

ANNUAL REPORT 2021



EUROPEAN RAIL FREIGHT ASSOCIATION

ERFA



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President's Foreword

As President of the European Rail Freight Association, I am happy to be able to present this annual report with the worst of the COVID-19 pandemic being behind us. The beginning of 2021 saw continued restrictions, but as the year progressed, restrictions were lifted and normal life slowly resumed.

During this period, rail freight continued to play its role in ensuring the supply chains functioned. Rail freight has proven resilient and I am happy to say that private and independent rail freight companies are in a healthy position going forward. Strong growth markets continue to see positive results, particularly intermodal traffic, which should continue over the coming years.

The market position of challengers also continues to improve. Challengers to incumbent operators now accounts for 48% of the European market. It is anticipated that challengers will account for over 50% of the market in the next few years. We believe this shows that competition and the opening of markets has been a success.

More must be done however. Rail freight's modal share is still too low. If we are to meet the European Union's Sustainable and Smart Mobility Strategy of 50% growth of rail freight by 2030 and a doubling of volumes by 2050, it is essential that policy makers create a legal framework which meets the needs of rail freight.

Towards the end of 2021, the first part of this legal framework, the revision of the TEN-T Guidelines, was released by the European Commission. This will form the bedrock for developing a good infrastructure system over the next years. What must be borne in mind however is that we must strike a good balance between managing capacity and managing works. Lessons must be learnt from issues experienced on national networks due to unplanned works as from the end of 2021.

We must also play a greater role in assisting the Ukrainian economy, particularly the exportation of grain, over the coming months and years. Like during the COVID pandemic, rail freight can play an important role as the backbone of European supply chains.

The past two years have shown that the rail freight sector is resilient. With the creation of a good legal framework, rail freight is well positioned to thrive. I look forward to continuing to work with European policy makers to ensure we realise this vision.



Dirk Stahl
President

Secretary General's Foreword

The main talking point of the past year in terms of policy developments has been the European Commission's proposal to revise the TEN-T Guidelines. This has been welcomed by ERFA, but it has to be recognised that more work is needed on the text. It is essential that this opportunity is not missed as the TEN-T Regulation will play an important role in whether rail freight can deliver on its growth targets.

Firstly, rail freight can only thrive if it has good infrastructure on which to operate. The revised TEN-T Guidelines must deliver corridors that meet the needs of rail freight. This should mean infrastructure which allows for 740-meter trains, appropriate weight limitations and is P400 compatible.

Secondly, it must be recognised that ERTMS and ETCS deployment is not progressing as planned and the revision of the Guidelines must be used to develop a new approach. It is regrettable that ETCS deployment is not referred to in the Commission proposal. ETCS deployment must be viewed as a part of the infrastructure discussion and said deployment, and subsequent funding, should be included as a priority.

Thirdly, we must ensure that 2030 growth targets are not undermined by a high level of uncoordinated works. The revised Guidelines should identify how works should be carried out as well as how users of the network should be consulted on said works. It is important that traffic is disrupted as little as possible.

The TEN-T revision is a first step in a broader discussion on how to create new and improved legal framework for the sector. Over the coming months we are expected further texts on important topics such as capacity management, combined transport, state aid and weights and dimensions. ERFA is committed to working proactively to ensure the outcome of these initiatives meet the needs of the sector.



A handwritten signature in blue ink, appearing to read 'Conor Feighan'.

Conor Feighan
Secretary General

About ERFA

ERFA today represents 25 members, active in the whole value chain of rail transportation who operate across the European network.

The association was established in Brussels in 2002 by a handful of new rail freight operators. It was established as the voice of new entrants to support the European vision for a liberalised railway market.

All ERFA members share a commitment to work towards a non-discriminatory, competitive and innovative Single European Railway market by promoting attractive, fair and transparent market conditions for all rail enterprises.

