

POSITION PAPER

2024 – 2029 EUROPEAN POLICY PRIORITIES: ALSTOM SUGGESTIONS

MARCH 2024



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The elections for the European Parliament will take place between the 6th and 9th of June across the 27 members states of the European Union. Following that, a new Commission is expected to be appointed by the Member States later this year. These elections matter for Alstom as the competencies of the European Union institutions (European Commission, Council of the EU, European Parliament) have a significant impact on our operations.

Given the challenges facing the European Union, it is crucial that both Members of the European Parliament (MEPs) and Commissioners make full use of their 5-year mandate.

To that end, Alstom wishes to make the following proposals:

1

Earmark the resources needed to achieve climate neutrality in the transport sector

2

Achieve a single European market for railway systems

3

Implement a European framework sustaining Europe's industrial leadership in rail transport



1

Earmark the resources needed to achieve climate neutrality in the transport sector

Rail carries 5,1% of all inter-city passenger traffic and 11,5% of freight, while being responsible for only 0.4% of GHG emissions from transport at EU level. This can be explained by the energy efficiency of rail transport, which accounts for only 1.5% of the energy consumed by all transport activities. Indeed, rail's energy efficiency will remain far above other transport modes, even as they move away from fossil fuel

propulsion technologies to electric propulsion or sustainable fuels. Rail is essential in achieving the goal of carbon neutrality by 2050 in the transport sector: the United Nations, the OECD International Transport Forum and the EU's own Smart and Sustainable Mobility Strategy assess that an increase of rail transport's modal share is needed, in a context of growing transport demand for both passenger and freight.

Earmark the resources needed to achieve climate neutrality in the transport sector

Enabling that requires above all considerable investments in the completion on time of the Trans-European Network for Transport (TEN-T), whose Guidelines have just been revised. Achieving an interconnected, harmonized pan-European railway network is key to providing competitive rail transport services. This will also have benefits in terms of facilitating military mobility, a key component of a future European Defence Strategy.

It is estimated that this will require investments of €47 billion per year until 2030, a significant step up from today's investment level of €19 billion. Additional investments are also required for the large-scale deployment of key innovations developed in the Europe's Rail R&D programme, unlocking productivity and efficiency gains (e.g. Automated Train Operation and Digital and Automatic Coupling). This demonstrates the significant investment gap that must be addressed to achieve climate neutrality in transport. New financial resources can

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be leveraged by the European Union to reach that objective, thanks to the Emission Trading System (ETS) and its extension as well as the completion of the Energy Taxation Directive.

PROPOSALS FOR THE CANDIDATES

- **A strengthened Connecting Europe Facility programme** as part of an ambitious EU Multi-Annual Financial Framework 2028-2034 to secure the completion of the TEN-T network including rail's major priorities (ERTMS, DAC, FRMCS deployment);
- **Ensure that European Structural and Investment Funds prioritise investment in rail transport**, both main line and urban;
- **Complement European funding** with adequate financing through the EIB.

¹ European Commission, 2022, ² United Nations adopts landmark global decarbonization strategy in transport by road, rail and inland waterway | UNECE, ³ OECD, ⁴ Mobility Strategy - European Commission (europa.eu), ⁵ European Climate Investment Deficit report "An investment pathway for Europe's future", Institute for Climate Economics, February 2024

Achieve a single European market for railway systems

The historic development of the European rail network, being anchored in the national history of each Member State, confronts the sector with a series of particularities that has until now prevented a truly European single market for rail products and prevented the sector to achieve economies of scale.

Given the cost of railway infrastructure and rolling stock projects, achieving such a single market is in our collective interest: it must be based on the transparency and predictability of the applicable requirements for the products themselves

as well as of the public procurement processes. Today these requirements evolve too frequently which impacts projects negatively. Persisting national rules impede not only cross-border traffic but also economies of scale for the rail supply industry. Whilst the technical requirements have been in the focus of our sectoral regulations, operational rules (i.e how railway systems are operated) have never been harmonized – this is now the main source for efficiency gains in the future, especially as new technologies such as Automated Train Operation will soon be ready for deployment at large scale.



Achieve a single European market for railway systems

In this context we believe that an evaluation of the current process for the placing on the market of railway vehicles, which dates from the 2016 4th Railway Package, is required. The initial objective of the Fourth Railway Package Technical Pillar, namely reducing the cost and time for vehicle authorisation by 20%, has not been achieved. While it undoubtedly marked a step forward towards a European authorization process it is now time to take stock of its functioning and assess how it could be made more efficient.

Finally, we deplore that public procurement procedures remain too often based on the selection of the lowest bidder instead of implementing award criteria enabling to select the Most Economically Advantageous Tender (MEAT).

“ Given the cost of railway infrastructure and rolling stock projects, achieving such a single market is in our collective interest. ”

PROPOSALS FOR THE CANDIDATES

- **Allow one and one evolution only of the railway Technical Specifications for Interoperability** during the next five years term, ensuring that changes do not impact ongoing projects;
- **Prioritize the harmonization of operational rules**, FRMCS, DAC and ATO as part of this process;
- **Pursue the elimination of national rules for railway equipment;**
- **Take stock of the implementation of the 4th Railway Package and propose its modernization** to simplify the European regulatory framework and enable a swifter and less costly vehicle authorization;
- **Reinforce the use of MEAT in public procurement processes.** Define Guidelines for its implementation in railway-related procurement processes

⁶ Delegated and Implementing Acts based on the Interoperability Directive 2016/797



3

Implement a European framework sustaining Europe's industrial leadership in rail transport

At a time when rail transport is recognized globally as an essential part of the solution to mitigate climate change, it is especially important that European companies and industries remain competitive at the international level. In this context, trade and innovation policies play a pivotal role.

Ensuring reciprocity and a level playing field in market access, public procurement and investment between European and International companies must become a priority. All European trade instruments must be mobilized to ensure a level playing field for European actors in and outside of the EU. The recently launched Global Gateway initiative has a key role to play in this context.

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Implement a European framework sustaining Europe's industrial leadership in rail transport

Secondly, the innovation capability of the sector must also be sustained, focused on the global competitiveness of European industry. Europe must set up structures that enable both a joint effort of European stakeholders to define common standards and solutions, but also incentivize transversal collaboration across sectors especially in the digital domain. In this context, Europe's Rail Joint Undertaking can be cited an excellent example. It was launched in 2021 and mobilized €600M funding for innovative rail projects through the EU Research Framework Programme – Horizon Europe.

Finally, the growing concern of resources and skills availability to undertake Europe's Green and Digital transitions must become a priority on Europe's agenda. The EU is well placed to act as a catalyst for coordinated actions tackling this challenge across Europe.



PROPOSALS FOR THE CANDIDATES

- **Support R&D and innovation**, in particular disruptive innovation, by increasing the budget of Europe's Rail Joint Undertaking as part of the next Framework Programme;
- **Implement all trade policy tools enabling a level playing field**, from trade agreements securing market access outside of the EU to the Foreign Investment Screening, Foreign Subsidies and International Procurement Instrument;
- **Identify flagship rail transport projects as part of the Global Gateway initiative** and support proposals from European industries;
- **Ensure that the European industry has all the needed skills at its disposal to fully exploit the potential of the climate-energy and digital transition**; adjust learning and training to the development of artificial intelligence, as well as the automation of solutions and electrification of mobility.

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