

## Online Forum

# 19th Florence Rail Forum. European Green Deal: What Implications for State Aid in the Rail Sector?

 @FSR\_Transport

**22-23 October 2020**

Organised by Transport Area of the Florence School of Regulation (FSR-Transport), RSCAS, European University Institute in collaboration with European Commission - Directorate-General for Competition and Directorate-General for Mobility and Transport

## Introduction

In its [European Green Deal](#) Communication published late last year, the European Commission reaffirms its vision of achieving net climate neutrality in Europe by 2050. For the transport sector, which accounts for a quarter of the EU's total greenhouse gas emissions, a combination of measures will be needed to place the sector on a firm path to sustainable and smart mobility. Along these lines, the Commission has proposed to make [2021 the European Year of Rail](#), to support the delivery of the objectives of its European Green Deal in the transport area. The role of *multimodal transport*, in particular, is highlighted as key to increasing the efficiency of the transport system. The overarching goal is to drive a significant modal shift from less environmentally sound transport modes, such as road in particular, but also aviation, towards the greenest modes of transport, namely rail and inland waterways, without compromising the connectivity of goods and persons, which is at the heart of the single market. This in turn will require measures to manage better, and to increase the capacity of railways and inland waterways, which the Commission has pledged to propose by 2021. The COVID-19 pandemic has hit companies in the transport sector particularly hard. There is a broad consensus that the EU and national regulations should seize the opportunities afforded by the recovery plans to exit the crisis to promote the twin green and digital transformations.

The 19<sup>th</sup> Florence Rail Forum, co-organised by the Transport Area of the Florence School of Regulation together with the European Commission's DG COMP and DG MOVE, will examine the **role of State aid in meeting the challenges of the Green Deal**, with two dedicated sessions focusing on rail freight transport as well as rail passenger transport.

Evaluations are currently underway of the relevant State aid guidelines including those pertaining to railways. The Commission considers that any revision will have to reflect the policy objectives of the European Green Deal, support a cost-effective transition to climate neutrality by mid-century, and ensure a level-playing field in the internal market. Investments will indeed be paramount to boosting intermodal freight transport, in particular in transshipment terminals but also more generally in rail infrastructure (to ensure interoperable/sufficient capacity), and, possibly, in rolling stock or technology (e.g. automation for train composition).

The 19<sup>th</sup> Florence Rail Forum will seek to discuss the situations that justify State aid in order to support investment (in rolling stock or intermodal terminals) as well as operations (start-up aid or longer term operating aid), and moreover, the conditions under which State aid should be declared compatible to make intermodal freight transport attractive. The possibility and conditions to set up public service obligations for (structurally non-viable) rail freight routes is also a key topic for discussion on the way to ensure sufficient capillarity and to address the issue of the unprofitable last mile service.

When it comes to rail passenger transport, the forum will seek to address the key questions surrounding the demonstration of the necessity of public service contracts by public authorities, i.e. how to determine the existence of a 'genuine public service need' in order for a public service contract to be awarded.

## Programme

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### 22 October **Rail Freight Sessions I and II**

#### 09.00 - 09.30 **Introduction to the forum**

**Juan Montero** | FSR Transport, EUI

**Sophie Moonen** | DG COMP, European Commission

**Maurizio Castelletti** | DG MOVE, European Commission

#### 09.30 - 11.00 **Session A: Rail Freight Transport Session I. State aid and investment**

The Railway Guidelines allow for interoperability aid. Is the current framework sufficient to foster interoperability? Is there a market failure in the construction of intermodal terminal infrastructure and superstructure? Are there specificities in maritime and inland waterways terminals? How can state aid support modal shift without distorting existing competition in intermodal terminals? What should be the access conditions for infrastructure financed with investment aid? Is state aid necessary for the modernisation of terminals and rolling stock (e.g. specialised locomotives or wagons to carry containers or semitrailers, etc.) in the context of digitalisation and green deal?

**Silvia De Rocchi** | Captrain Italia Srl

**Christoph Lerche** | Deutsche Bahn AG

**Paul Hegge** | Lineas

**Koen Cuypers** | Port of Antwerpen

*Open discussion*

#### 11.00 - 11.15 *15 min break*

#### 11.15 -12.45 **Session B: Rail Freight Transport Session II. Operating aid**

The Railway Guidelines allow for operating aid for the coordination of transport in the form of payments of track access charges and reduction of external costs. What are the market failures preventing modal shift? Is the current architecture of incentives/presumption thresholds adequate to encourage modal shift? Would it be appropriate to introduce efficiency incentives? Would start-up aid be needed? Would PSO be justified and under which circumstances? Which operational phase would require state aid (long-haul traction, last miles and transshipment)?

**Ralf-Charley Schultze** | International Union for Road-Rail Combined Transport (UIRR)

**Hinne Groot** | Ministry for Infrastructure and the Water Management (Netherlands)

**Irmtraut Tonndorf** | HUPAC

**Zeno D'Agostino** | Port Network Authority of the Eastern Adriatic Sea

*Open discussion*

#### 12.45 - 13.00 **Concluding remarks**

**Matthias Finger** | FSR Transport, EUI

**Sophie Moonen** | DG COMP, European Commission

**Maurizio Castelletti** | DG MOVE, European Commission

**23 October**      **Rail Passenger Transport Sessions I and II**

09.00 - 09.15      **Introduction to the second day of the forum**

**Juan Montero** | FSR Transport, EUI

**Sophie Moonen** | DG COMP, European Commission

**Maurizio Castelletti** | DG MOVE, European Commission

09.15 - 10.45      **Session C: Rail Passenger Transport Session I. Public service contract and open access rail services**

In an increasingly competitive market and in view of a future revision of the State aid Guidelines for Railways, what are the policy objectives that would justify PSOs and the best instruments to objectively define such objectives? Should PSOs be extended to micro mobility/on-demand services and how to accommodate multimodal public service contracts? How to demonstrate the market failure when commercial and PSO services overlap and in international/night services? How to assess demand for future services (e.g. through historical data, projections, big data)? How should the possibility of pooling cost-covering with not cost-covering services within a public service contracts be interpreted in view of complying with the proportionality principle when specifying PSO? How are working the PSOs established in the form of general rules and could their use be increased? Should data sharing and access to ticketing platforms be mandated on the recipients of PSO compensation?

**Ivana Paniccia** | Italian Transport Regulation Authority

**Cesare Paonessa** | Agenzia per la Mobilità Piemontese

**Erich Forster** | WESTbahn Management GmbH

**Carl Adam Holmberg** | Snälltåget Sweden

*Open discussion*

10.45 - 11.00      *15 min break*

11.00 - 12.30      **Session D : Rail Passenger Transport Session II. Compensation parameters**

How to increase legal certainty on the calculation of PSO compensation? Which parameters require more guidance: hybrid (i.e. PSO/commercial) services, network effects, others? Non-discriminatory access to rolling stock is key: How to channel public (including EU funding) and EIB funding to this purpose? Is public funding crowding out private investors? Is a pan-European second hand market feasible? If public funding is predominant, what are the pros and cons of the different ownership models (competent authorities vs service providers)?

**Nick Brooks** | ALLRAIL

**Germano Guglielmi** | Ferrovie dello Stato

**Patricia Perennes** | Centre-Val de Loire Region

**Kurt Bauer** | ÖBB

*Open discussion*

12.30 - 13.00 **Concluding remarks**

**Matthias Finger** | FSR Transport, EUI

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