ERFA aims to achieve the best conditions for a competitive railway freight sector. Creating a more business-friendly environment and with a strong focus on the customer is key to rail's development. Our mission is to promote rail freight transport as a first and viable choice for customers and to ensure full market opening of rail across all of Europe.

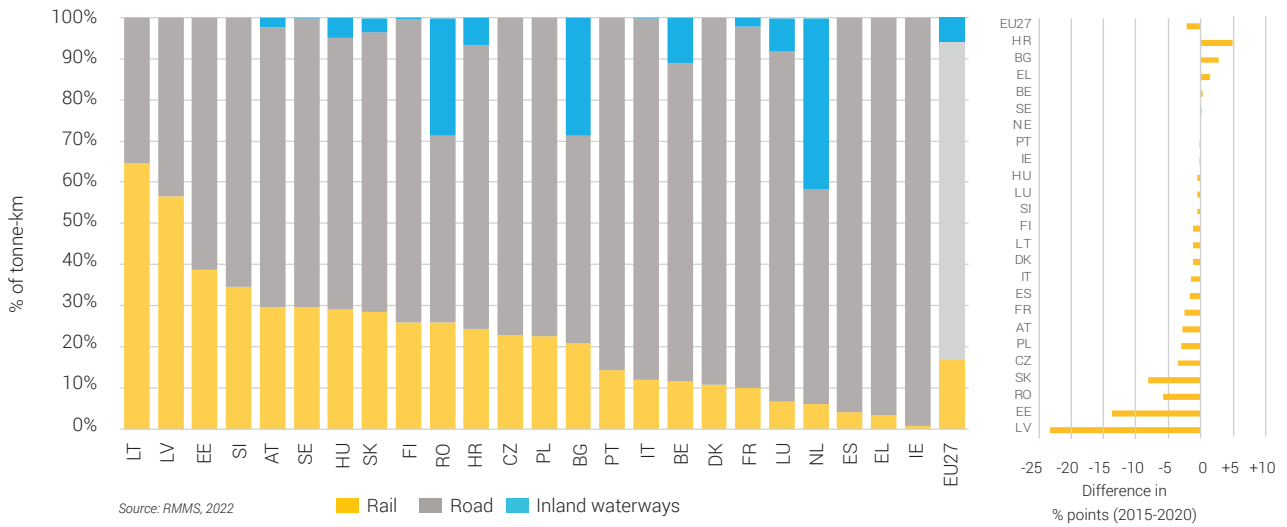
ERFA's objective is to represent the voice of private and independent rail freight companies in Europe. We support the EU decision-making process with a focus on policy and technical affairs. Our focus is on generating growth for demand in rail freight services and shifting more goods onto eco-friendly rail.



Private and Independent Railway Undertakings in Numbers

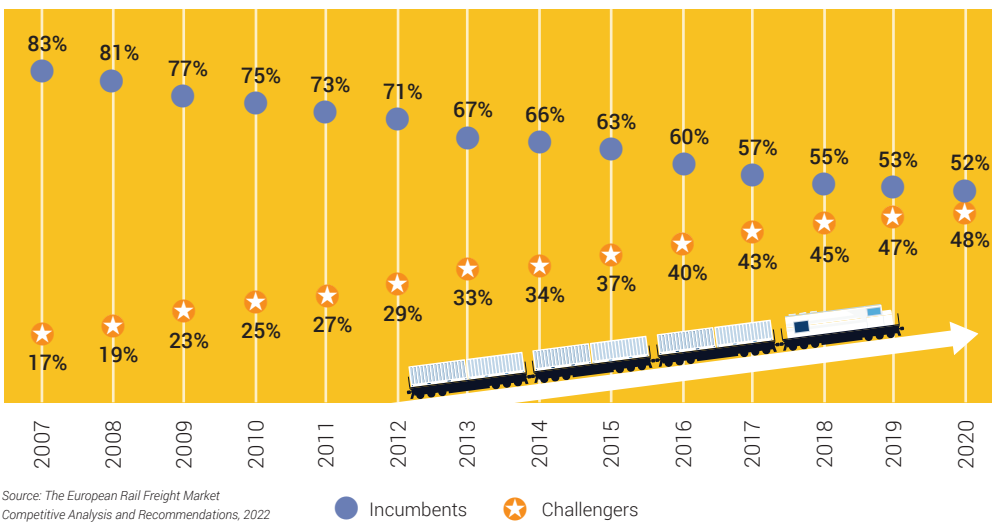
Rail Freight has 18.7% of modal share in land transport. Rail accounts for 2% of all transport emissions.

