

CER comments to the EU Mobility Strategy

Summary

European railways welcomes the timely adoption of the EU Sustainable and Smart Mobility Strategy, which aims to help transport sector to swiftly respond to ongoing and accelerating climate crisis and seize the opportunities of modern and efficient technologies.

The Strategy grants a prominent role to rail in the transition towards zero-emission mobility and the delivery of the EU Green Deal objectives. Focussing on improving services, European railways will support the European Commission and the Member States in implementing the Strategy.

Since the COVID-19 recovery and climate crises must be addressed both at once, CER compiled this reaction paper to use the Strategy to give inputs to achieve a sustainable, resilient recovery by building back better mobility.

CER would like to convey the following comments on the Strategy:

- CER welcomes the Commission's approach in redefining the modal shift objectives, which were introduced by the 2011 Transport White Paper but not being delivered until now. The future mobility demand clearly highlights that the bar should be set higher for railways and complemented by tangible actions to achieve progress.
- For more than two decades, internalisation of external costs has been on the agenda of European transport and environment policy but remained only as a target for transport policy. The EU should finally move towards full application of 'user pays' and 'polluter pays' principles, also because there are very [good reasons](#) to use revenues to help finance Europe's economic recovery after COVID-19.
- The objectives of the Strategy should be matched with appropriate investments in mainly infrastructure, but also rolling stock, digitalisation as well as human resources.
- The Strategy should explore all possibilities and financial resources to shape EU's mobility system to be fit for future generations and to build back better mobility, in which railway projects qualify for the best practice.
- For rail to perform its backbone role in achieving sustainable and resilient mobility it is essential to speed up the implementation of infrastructure projects by making use of the existing financial tools and incentives. Public investment into Trans-European Transport Network and rail infrastructure, consistent deployment of ERTMS, homogenous electrification, financing of interoperable and energy efficient rolling stock, 5G deployment and enabling a high frequency European high-speed rail network connecting major urban centres is essential to realise targets of rail passenger and freight. According to the estimates, investments to rail sector is at least € 50 billion per year over the next decade.

1. Introduction

Transport is Europe's biggest climate problem. Since the status quo of current mobility solutions is not an option for the future, European railways welcomes the timely adoption of the EU Sustainable and Smart Mobility Strategy, which aims to help transport sector to swiftly respond to ongoing and accelerating climate crisis and seize the opportunities of modern and efficient technologies.

The Strategy grants a prominent role to rail in the transition towards zero-emission mobility and the delivery of the EU Green Deal objectives. Ambition was always high for railways in the EU's transport-related strategies, including the 2011 Transport White Paper but shift to rail has not yet been realised. It will be fundamental to address intermodal framework conditions for level playing field between the modes, in addition to long-term investments by channelling adequate budgets to rail infrastructure and rolling stock projects to achieve tangible results in the coming decades. It will equally be important that future legislation leaves sufficient flexibility to railways to define the precise implementation of the rules set therein, in order to ensure that railways are able to easily and rapidly adapt to the fast-changing reality, without the need to regularly revise the legal text. Focussing on improving services, European railways will support the European Commission and the Member States in implementing the Strategy.

Since the COVID-19 recovery and climate crises must be addressed both at once, CER compiled a reaction paper to use the Strategy to give inputs to achieve a sustainable, resilient recovery by building back better mobility.

2. Shift to zero-emission mobility

- CER welcomes the Commission's approach in redefining the modal shift objectives, which were introduced by the 2011 Transport White Paper but not being delivered until now. Rail's compound annual growth rate from 2015 to 2018 is 2.5% for passenger and 4.1% for freight. During this period aviation grew approximately 4 times more than railways and road continued to dominate the freight market.
- Rail should be key in accommodating the expected growth in EU's transport activity. According to the baseline scenario, passenger traffic (for all modes) will increase by 19% by 2030 (1.2% per year) and 34% (0.8% per year) by 2050 compared to 2015. Freight transport activity for inland modes will grow by 33% (1.9% per year) by 2030 and 56% (1.3% per year) by 2050.
- Passenger rail is projected to grow 6% per year and to reach 15% of the passenger market by 2050. For freight, the continuation of the current growth rates is likely to deliver a rail market share of 24% by 2050. These figures clearly highlight that the bar should be set higher for railways and complemented by tangible actions to achieve progress.
- Doubling highspeed traffic by 2030 and tripling by 2050 might seem to be an ambitious target but one needs to put this in perspective with the future transport demand. Aviation activity is also projected to double by 2050, therefore a thorough assessment of short-haul flights is required. Furthermore, conventional rail should not be neglected in the passenger market since it will be an important enabler to contribute to the target on carbon neutral scheduled collective travel for journeys up to 800 km by 2030.
- For freight market, the target falls short of the EU Green Deal's call for a substantial part of the 75% of inland freight carried today by road to shift to rail and inland waterways.

