



# The Voice of Private and Independent Rail Freight Companies

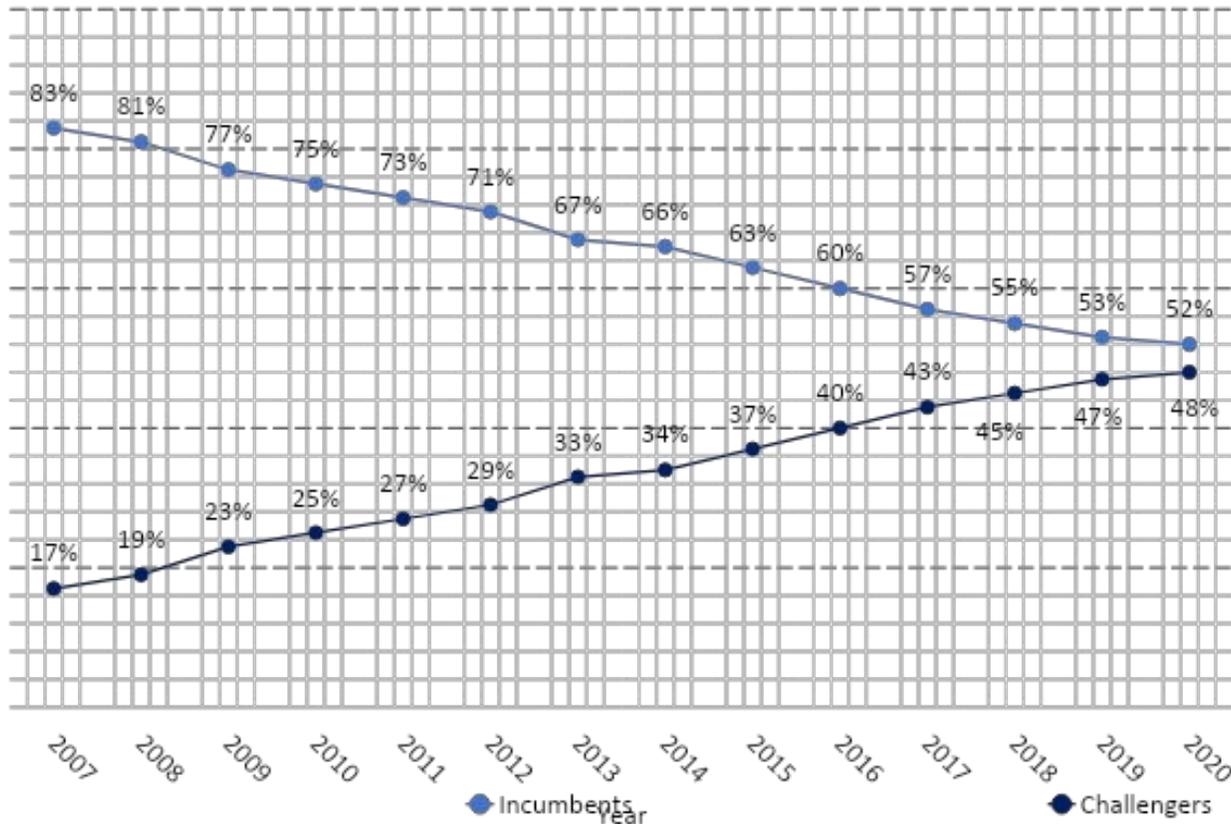
Supporting a Competitive Rail Freight Market –  
20 April 2022



- **Existing level of competition in European Rail Freight**
- **Impact of COVID-19 on rail freight in Europe**
- **Was there a need for support?**
- **What are the risks related to support measures?**



# Existing level of Competition



Source: IRG Rail Market Monitoring Report 2020; ECM Ventures Analysis

- High Level of Competition between National Incumbents and Challengers in European Rail Freight Market
- Trend over past 15 years has been towards more diversification in the market
- Clear differences between rail freight and passenger markets
- Essential to look at segments of railway sector separately



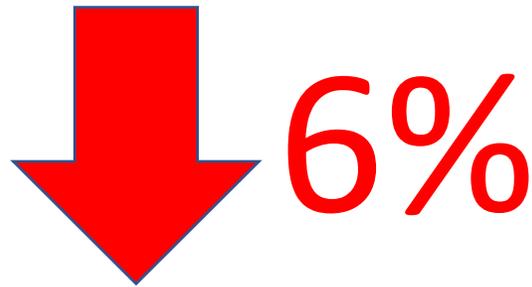
# Impact of COVID-19 on Rail Freight



## FREIGHT TONNE-KM



## TRAIN DEPARTURES



## PUNCTUALITY



Financial Impact limited compared to passenger traffic but still problematic given small profit margins for rail freight operators



# Was there a Need for Support



- Although impact of pandemic limited compared to other sectors, impact has to be viewed through a broader prism than financial solvency.
- European Union has objectives to grow rail freight by 50% by 2030 and double volumes by 2050. The clock is already ticking.
- Support measures therefore needed to ensure sector was not prioritising recovery of losses during pandemic for coming years and could instead focus on modal shift objectives.