Modal split of freight land transport by country (% in 2020)



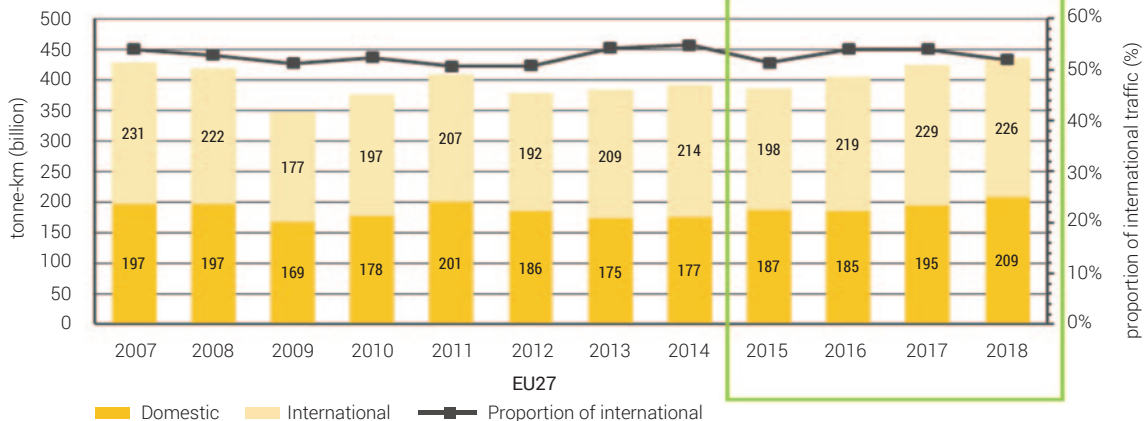
On the Rail Freight market, competitors have a market share of 48% compared to national incumbents in 2020. And it's growing!

Market share development of incumbents vs. challengers



More than half of Rail Freight is across borders, making the competitiveness of rail freight very sensitive to interoperability and operational difficulties between national networks.

Evolution of rail freight traffic volumes (domestic, international and proportion of international in total traffic) (billion tonne-km, 2007-2018)



Source: RMMS, 2020

EU Commission



IRG Rail





Board of Directors and ERFA Staff

ERFA BOARD OF DIRECTORS

President and Vice-President



President
Dirk Stahl
CEO
BLS Cargo



Vice-President
Maciej Gladyska
Managing Director
IGTL

Directors



Silvia de Rocchi
Policy, Regulatory and
Institutional Affairs Director
Captrain Italia



François Coart
Strategy Director
Europorte



Paul Hegge
Director Public Affairs &
Corporate Social Responsibility
Lineas



Irmtraut Tonndorf
Communications Director
Hupac



Markus Vaerst
Managing Director
CRE



Bruno Silva
Executive Director
MEDWAY



Wolfgang Groß
Director of Competition Policy
Netzwerk Europaeischer Eisenbahnen



Matthias Knüpling
Head of Business Development
VTG Rail Europe GmbH



Yuriy Maslikov
Director
Ost-West Logistik



Peter Graham
Rail Strategy Manager
Freightliner Group
Until December 2021

ERFA STAFF



Secretary General
Conor Feighan



Policy and
Communication Adviser
Josselin Petit
Since August 2021



Policy and
Communications Officer
Sophia Krügel
Until April 2021

ERFA Members

ERFA today represents 25 members, active in the whole value chain of rail transportation operating across the European network.



