Budapest Declaration

Adequate funding and financing for the railways of the 21st century

Adopted at the CEO Summit in Budapest on 6 July 2024

For almost two centuries, rail has played an important role in modern economies in connecting people and places, ensuring the continuity of freight and passenger flows and security of supply within the current EU and beyond.

Today, rail is a key element of mobility and global logistics chains and will continue to be at the heart of the development of future mobility in Europe. There are several reasons for this.

- Rail has extraordinary **environmental credentials** and plays an important role in the decarbonisation of the transport sector.

- Rail is **the most energy-efficient mode of transport** and contributes to Europe’s energy security.

- As a collective transport mode, rail can carry large volumes of goods and passengers over long distances and provide reliable mobility in densely populated and congested areas, therefore contributing to **socio-economic cohesion**.

- Rail infrastructure uses less space compared to road infrastructure, provides low noise emissions and **the highest safety standards**.

- Rail has proven to be **a very efficient absorber of EU funding** in all Member States and one of the largest investors on the continent.

Despite these intrinsic benefits, a swift modal shift to rail for both people and freight poses a real challenge. EU policymakers will have to first and foremost ensure for a more ambitious, stable, predictable, transparent and long-term financial framework that would support railways’ important role in achieving the decarbonisation goals defined in EU transport and climate policies.

The required investments in railway lines, as part of the implementation of the TEN-T core network alone until 2030, are estimated at EUR 500 billion. An integral part of the TEN-T policy is also the development of the European high-speed rail (HSR) network, which aims to connect capitals, large cities, urban nodes and airports and support the development of international passenger services.

The implementation of appropriate EU regulations and provisions ensuring the competitive balance of all modes of transport, together with appropriate long-term financing of EU railway investments, is crucial and necessary for the further development of the railway sector in Europe, thus contributing to building the resilience of EU countries to global crises and counteracting negative effects of climate change.

Rail funding must be

- **fair**: a level playing field must exist between different transport modes, taking into account the external costs they generate and the polluter pays principle;

- **long-term and stable**: the entire life cycle of each infrastructure should be considered and the mismatch between project timelines and funding must be addressed, defining a long-term framework that ensures a coherent infrastructure and investment planning; for example the provisions of Art. 55 of the revised TEN-T Regulation, which foresees for the possibility of defining via an Implementing Act a precise calendar for the implementation of each project, represents in this sense a good practice and would enhance predictability and stability for investments in rail infrastructure;

- **comprehensive**: it should support the entire railway system, including infrastructure, stations, terminals, rolling stock, digital tools;

- **service-oriented**: it should support projects that are ultimately aimed at better serving customers - regional commuters, long-distance leisure and business travellers, cargo shippers or composite logistics undertakings.

In order to transform these ambitions into reality, adequate reflection must be done on **new funding and financing solutions**, i.e.:

- additional co-funding sources including the Innovation and Modernisation Funds, LIFE programme, Digital programme and the forthcoming Social Climate Fund which should also include railways and infrastructure;

- the earmarking of revenues from ETS auctions;

- a potential new EU funding scheme based on the model of the Recovery and Resilience Facility (RRF) to finance ecological transition, which could supplement CEF;

- the earmarking of a substantial portion of the tax gains resulting from the ongoing revision of the Energy Taxation Directive;

- linking funding and financing to ESG ratings.

In any case, **public funding** is and shall remain the main source of financing for rail infrastructure. With respect to public funding, the Member State should provide the infrastructure manager with stable and timely announced multiannual funding for the maintenance, renewal and new construction of rail infrastructure for a period of at least 5 years. The amount of resources available to the infrastructure manager per year should be made transparent to the infrastructure manager.

The **involvement of private financing** might provide additional resources. Therefore, providing the right condition for the involvement of private debt capital may in certain cases be of help, especially in Member States where public resources cannot be further increased to reach the ambitions set for railway infrastructure in the coming years. In a context where the State continues to finance the investments to be made, the involvement of private debt capital could actually improve the management of financial flows into the rail system, easing State's financial commitments over time.

The **next MFF** will be essential in providing a future for European railways and will have to be scaled up if it must be adequate to fund the ambitions set in many policy documents, such as the EU Sustainable and Smart Mobility Strategy or the new TEN-T Regulation:

- We expect the **CEF budget** to be increased, to be actually consistent with the enormous budget needs of the implementation of the projects and standards foreseen by the TEN-T Regulation and avoid the constant oversubscription of the CEF calls as we have seen in these last years, when funding of high-quality transport infrastructure and rolling stock projects must be rejected for purely budgetary reasons.

- In particular the objective of building a **European network of high-speed rail** infrastructure connecting all EU metropolitan regions should be pursued as a key objective, in view of tripling the volume of European high-speed rail traffic by 2050.

- The deployment and implementation of core enablers of **rail automation** (ERTMS, FRMCS, DAC, DCM, etc.) should also be a priority, including funding for on-board units.

- The central role of **train stations** in the framework of CEF shall be better considered, for the key role they play as intermodal hubs in enabling modal shift.

- At national level the funding of **Public Service Contracts** must be sufficient to ensure the long-term viability of the services involved, providing users with services of adequate quality and the operating railway community with sufficient compensation of the costs, plus a reasonable margin.

- Last but not least, the EU's regulatory approach to **State aid** should provide strong incentives for modal shift to rail such as the reduction of external costs and make it easier for Member States to support rail transport, while preserving a level playing field among railway undertakings from different Member States operating beyond their domestic market. In the revised Railway State Aid Guidelines it is necessary to have higher thresholds for presumption of compatibility of aid, an overall simplification, including the block exemption for aid for coordination of transport, as well as clear provisions on funding for purchase and renewal of rolling stock.

Signatory companies and organisations as of 6 July 2024 in alphabetical order

Organisation	First name	Last name	Function
BLS	Daniel	**SCHAFER**	CEO
CER	Alberto	**MAZZOLA**	Executive Director
ČD	Michal	**KRAPINEC**	Chairman-CEO
CFL	Marc	**WENGLER**	Director General
CFR	Ion	**SIMU-ALEXANDRU**	Director General
CFR Călători	Traian	**PREOTEASA**	Director General
CP	Pedro Miguel	**SOUSA PEREIRA GUEDES MOREIRA**	President
DB	Richard	**LUTZ**	Chairman-CEO
DSB	Flemming	**JENSEN**	CEO
EUROFIMA	Christoph	**PASTERNAK**	CEO
GYSEV	Szilárd	**KÖVESDI**	CEO
HUNGRAIL	László	**MOSÓCZI**	President
HŽ Infrastruktura	Ivan	**KRŠIĆ**	President
LDz	Rinalds	**PĻAVNIEKS**	Chairman
MÁV	Zoltán	**PAFFÉRI**	CEO
NS	Wouter	**KOOLMEES**	CEO
ÖBB	Andreas	**MATTHÄ**	CEO
PKP	Alan	**BEROUD**	President
RENFE Operadora	Raül	**BLANCO DÍAZ**	President
SBB/CFF/FFS	Vincent	**DUCROT**	CEO
SNCB/NMBS	Sophie	**DUTORDOIR**	CEO
SNCF	Jean-Pierre	**FARANDOU**	Chairman-CEO
SŽ	Dušan	**MES**	Director General
Správa železnic	Jiří	**SVOBODA**	Director General
VDV	Oliver	**WOLFF**	CEO
UIC	François	**DAVENNE**	Director General
VPE	István	**BERENTE**	Managing Director
ŽSR	Alexander	**SAKO**	CEO