# Was there Risks



| Country | National Incumbent   | Foreign Operations of Incumbents                   | International New Entrants              | National New Entrants  |
|---------|--|--|---|--|
|         | <b>DB Cargo</b>  | <b>DB Cargo</b>                                    | <b>RheinCargo</b>                       | <b>VTG</b> , <b>HSL</b> , <b>RTB CARGO</b>                         |
|         | <b>FRET SNCF</b>   | <b>CAPTRAIN</b>                                    |   | <b>EUROPORTE</b>   |
|         | <b>PKPCARGO</b>  | <b>PKPCARGO</b>                                    |   | <b>Freightliner PL</b> , <b>LOTOS Kolej</b> , <b>CTL LOGISTICS</b> |
|         | <b>MERCITALIA RAIL</b><br>GRUPPO FERROVIE DELLO STATO ITALIANE | <b>TXLOGISTIK</b><br>Member of the MERITALIA GROUP | <b>MEDWAY</b><br>Transporte & Logistica | <b>Rail Traction Company</b>                                       |
|         | <b>renfe</b><br>Mercancías                                     |  |   |  |
|         | <b>Rail Cargo Group</b>  | <b>Rail Cargo Group</b>                            | <b>LF</b><br>logistics & transport      | <b>CargoServ</b> , <b>WLC</b>                                      |
|         | <b>SBB Cargo</b>   | <b>SBB Cargo International</b>                     | <b>bls cargo</b>                        | <b>railCare</b>  |
|         | n.a.   |  |   | <b>ERS Railways</b>  |
|         | n.a.   |  | <b>LINEAS</b><br>YOUR FREIGHT FORCE     |  |
|         | <b>Cargo</b>   |  | <b>METRANS</b>                          |  |
|         | n.a.   |  |   |  |
|         | <b>ZBSK CARGO</b>  |  |   | <b>CER</b> , <b>RTI RAILTRANS INTERNATIONAL</b>                    |
|         | <b>green cargo</b>   |  | <b>HECTORRAIL</b>                       | <b>LKAB</b>  |

- As already outlined, European rail freight market highly diversified
- Any direct State Aid to individual companies would undermine competition
- Risk that COVID-19 pandemic could be used to justify aid to incumbents in difficult financial positions



- **Supporting Rail Freight through Track Access Charges**
- **Temporary Framework becoming Permanent?**
- **Beyond COVID-19**



- Under Article 31(3) of Directive 2012/34, charges for the minimum access package must be set at the level of the cost directly incurred as a result of operating the train service.
- View of ERFA has been that a reduction of TACs would be best way to support sector as it would ensure fair and transparent support for all operators equally.
- However, under Directive 2012/34, it is not possible for Member States or Infrastructure Managers to take such actions. Legislative changes therefore required.



- On 19 June 2020, the European Commission put forward a “***Proposal for a Regulation of the European Parliament and of the Council establishing measures for a sustainable rail market in view of the COVID-19 pandemic (2020/1429)***”.
- Regulation allows Member States to authorise Infrastructure Managers to “waive, reduce or defer” payment of the charges for the minimum access package from 1 March 2020 until 31 December 2020.
- Regulation also applies to other charges such as cancellation fees.
- European Commission empowered to extend reference period by six months at a time up until 14 April 2022.

