Press release

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Rail Sector welcomes Draghi Report on European Competitiveness

The Community of European Railway and Infrastructure Companies (CER) warmly welcomes the Report authored by Former Italian Prime Minister and ex-European Central Bank chief Mario Draghi. The European rail sector fully shares the key priorities identified in the report, namely adequate funding and the use of EU Emission Trading System (ETS) revenues to support investment in the decarbonisation of industry, digitalisation, and a comprehensive European High-Speed Rail network. The report underlines the validity of many CER messages and gives a strong understanding that well-functioning transport networks and services, and a prosperous transport industry are crucial to the competitiveness of the entire EU economy.

Tasked by Commission President Ursula von der Leyen to prepare a broad study on economic competitiveness in a challenging geopolitical landscape, the report presented yesterday to the EU executive proposes a "new industrial strategy for Europe" and will form the basis of the work program of the second von der Leyen Commission. It correctly recognises that transport is a priority sector for the EU's transition to a net-zero economy as it accounts for one-quarter of all greenhouse gas emissions, with some segments considered particularly hard to abate. At just 0.4% of the EU's transport emissions, rail is a valuable mode to develop in this regard.

In terms of funding, Draghi's findings are aligned with CER's assessment of the scarcity of public budget. He nevertheless states that the EU should reinforce EU funding, prioritising cross-border connections and national links with cross-border impact, together with military mobility, efficiency and climate risk resilience. At the national level, Member States should direct more public investments to transport by increasing the use of cross-financing and the earmarking of transport revenues for transport investment. They should also reward projects that contribute to emission reductions by earmarking the ETS revenue they receive on climate action and industry decarbonisation, an argument long held by CER in its call for allocation of ETS revenues to sustainable transport like rail.

The report also supports CER's position that, beyond what is planned under TEN-T, the realisation of a high-speed rail (HSR) network connecting all EU capitals and major cities would enhance rail attractiveness albeit further increasing investment needs. It further states that without high-growth projects to invest in and capital markets to finance them, Europeans lose opportunities to generate wealth. Investing in a comprehensive European HSR network delivers added value to European society and massively reduces the environmental footprint of European passenger transport, creating a sustainable and equitable mobility. Such a comprehensive network would mean at least tripling the existing HSR network and require investment costs estimated at €550 billion, but would create net positive benefits to society in the range of €750 billion by 2070.

Significant attention in the report is also dedicated to the importance of closing the innovation gap through digital advances and the use of technologies and echoes CER's repeated calls for adequate funding and urgent investment for key technological enablers of railways such as the Future Railway Mobile Communication System (FRMCS), Digital Capacity Management (DCM) and Digital Automatic Coupling (DAC). The European Rail Traffic Management System (ERTMS) offers the necessary conditions for uninterrupted, safe, efficient and fast railway services and it must be supported with sufficient funding and financing, with significant investment needed for its broad deployment.

CER Executive Director Alberto Mazzola said *"We very much welcome this report which backs the calls put forward in the CER manifesto On Track for Europe, from the need to invest public and private money to increase Europe's competitiveness, to the role of high-speed rail in connecting European capitals and major urban hubs, and the need for a fast deployment of digital enablers (ERTMS, FRCMS, DAC, ATO, DCM). We agree ETS revenues should be earmarked to projects avoiding carbon emissions. To complete a Europe-wide HSR network, a significant extension of current infrastructure must be discussed and adequately funded. This is economically feasible and highly beneficial to the European economy. In China, where they have already succeeded in connecting their major cities by HSR despite lagging behind Europe for years, the investment is already paying off."*

You can find out more about the CER Manifesto 'On Track for Europe' here.

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About CER