

Austrian rail freight state aid scheme

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CHANCES & OPPORTUNITIES

Climate & decarbonisation:

- ✓ The transport sector is responsible for 20% of CO₂ emissions in the EU → rail causes 9x less CO₂ emissions compared to road
- ✓ Rail outperforms road also in other external costs to society, such as habitat damage, congestion and accidents

Energy efficiency:

- ✓ 1 tkm by rail consumes 6x less energy than by road

Supply security:

- ✓ Maintained supply chains during COVID
- ✓ Facilitating continued grain exports from Ukraine



State aid is a powerful policy tool to promote the modal shift to rail

- State aid contributes to a more attractive and affordable rail freight transport
- and reduces the competitive disadvantage compared to road

...but it is faced with major challenges and an unlevel playing-field compared to road!



CHALLENGES

SYSTEM

Low interoperability due to highly fragmented rail systems in Europe

- Large investment backlog in rail infrastructure, including railway sidings and intermodal terminals
- Use of existing infrastructure to be optimized and to take into account the volatility of the freight business

FINANCING

Large investment backlog in infrastructure, locomotives and wagons

- Large-scale retrofit necessary to introduce innovative technologies that enhance interoperability and optimize capacity use (ERTMS, DAC)
- European and national funds necessary for the European rail network (TEN-T) as well as for sidings and terminals close to customers

COMPETITION

Unlevel playing-field compared to road

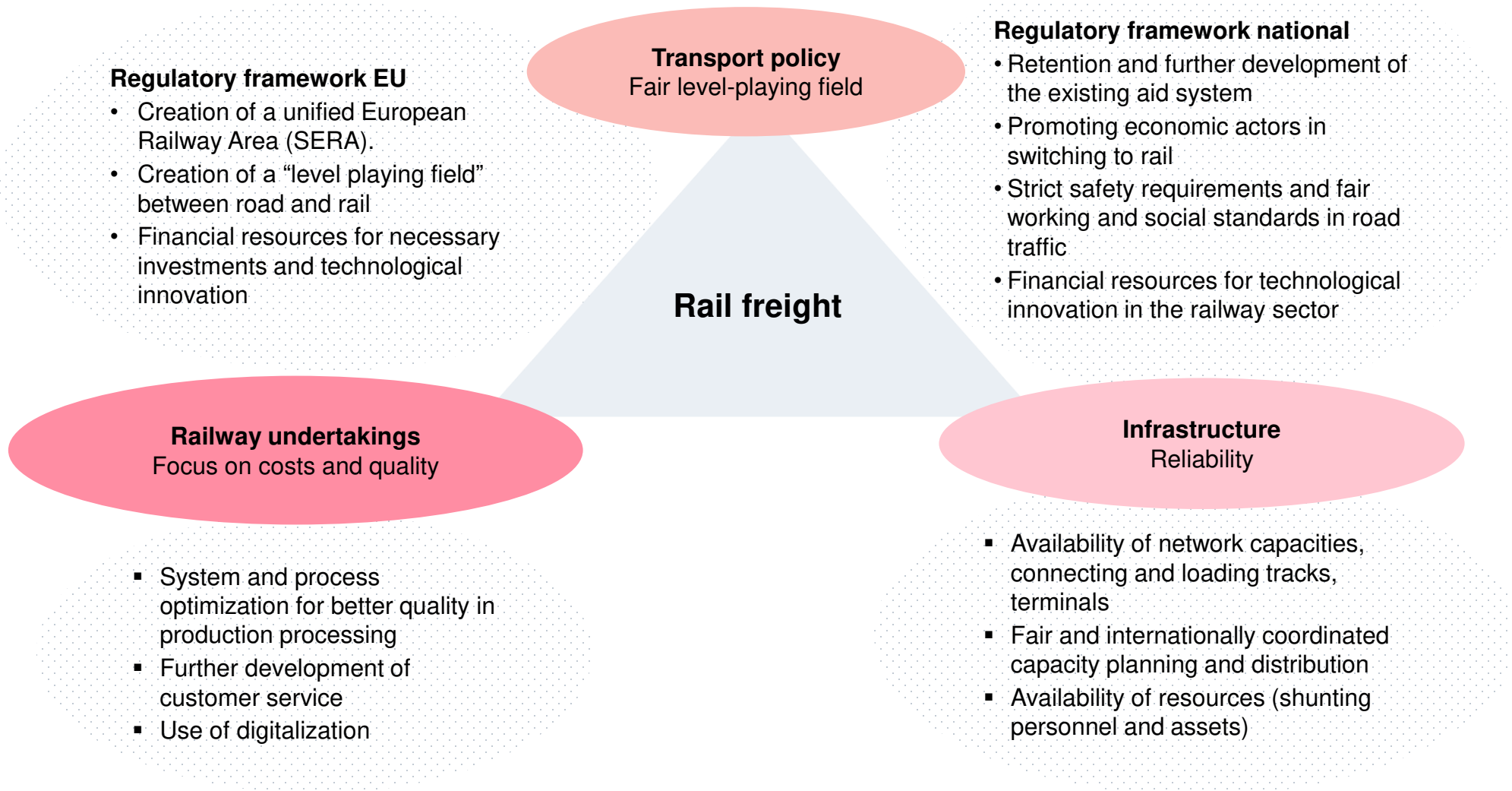
- Road transport not held accountable for its high external costs to society → “polluter pays” principle!
- Different regulatory conditions for rail and road that distort competition