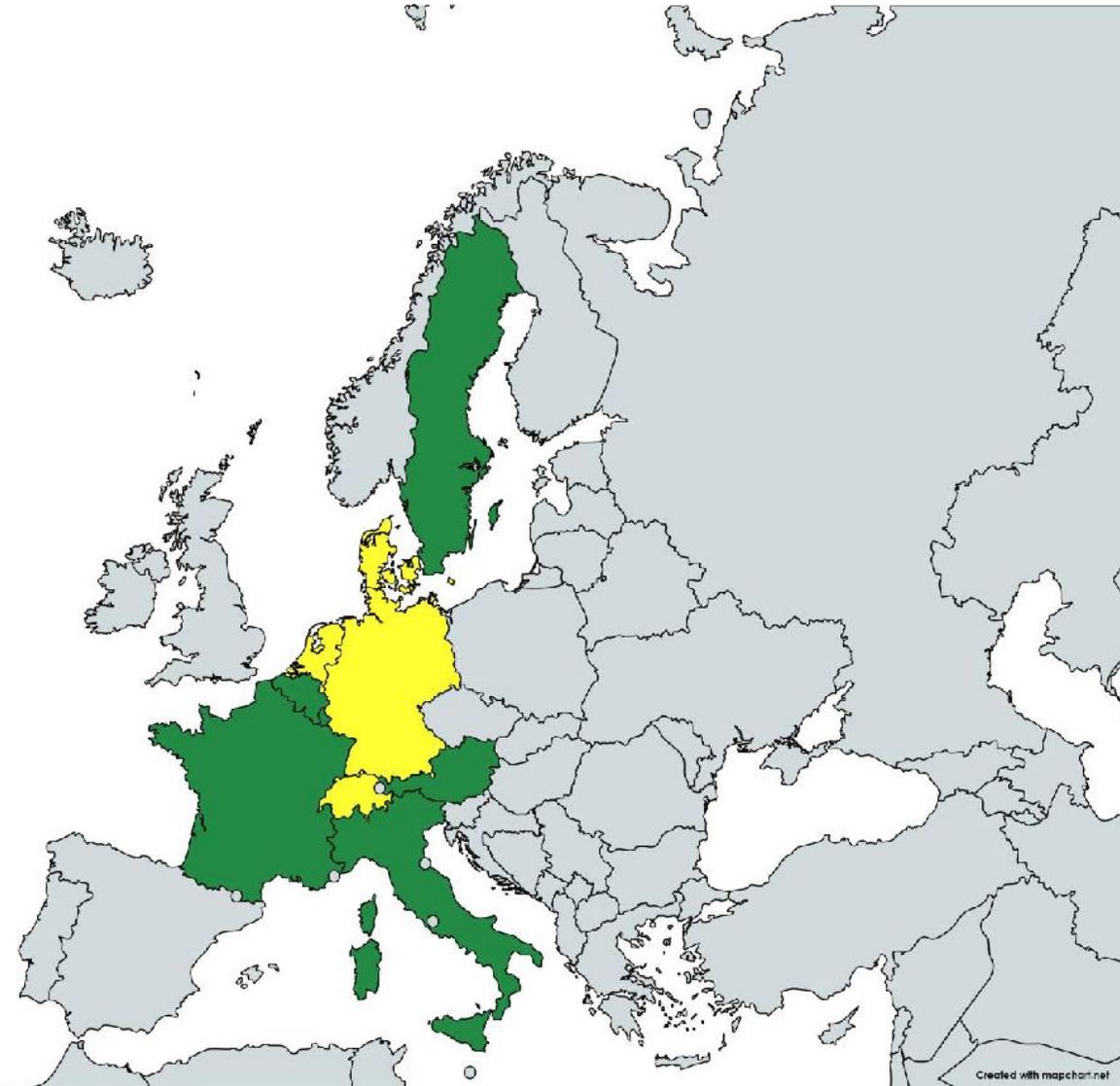


# Supporting Rail Freight (TAC) - 3



## Track Access Charges

- Reduction of TACs
- Waiver of TACs



- Significant uptake by Member States on ability to waive and reduce TACs
- Duration of support measures has varied greatly although it has proven to be favoured means of supporting rail freight sector throughout COVID-19 pandemic



## Examples: Belgium & Germany

|  | 2021         | 2022         |
|--|--------------|--------------|
|   | 13.5 Million | 13.5 Million |
|  | 350 Million  | 350 Million  |

