train path prices

In contrast to rail freight transport, road freight transport bears just a small part of its externally generated costs itself. One factor that contributes to this distortion of competition is the unequal treatment with regard to user charges: **We therefore demand distortions of competition, which are currently causing massive disadvantages of the traffic on the rail in comparison to the road, to be analysed immediately and then either to gradually reduce infrastructure usage charges or to provide subsidies for the payments of train path prices in order to mitigate the distortions of competition between road and rail.** In this context, it is also necessary to provide the operator with appropriate financial means to compensate for losses. The better alternative would be to pay out subsidies for train path prices to railway companies in order to counteract the disadvantage without weakening the train path operators financially. Otherwise there will hardly be a shift in traffic to rail. Furthermore, when calculating the aforementioned factors, railway companies are faced with challenges if the train path owners are late in invoicing. **We therefore request the European legislator to revise the relevant accounting guidelines accordingly,** so that the client is obliged to submit any invoices for traction current and train path charges within six months after the end of the financial year.

Increase in the share of rail traffic on particularly congested routes

Certain corridors are particularly busy with transit traffic through Austria. This includes not only the transit routes, but also traffic routes in the vicinity of urban agglomerations. In order to achieve the relocation targets set in the EU of 30 percent rail share in the modal split, it is necessary to expand rail capacities or create loading infrastructure where the need is demonstrably highest.

We therefore call on the Commission to:

- carry out a **demand analysis along the TEN-T network and to allocate funding strictly according to a priority sequence to be defined**, anchored as an annex to the TEN-T directive.
- to **use appropriate regulatory measures, such as an emissions trading system (ETS) for the transport sector** and relevant clauses in the road cost directive, such as a corridor toll, to create appropriate incentives for logistics providers to use the capacities of the railways.
- take **appropriate measures immediately to ensure smooth cross- border cooperation among rail infrastructure managers** for the benefit of railway companies across Europe.

Meet growing staffing needs

There is currently a great need for personnel in rail freight transport. Engine drivers as well as operating and maintenance specialists are required in particular. Academic specialists such as engineers are also wanted. **The plan to shift traffic to the railways should be made more attractive to the industry through a public educational offer.**

Simplified EIA procedure for the expansion of rail infrastructure

The aim of an environmental impact assessment (EIA) is to check the possible effects of a planned project on the environment preventively. **An amendment to the EIA Directive[10] would therefore be appropriate.** It standardises simplified procedural provisions for environmental impact assessments for projects relating to the energy and transport transition and helps to avoid any obstacles in the infrastructure projects for the expansion of routes, where these make a major contribution to the achievement of climate targets should perform.

[10] Environmental impact assessment for certain public and private projects "RL 2011/92 / EU, COM (2011) 189 final; https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0092&from=EN