Who we work with

Other organisations



European institutions





ERFA'S MAIN OBJECTIVES

1

REMOVE REMAINING
MARKET ACCESS
BARRIERS

2

IMPROVE THE QUALITY
AND PERFORMANCE
OF RAIL SERVICES

3

REDUCE THE COST
OF RAIL

4

CREATE A LEVEL
PLAYING FIELD
BETWEEN ROAD
AND RAIL

1

Remove remaining market access barriers

- **Language requirements** – The various language requirements place a significant burden and introduce additional costs on operating freight trains across borders. These requirements make rail freight less competitive than other modes of freight transportation which do not have such language requirements. It is crucial for the development of rail freight that a European standard for communication across the entire network is agreed upon. This should ensure that a driver can drive in all EU member states once the driver complies with this European standard.
- **Implementation of the Fourth Railway Package** – Full implementation of the Fourth Railway Package is crucial to finally remove existing market access barriers. This must include total independence of infrastructure managers.

2

Improve the quality and performance of rail services

- **International Timetabling** – For rail freight to be able to provide an internationally competitive offer, it needs an international timetabling system. Existing national timetabling can lead to non-optimal capacity allocation for both railway undertakings and infrastructure managers. Ongoing industry initiatives on the development of an international timetable should continue to be supported.
- **Temporary Capacity Restrictions** – When works are required on networks, it is crucial that there is a strong level of coordination between infrastructure managers so as to ensure these works are coordinated at an international level. There needs to be a strong focus on ensuring not only that works are coordinated across Member States, but also that freight can continue to flow. This may require coordination by agreeing alternative routes in the case of temporary capacity restrictions.
- **Rail Freight Corridors** – The Rail Freight Corridors Regulation needs to be revised and strengthened so as to ensure that the rail freight corridors meet the needs of the rail freight industry. Crucially, the Regulation needs to ensure that rail freight has a sufficient quantity and quality of capacity along corridors, that rail freight has pre-defined rights along corridors and that all corridors have common standards (P400 compatible, 750 meters, etc.).



3

Reduce the cost of rail

- **ERTMS/ETCS** – The deployment and development of infrastructure should be included in upcoming CEF calls. These calls should also include deployment of ERTMS as well as ETCS systems within trains. The deployment of ETCS is a significant financial burden for operators. One that may lead to increased costs for rail freight and adding to the uneven playing field. Financing for ETCS is crucial.
- **Track access charges** –Infrastructure managers need to ensure that track access charges allow railway undertakings to be competitive with other modes of transport. High track access charges have the potential to lead to less rail freight and subsequently less revenue received through charges.
- **Digital Automated Coupling** – Coupling and decoupling is a timely and costly process. For Digital Couplers to be beneficial for all Railway Undertakings, they have to be rolled out throughout the EU in a coordinated and harmonised way. ERFA is represented in the EU DAC Delivery Programme that currently works on a sound migration plan that includes the interested private and incumbent Railway Undertakings throughout the EU. Suitable financing mechanisms are essential.



4

Create a level playing field between road and rail

- **Green Deal** – The European sector of railway undertakings calls for an ambitious Green Deal to implement the 'user pays' and 'polluter pays' principles. European transport charging principles must adopt a multimodal approach whereby the most environmentally friendly means of transportation is incentivised. The EU's transport emissions have increased by 28% since 1990. Increasing the market share of rail freight transport from 17% today to 30% in 2030 (as suggested by the Rail Freight Forward Initiative), more comprehensive road charging and ending subsidies on aviation would support the EU's endeavours to reach the Paris Agreement's climate goals.
- **State Aid Guidelines** – The State Aid Guidelines for Railway Undertakings should be revised as to provide a clear legal framework for the sector on when and where state support is possible. The rail freight sector is a competitive sector and it is imperative that the State Aid Guidelines for Railway Undertakings make clear that companies active in the sector cannot receive operational aid, either directly or through cross-subsidisation, which has the potential to distort the market. The revised Guidelines should also look to ensure that State Aid that is of common good to the sector continues to be permitted. The aid should focus on infrastructure use, aid reducing external costs and interoperability aid.