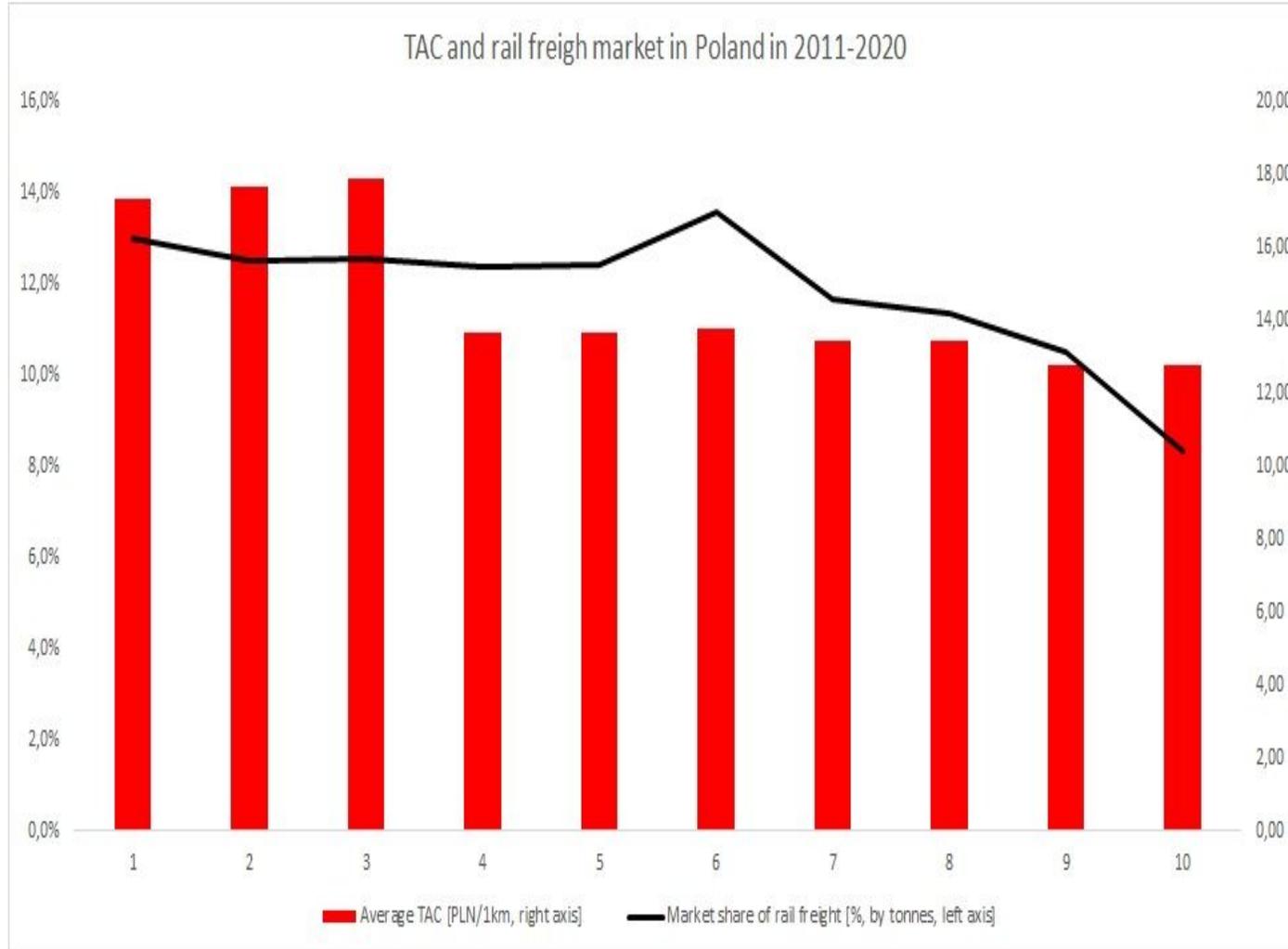
How is it still possible to support rail freight through Track Access Charges given that Regulation expired on 14 April 2022?



- At the end of 2021, the European Union amended the Regulation establishing measures for a sustainable rail market in view of the COVID-19 pandemic (2020/1429) up until **31 December 2023** (2021/0437).
- Many Member States beginning to see flexibility on Track Access Charges as a way of supporting rail freight towards 2030 objectives of growing rail freight volumes by 50%.
- Expected that European Commission will revisit issue of track access charges in 2023 – long term solution to facilitate MSs and IMs to support rail freight through charging principles possible.



# Temporary Framework? - 2



Michał Litwin, ZNPK, based on Eurostat, GUS and UTK data

- Risks remain that support measures are only used in central European Countries.
- Discussion on TACs extremely different in various countries.
- Slight decreases in TACs in some countries over last years but active discussions on increasing TACs again (Poland).



*“Annual review 2020*

*BLS Cargo moves successfully ahead despite the pandemic*

*Despite a decrease in traffic volumes last year, BLS Cargo was able to post positive year-end results, introduce new locomotives into service and strengthen collaboration on operating processes within the enlarged BLS Cargo group.”*

- Companies, particularly in intermodal and blocktrain traffic, are returning positive financial results, even during the height of the COVID-19 pandemic. Requirement for financial support due to COVID-19 are now limited. Actions taken at EU level played an important role.
- Support measures will continue to be needed to grow rail freight however. Important discussions on future of TACs upcoming. Shift from supporting operators to maintain current levels to how to achieve modal shift.





**Thank you  
for your  
attention!**

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