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President of the European Commission

**Mr Frans Timmermans**  
Executive Vice President of the European Commission

**Mrs Margrethe Vestager**  
Executive Vice President of the European Commission

**Mr Thierry Breton**  
European Commissioner for Industry

**Ms Adina Vălean**  
European Commissioner for Transport

Brussels, 22<sup>nd</sup> February 2023

**Subject:** Inclusion of the rail sector in the proposed Green Deal Industrial Plan

Dear President,  
Dear Executive Vice Presidents,  
Dear Commissioners,

On 1st February 2023, a **Communication on a Green Deal Industrial Plan for the Net-Zero Age** (GDIP) was adopted to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality. The GDIP consists of four pillars:

- 1) a predictable and simplified regulatory environment;
- 2) faster access to sufficient funding;
- 3) skills; and
- 4) open trade for resilient supply chains.

We would like to express our disappointment regarding the missing reference to rail in the Communication. Therefore, we sincerely hope that its strategic importance will be fully acknowledged in the upcoming Net-Zero Industry Act due for publication on 14<sup>th</sup> March.

While the transport sector as a whole accounts for approximately 25% of the EU's greenhouse gas (GHG) emissions, rail stands out as the mobility exception, being the greenest mode of mass transportation, responsible for less than 0.4% of transport-related GHG emissions. Furthermore, rail has managed to steadily improve its energy efficiency since 1990.

Mobility services, logistics and manufacturing should evidently be considered primary production factors of the European industry - as much as raw materials and energy. It is clear therefore that the rail sector's environmental and energy-efficiency performance is key to navigating the transition to a carbon-neutral economy and ensure the energy efficiency of industries and industrial supply chains.

Concretely, we do believe that the GDIP should be used also to provide opportunities for the rail sector. GDIP's financial firepower should be available as financial leverage to help finalising the Trans-European Transport Network (TEN-T) network and its rail freight and passenger corridors. The TEN-T network must be equipped not only with an appropriate alternative charging and refuelling infrastructure (e.g. AFIR), but also with state of the art rail technology. To this regard the phasing in of hydrogen and battery technology has already started in the rail sector - yet much remains to be done. The current shift to a single European Rail Traffic Management System (ERTMS), Future Railway Mobile Communication System (FRMCS),

Automatic Train Operations (ATO), digital capacity management or Digital Automatic Coupling (DAC) are other prominent examples of rail priority investments.

Beyond the above, the GDIP should help building a financial framework providing more opportunities for rail in many more areas:

- An accelerated, predictable, simplified planning and regulatory framework for rail investments across the EU;
- The promotion of European strategic projects and the faster access to and use of EU funds for rail investments (e.g. infrastructure, high-speed, EMUs, and urban rail rolling stock, ERTMS, FRMCS, ATO, DAC, other);
- The prioritisation of rail for financial instruments, including in the framework of the ongoing European Innovation Fund;
- The inclusion of rail investments in all energy-related funding instruments (battery, hydrogen, solar, other);
- The set-up of a long-term, earmarked European fund for rail infrastructure investments;
- The inclusion of specific raw materials necessary for rail (infrastructure) investments across the EU.

The GDIP provides also an opportunity for the Commission to reflect on how to allow further flexibility for the Member States to grant aid - limited to carefully defined areas and on a temporary basis. Such reflection on the so-called Temporary Crisis and Transition Framework (TCTF) must be extended to rail and inspire the parallel revision of the State-aid guidelines for railways.

The GDIP should also contribute to the re- and upskilling projects the rail sector is already pursuing. This would naturally speed up the seamless connectivity of rail with other modes of transport, thereby generating cross-skilling of competences and new talents, which are necessary to boost the rail sector's innovative turnaround.

Lastly, it is essential for Europe to remain the leader in international standard-setting and to maintain a strong industrial base in rail supply, with a view to ensure fair competition and a level playing field between European and non-European players. In this respect, promoting the Most Economically Advantageous Tender (MEAT) based on the Best-Price Quality Ratio (BPQR) in the rail sector should remain a priority.

To conclude, the GDIP bears huge opportunities in geostrategic, social, economic, industrial and environmental aspects, and we are convinced that it should include rail as one of its key components.

We are looking forward to a further exchange in this matter with you.

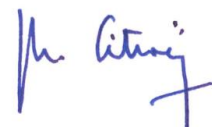
Yours sincerely,



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