- In general, criteria to further stimulate the modal shift to rail, and position rail as the most sustainable existing mode of transport should better be represented in the Strategy and its implementation. The Strategy overemphasises greening of road and air transport (both vehicles and fuels) but these will not deliver any results in the short and mid-term. There are developments such as platooning and European Modular Systems that will go against the transport modal shift targets and result in inefficiency. The Strategy should instead improve efficiency between modes by focussing on first/last mile.
- There have been good developments for modal shift at the national level: highspeed rail in Italy, the revival of night trains to/from Austria, an 'air-rail agenda' in the Netherlands and Germany and various infrastructure projects in Member States. These good national initiatives should be further supported on a European level by the institutions and discussions on these developments should be furthered in the International Rail Passenger Platform, in which the sector is already [committed to work with partners](#). Intermodal transport projects shall be specifically supported as well on a European level to boost sustainable freight transport.
- What matters the most is to reverse the trends in current modal share, which points to urgent actions at all levels. First condition is to correct the existing market failure by internalising external costs and ensure an intermodal level playing field. Rail traffic increase goes hand in hand with higher capacity. Investments should address both the physical and digital infrastructure and include fleets. Rail sector will be part of this discussion to better manage the capacity that would become gradually scarce with many active railway undertakings. Finally, railway sector is aware that services must be tailored to the needs of users and, therefore, commit to the availability and online distribution of tickets to bring more people to trains.

3. Fair conditions for incentivising sustainable mobility

- For more than two decades, internalisation of external costs has been on the agenda of European transport and environment policy but so far only very insufficiently been achieved. The EU should finally move towards full application of 'user pays' and 'polluter pays' principles also because there are very [good reasons](#) to use revenues to help finance Europe's economic recovery after COVID-19. The targets set by the Strategy will indeed come with a price and it will be cost-effective to better internalise external costs to finance investments. CER, however, regrets the Commission's long-term approach in the internalisation of external costs. The Strategy addressed the market failure only from the combined transport angle and does not capitalise on the revenue recycling from environmental taxation.
- External costs of transport within the EU should be covered by the transport users by the promotion of marginal social-cost pricing in all transport policies. In 2021 'Fit for 55' package as well as the revision of the Eurovignette Directive will be key in guiding mid-term policies to implement the 'polluter-pays' and 'user-pays' principles across all transport modes, so as to internalise transport externalities. The Strategy should trigger smart policy proposals to help creating a level playing field for all transport modes in all Member States with green taxation (internalisation of external costs and ending tax exemptions for polluting modes of transport).
- Rail is already low in its external costs and the remaining externality noise is currently being addressed. Since the technology (retrofitting of freight wagons) is already there and goals are set (TSI Noise) it is now to implement a silent wagon fleet in the EU.
- Nearly all cars, vans, buses as well as new heavy-duty vehicles will be zero-emission by 2050. The Strategy correctly states that the evolution of road vehicle engines towards zero emission does not as such solve environmental problems such as water and soil

pollution. The use of tyres on heavier road vehicles (due to batteries) will still cause emissions of noise and microplastics but also accidents and road crashes and congestion will continue to negatively affect biodiversity and European citizens health and wellbeing if the modal shift ambition is not realised. In parallel, new innovative solutions and business models are needed for a transition to circular economy.

- Progress on intermodal framework conditions is required in the short run in order to reach the objectives suggested in the Strategy. And as long as there is no level playing field in freight and passenger transport markets, rail should be compensated. The Commission should work with the Member States, the European Environment Agency and Eurostat to compile and present progress regarding level playing field. Reference metrics to assess environmental impact and progress by transport modes and technology ideally be annually updated to ensure transparency, data quality and compliance with the targets. This database could also guide the authorities to allocate compensation for railways. Support could be in forms of grants to infrastructure managers to compensate reduction of track access charges but also other mechanisms, like subsidising innovation or compensation for cost related to ever changing norms and requirements.
- CER welcomes the Commission's initiatives in placing the right incentives to drive the transition to zero-emission mobility. Financial incentives for transport users to make more sustainable choices must indeed be reinforced to complement other regulatory measures (CO₂ standards, carbon pricing, taxation and infrastructure charging). Transport environmental ecolabelling (including carbon footprint) should be developed by the Commission to help shippers and travellers make well-informed choices for low-carbon mobility. European railways are already working on ecolabelling for transport services and will contribute to the Commission initiative.

