**Press release**

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CER
The Voice of European Railways

# CER welcomes stronger investment role for ETS revenues, calls for greater recognition of rail's carbon avoidance benefits

**The Community of European Railway and Infrastructure Companies (CER) welcomes the European Commission's proposal to revise the EU Emissions Trading System (ETS). The proposal strengthens the climate orientation of ETS revenues and introduces permanent carbon removals as a potential flexibility within the ETS framework. As the legislative process begins, CER calls for a more systematic use of ETS revenues to support rail and for greater recognition of carbon avoidance in Europe's climate toolkit.**

The proposal marks an important shift in how ETS revenues are used. By requiring Member States to dedicate 50% of national ETS revenues to investments that decarbonise ETS sectors, the Commission is strengthening the link between carbon pricing and investment in decarbonisation. This is a positive step that should help direct funding towards solutions capable of delivering rapid and lasting emissions reductions. However, the focus on ETS-covered sectors creates a risk that rail may be overlooked, even though it bears indirect ETS costs and enables emissions reductions across the transport system.

Already more than 80% electrified, rail makes a significant contribution to Europe's decarbonisation efforts. Every day, rail freight saves the equivalent of 144,000 barrels of diesel-equivalent oil, while passenger rail saves a further 220,000 barrels. These savings reduce reliance on imported fossil fuels and, at peak prices, represent more than €10 billion a year retained within the European economy.

Several EU countries already use ETS revenues to invest in rail infrastructure and sustainable mobility. However, investment remains uneven across the EU. The revised ETS should encourage a more consistent allocation of these resources to rail, accelerating modal shift while strengthening energy security and competitiveness.

CER also welcomes the proposed integration of permanent carbon removals in the revised ETS framework, provided that their use is subject to strict safeguards and does not delay direct emissions reductions. At the same time, the proposal should open a broader discussion on the recognition of carbon avoidance in European climate and investment policy. While carbon removals address carbon present in the atmosphere, rail prevents emissions from being generated in the first place by shifting passengers and freight away from more carbon-intensive transport modes. Yet this contribution remains insufficiently recognised in today’s climate policy architecture.

The potential benefits of rewarding carbon avoidance are considerable. Recent research shows that investing in the carbon avoidance potential of a European high-speed rail network could avoid cumulative emissions totalling five billion tonnes of $CO_2$ by 2070.

As the European Parliament and Council begin examining the proposal, CER calls on policymakers to ensure that carbon avoidance is better recognised within the EU climate framework and that proven decarbonisation pathways like rail receive a more consistent share of ETS funding. Directing more ETS revenues towards rail investment and modal



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shift will maximise the climate impact of these resources while accelerating the transition to a cleaner, more resilient European transport system.

**CER Executive Director Alberto Mazzola** said: "*The most effective cuts to $CO_2$ happen before it is generated. Rail already avoids emissions every day while strengthening energy security and competitiveness. As policymakers revise the ETS, they should ensure that climate funding supports not only future solutions, but also the proven solutions that are delivering results today*."

- *For more case studies on rail's carbon avoidance, read the related essay* "Leveraging the EU Emissions Trading System to fund railway projects: an economic perspective" *here on the CER website.*

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## About CER

The Community of European Railway and Infrastructure Companies (CER) brings together around 70 railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies. The membership is made up of long-established bodies, new entrants and both private and public enterprises, representing 78% of the rail network length, 81% of the rail freight business and about 94% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policymakers and transport stakeholders, advocating rail as the backbone of a competitive and sustainable transport system in Europe. For more information, visit www.cer.be or follow us on social media.