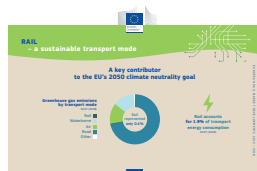
ERFA





1 JANUARY

Launch of the Portuguese Presidency of the Council of the European Union



13 JANUARI

Seventh Rail Market Monitoring Report

The publication of the annual Rail Market Monitoring Report as required under Article 2014/34 showed that while rail freight growth remained stagnant (from 18,8 to 18,7 in 20018), the share of new entrants is constantly growing (reaching 42% in 2018).

18 FEBRUARY

Commission asked Lithuania to correctly transpose Directive 2012/34/EU

The Commission sent a letter of formal notice to the Baltic countries as it incorrectly transposed and implemented articles of Directive 2012/34/EU related to priority rules in cases of congestion.

22 FEBRUARY

Bombardier-Alstom Merger approved by the Commission

12 MARCH

Agreement on Connecting Europe Facility for 2021-2027

The European Parliament and the EU Council concluded a provisional agreement on a CEF worth €33,7 billion as part of the next long-term EU budget 2021-2027.



29 MARCH

Kick-off ceremony of European Year of Rail 2021 in Lisbon

20 APRIL

Commission fined three rail freight companies for customer allocation cartel

ÖBB, DB and SNCB/MNBS were fined a total of €48 million for breaching EU anti-trust rules concerning cross-border rail cargo transport services on blocktrains on key rail corridors in the EU.

26 APRIL

Germany proposed to reduce TAC for rail freight by 98%

The German government proposed that the measure will apply from March 2020 until the end of 2021. ERFA welcomed the proposal but urged caution against risk of cross-subsidisation to the incumbent holding company.

18 MAY

Joint industry letter on extending reduced TACs in view of the pandemic

ERFA partnered with ALLRAIL, CER, UIP and UIRR to send a letter to the Commission, asking for an extension of Regulation 2020/1429 allowing Infrastructure Managers to reduce TACs.

16 JUNE

ERFA General Assembly took place remotely

07 MAY

Non-incumbent operators exceed one third of European rail freight market

The 9th Annual Market Monitoring Report of the European Regulatory Bodies revealed that 2019 saw non-incumbent operators accounting for 35% of national rail freight markets on average, up from 27% in 2015.

19 MAY

Joint ERFA, CER and UIRR Position on Infrastructure Charging

In the context of the discussions surrounding Eurovignette reform, the joint position stressed the need to approach infrastructure charging from a multimodal perspective whereby the greenest option for freight transportation is incentivised.

28 JUNE

Commission extended Regulation 2020/1429 to 31 December 2021

The measure will allow Infrastructure Managers to keep waiving, deferring and reducing TACs for a further 6 months.

20.04.2021

26.04.2021

07.05.2021

18.05.2021

19.05.2021

16.06.2021

28.06.2021



01 JULY

Launch of the Slovenian Presidency of the Council of the European Union

14 JULY

Commission unveils Fit for 55 Package

This package of proposals outlined the legislative pathway for the EU to achieve a reduction of greenhouse gas emissions by 55% compared to 1990 levels by 2030.



02 SEPTEMBER

Launch of Connecting Europe Express in Lisbon

09 SEPTEMBER

Publication of the French Government Rail Freight Plan

The plan included the objective of doubling rail freight modal share by 2030, from 9 to 18%, and 70% TACs reduction from 2022 to 2024.



28 SEPTEMBER

ERFA President attended arrival of Connecting Europe Express in Basel

28 SEPTEMBER

Highest modal share for rail freight transalpine traffic via Switzerland in 25 years

During the first half of 2021, rail freight modal share for transalpine transport via Switzerland has gone up from 71,5 in 2020 to 74,4% in the first half of 2021.