4. Smart and resilient infrastructure and fleets

- The objectives of the Strategy should be matched with appropriate investments in infrastructure, rolling stock, digitalisation as well as human resources. Infrastructure has a level-playing field dimension as long as road infrastructure remains the cornerstone of EU policies. The Strategy reiterates the goal of delivering an operational multimodal Trans-European Transport Network (TEN-T) equipped for sustainable and smart transport including high-speed connectivity for the core network by 2030 (comprehensive network by 2050).
- CER suggest to keep a broader definition of infrastructure by physical and digital infrastructure in its core. It is not only new infrastructure but also upgrades and maintenance will be required to run high quality rail services all over Europe. This should certainly include a multimodal component to create a European high-speed network that is interoperable, linking European capitals and major cities, connecting urban nodes and airports. A stable and long-term financial framework is key for the railway industry in this regard.
- Investment requirements will also be essential in overcoming the increasing congestion of the rail network. According to the [Rail Market Monitoring](#) data total railway tracks that are affected by congestion more than doubled by 2018 compared to 2015.
- Automation will be much simpler in rail than road according to the Strategy. Automation when combined with the deployment of the ERTMS will help better manage capacity (30% even on the most congested infrastructure) and deliver energy and cost savings due to more efficient driving (rail's remaining competitive advantage compared to growing other zero direct-emission mobility). This will also improve rail's almost-perfect record sheet of safety. It is increasingly important to speed-up the ERTMS deployment,

which require funds. The sector can benefit from 'roll-out-pilots' to demonstrate the business case driven roll-out of projects. This activity could speed-up market uptake of ERTMS roll out. CEF budget should be available for developing such implementation pilots, including on track and on board ETCS. Deployment of first-mover ETCS on board units (OBUs) as well as retrofitting existing OBUs in order to account for charging specifications (e.g. GSMR to FRMCS) poses a huge financial challenge.

- Greater emphasis should be placed on financing investments in rolling stock, especially for long-distance and high-speed connections as an alternative to flights on shorter distances. Regarding the freight fleets, the Strategy does not elaborate much on the role of digital automatic couplers (DAC). It is important to assess the requirements of DAC migration, which will be quite a challenge but very important for the future of rail freight. The Strategy further does not elaborate on how single wagonload traffic as a backbone for rail freight and a sustainable alternative to unimodal road freight should better be utilised.
- CER agrees with the Commission that future transport is mainly electric. For rail, all policy scenarios of the Strategy show electrification as the main option. According to the baseline scenario around 89% of the rolling stock used for passenger rail is projected to be electric by 2050, and 79% for freight rail. The European railways are committed to gradually phase out EU rail diesel traction by 2050.
- For those rail lines that are not economically feasible to electrify, 'green' propulsion systems for railway applications are considered. Railway undertakings need commercial availability of reasonably priced renewably produced green hydrogen alternative fuels. Regarding battery powered trains it will be very important to address their sustainability aspects (circularity and recycling) from the very beginning when going for such new solutions. Both rail passenger and freight will require hydrogen and other alternative fuels in their toolkit to fully decarbonise before 2050.
- In order to support rail's decarbonisation commitment, the European railways request that the Commission includes the railway sector when revising Directive 2014/04/EU on the deployment of alternative fuels infrastructure (AFID). Railways' decarbonisation efforts should be included in the EU strategies for energy system integration and hydrogen. The hydrogen scenario should be introduced as an alternative in cost/benefit analysis and transport analysis for the electrification of railway lines.

5. Funding requirements

- The Strategy can only deliver results if it is complemented by a stable and long-term financial framework. Synergies should be exploited between EU and Member States in terms of investment priorities to boost modal shift. Smart investments should be targeted to improving infrastructure (e.g. tackling cross-border infrastructure bottlenecks), rolling stock and digitalising the overall transport system. The Strategy should therefore explore all possibilities and financial resources to shape EU's mobility system to be fit for future generations and to build back better mobility, in which railway projects qualify for the best practice.
- Based on the previous EC assessments an additional investments for 2021-2030 period is € 130 billion per year compared to the previous decade for the transport sector. Out of this, investments in rolling stock are projected at around € 16 billion per year. In addition, € 20 billion per year is required for the completion of rail component of the core TEN-T network by 2030.
- For rail to perform its backbone role in achieving sustainable and resilient mobility it is essential to speed up the implementation of infrastructure projects by making use of

the existing financial tools and incentives. Public investment into TEN-T and rail infrastructure, consistent deployment of ERTMS, roll-out of the DAC for rail freight, homogenous electrification, interoperable and energy efficient rolling stock financing, 5G deployment and enabling a high frequency European high-speed rail network connecting major urban centres is essential to realise targets of rail passenger and freight. Rail sector requires at least € 50 billion per year over the next decade.

- EU support to rail projects should continue with the Connecting Europe Facility, the Cohesion Fund and the European Regional Development Fund. Railways should also be considered as a natural destination for the NextGenerationEU recovery plan and better access the EU Green Bond market. With respect to the economic impact of COVID-19, in the short-term railways must be protected by Temporary State Aid Framework or a dedicated scheme applicable to the railway sector. EU state aid rules in the near future should, among other things, provide for higher aid intensity up-to 100%, while a speedy progress should be achieved on fair and transparent pricing to complete the internalisation of external costs for all modes of transport and better use of revenues for a just transition to carbon-neutral mobility.

About CER

The Community of European Railway and Infrastructure Companies (CER) brings together 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 71% of the rail network length, 76% of the rail freight business and about 92% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policy makers 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 [@CER_railways](https://twitter.com/CER_railways) on Twitter.

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