ECONOMY

Low transport volumes on rail as a result of economic situation

- Decreased need for transport due to drop in demand and cut-back of production
- Volume shift from rail to road due to low diesel prices and high electricity costs of rail transport
- Putting cost-intensive production modes such as single wagon load at existential risk

Whether goods are transported by train or truck is decided by the customers
decided purely on the basis of economic aspects



**...Incentives for rail transport must be provided by rail companies,
Infrastructure and transport policy are set!**

Austrian state aid scheme for the provision of rail freight services in certain segments 2023-2027 with RUs as beneficiaries

- The EU-notified aid scheme foresees the support of **Single Wagon Load**, **Unaccompanied Combined Transport** and **Rolling Highway (ROLA)** - Block Trains not included
- The aid scheme consists of two types of aid: 1) **aid for reducing external costs** (= operating costs aid) & 2) **aid for the use of infrastructure**
- The aid scheme reaches the **maximum allowed aid intensities as set in the current Railway State Aid Guidelines**
- **But these aid amounts are not a given!** The actual aid amount & aid intensities per segment to be decided each year in the federal budget

1) Aid for reducing external costs (= operating costs aid)

Single Wagon Load

- First and last mile



Unaccompanied Combined Transport

- Combining the advantages of rail, road and waterway



Rolling Highway (ROLA)

- For transit-burdened regions



2) Aid for the use of infrastructure

- Single Wagon Load, Unaccompanied Combined Transport and Rolling Highway (ROLA)
- **Reduction of track access charges** (via compensation for the infrastructure manager)

Developments in the 2024 budget compared to 2023:

1. **Increased aid intensity for Unacc. Combined Transport** in the 2024 budget (max. aid intensities for SWL and ROLA already realised in 2023 budget)
2. **100% reduction of TAC for the entire year of 2024** (in 2023, only 50% reduction foreseen in the budget, then increased to 100% from April – Dec)

Other Austrian aid schemes supporting the shift to rail with companies, shippers and/or terminal operators as beneficiaries

NATIONAL LEVEL	<p>Programme supporting the development of connecting railways and transfer terminals 2023-2027 (notified scheme SA. 104987)</p>	<p>Investment aid for the expansion of railway sidings and transshipment facilities for intermodal transport</p>	
	<p>Programme of Aid for Innovative Combined Transport 2021-2025 (notified scheme SA.60132)</p>	<p>Aid for innovative technologies, concepts and systems in Combined Transport</p>	
	<p>Sustainable logistics scheme 2024 – 2028 (not a notified scheme → block-exempted & de-minimis)</p>	<p>Aid to promote sustainability and innovation in logistics</p>	
REGIONAL LEVEL	<p>Lower Austria</p>	<p>Aid schemes promoting Single Wagon Load (not notified schemes → de-minimis)</p>	<p>Aid to promote rail freight transport on the first and last mile</p> <p>Aid based on number of wagons transported</p> <p>Departure or arrival of a single wagon to be in the respective province</p>
	<p>Salzburg</p>		
	<p>Carinthia</p>		
	<p>Tyrol</p>		

Three key elements need to be reflected in the revised Railway State Aid Guidelines to help member states achieve the modal shift to rail



Clear provisions for state aid for the purchase and retrofitting of rolling stock

- including mainline locomotives, shunting locomotives, and freight wagons
- the eligible costs shall be defined as purchase costs, with a maximum aid intensity of at least 50%

%



Increased aid intensities for state aid for the coordination of transport

- maximum allowed intensity for aid for reducing external costs as well as for aid for rail infrastructure use shall be increased from 30% to 60% of the production costs
- maximum allowed intensity for interoperability aid shall be increased from 50% to 100% of the eligible costs



Clear provisions for public service obligation in rail freight transport

- taking into consideration the unlevel playing field of road and rail
- enabling member states to boost a shift from road to rail in the transport sector

To reduce the administrative burden for both the member states and the European Commission, these types of aid shall be exempted from the notification requirement by **block-exemption**.