07 OCTOBER

Connecting Europe Express reached its final destination after crossing 33 borders

01.07.2021

14.07.2021 02.09.2021

09.09.2021 28.09.2021

07.10.2021

01.11.2021

01 OCTOBER

Publication of roadmap on the revision of the State aid Guidelines for RUs

25 NOVEMBER

Rail Baltica Industry Day

ERFA Secretary General Conor Feighan participated in one of the roundtables where he recalled that customers must have the right to choose the companies with which they will work and that competition is still very limited in Baltic countries, especially in Lithuania where there is none.



27 OCTOBER

ERFA President gave an address at NEE Event

10 OCTOBER

Rail sector agreed on a common vision on Digital Capacity Management

Railway stakeholders endorsed the cornerstones of the future DCM, which will contribute to freeing up capacity on congested lines and boosting modal shift.

26 NOVEMBER

ERFA Board of Directors re-elected Dirk Stahl and Maciej Gladyga as President and Vice-President

30 NOVEMBER:

Letter to Commission, Germany and DB Netz on lack of alternative capacities

ERFA together with various other industry associations complained about major unavailability of German rail network lack of alternative capacities leading to significant disturbances on European supply chains.

30 NOVEMBER

Adoption of Regulation transforming Shift2Rail into Europe's Rail

14 DECEMBER

Commission unveiled revised TEN-T Guidelines regulation

Under the Commission proposal, the TEN-T and RFCs will be merged into one single text. The new legal text will define infrastructure parameters on key rail freight corridors for the foreseeable future.

POLICY DEVELOPMENTS

ERFA called for ambitious support measures and investments for rail freight

On 10 February, while the European Parliament endorsed the agreement on the Proposal for a Regulation establishing a **Recovery and Resilience Facility (RFF)** with a budget of EUR 672,5 billion, ERFA together with associations of the transport sector called on Member States and the European Commission to ensure that the transport sector receives consideration in the National Recovery and Resilience Plans.

On 19 May, ERFA, together with CER and UIRR, unveiled a joint industry position on the need to rethink transport charging and pricing principles taking into consideration **Eurovignette** negotiations and the European Commission's Smart and Sustainable Mobility Strategy. These new principles must ensure comprehensive internalisation of external costs of road transport while compensating rail as long as there is no level playing field in freight and passenger transport markets. Organisations also called for an extension of Regulation 2020/1429 allowing Member States to reduce TACs.

On 16 July, ERFA welcomed the **Fit for 55 Package** unveiled by the European Commission two days before. The recognition that there is a need to address emissions from other transport modes was of high importance. ERFA also called on policy makers not to lose sight of the modal shift objectives set out in the Sustainable and Smart Mobility Strategy.

On 28 June, the European Commission extended **Regulation 2020/1429**, enabling Member States to allow infrastructure managers to reduce, defer or waive TACs payments for a further six months, until 31 December 2021. This possibility, considered by ERFA as a very efficient way to support rail freight in a transparent, fair and non-discriminatory way as the measure applies to all operators, has been used throughout 2021 by various Member States including France, Germany and Belgium.

ERFA engaged in an intensive dialogue with all political levels

Throughout the **European Year of Rail 2021**, ERFA engaged in constant dialogue with decision-makers to call to transform words and promises into concrete actions. Even though a lot of events took place remotely, ERFA did not miss the opportunity to attend physical meetings whenever possible to have more in-depth discussions, including for the launch of the Connecting Europe Express in Lisbon (Portugal) on 02 September, and for a dedicated rail freight event with the Connecting Europe Express in Bettembourg (Luxembourg).

ERFA joined forces with members and national associations to tackle issues of continental importance. On 30 November, ERFA, together with other transport organisations and Netzwerk Europäischer Eisenbahnen e.V. (NEE) wrote a letter to the European Commission, the German Ministry for Transport and Digital Infrastructure and DB Netz to raise the issues of **major unavailability of German rail network** that created at that time significant disturbances on European supply chains. Following this letter, ERFA President was invited to meetings with DB Netz and the German Ministry for Transport and Digital Infrastructure.

ERFA built coalition with other like-minded organisations in the field of railway and beyond. On 04 October, while the Connecting Europe Express was reaching Rotterdam and Antwerp, ERFA, together with CER and EIM but also the European Sea Ports Organisation (ESPO), called for more attention to **rail-port connectivity**. The Connecting Europe Facility II should particularly promote rail projects which improve the connectivity to and from Europe's seaports.

ERFA contributed to the policy discussion on future files

On 16 September, ERFA contributed to a preliminary public consultation on the revision of the **Combined Transport Directive**. ERFA called to safeguard the key pillars of the directive that bring a positive contribution to the greening of freight transport. The envisaged extension of scope to cover all intermodal or multimodal operations that bring a measurable contribution in reducing harmful externalities from road-only journeys was welcomed. ERFA warned that the European Commission must ensure that economic and regulatory measures linked to the directive are implemented on a transparent, fair and non-discriminatory way. The Commission is due to adopt its proposal by Q4 2022.

On 29 October, ERFA sent its inputs to the European Commission on roadmaps for a **New Land Transport Enabling Regulation** and a revision of the **State aid guidelines for railway undertakings**. On both files, ERFA believed that it is necessary to adopt them in an integrated approach with the objectives set in the Sustainable and Smart Mobility Strategy in terms of modal shift. Both texts will lead to new tools that must include provisions on fairness and transparency. On 22 December, the European Commission opened a 12-week public consultation on the revision of the State aid guidelines for RUs.

On 16 December, the European Commission unveiled its proposal on revised guidelines to the **Trans-European transport network (TEN-T)**. ERFA supported many of the provisions within the proposal, though calling for further clarification and elaboration. Crucially, it is essential that rail freight can operate efficiently over the next 8-10 years in order to reach the 2030 growth targets. Intense discussions between the European Parliament and the EU Council on this file should lead to a quick adoption, by late 2022. The discussion on capacity management will be dealt with a separate Commission proposal to be published in 2022.





Press Releases



Find all our press releases on:
www.erfarail.eu/news-events/press-releases



ERFA



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ERFA MEMBERSHIP BENEFITS:

A strong voice
for fair competition
on the European Rail
Freight market

Insight and
in-depth analysis
of the European
legislative landscape
affecting your daily
business

Access to multiple
working groups
shaping the railway
system of tomorrow

Exchange
with likeminded
rail freight companies
striving for a competitive
rail freight market
in Europe

Working together
to promote the specific
interests of private and
independent rail freight
companies

ERFA membership is open to all private and independent operators, regardless of size or business activity. ERFA membership is open to both individual companies and/or national and regional associations.

ERFA Strategy in a nutshell

BASIC OBJECTIVES

We aim at solid financials based on satisfaction and involvement of members

OFFER FOR MEMBERS AND STAKEHOLDERS

We actively support the political processes aimed at railway liberalization

We contribute to the technical and administrative development of railways

OUR OPERATIONAL FOCUS

We follow political dossiers which are crucial for rail market opening

We cover technical dossiers which are cost- and discrimination-sensitive

OUR FUTURE CHALLENGES

We are a strong voice for a full market opening and promoting a competitive rail freight sector

We want to achieve adequate framework conditions for a competitive railway sector

We seek opportunities in the field of EU funding

We help our members to represent their interest in Brussels' politics

We manage relationships with internal and external stakeholders efficiently

We assure strong visibility to our positions

We want to acquire new members in order to strengthen our position

ERFA

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ERFA,
THE VOICE OF THE INDEPENDENTS
ON THE RAIL FREIGHT MARKET.