

Press Release – Block Exemptions Acceptable Conditional to Improved State Aid Guidelines for Railway Undertakings

15 July 2022

On 06 July, the European Commission proposed a [Council Regulation](#) introducing rules to simplify procedures for State Aid to green transport. The adoption of the Regulation will enable the Commission to declare certain categories of State Aid to greener modes of transport compatible with the internal market and allow for the European Commission to introduce adopt a Block Exemption Regulation for certain aids. ERFA believes this will have a positive impact on modal shift, but raises the importance of the upcoming revision of the State Aid Guidelines for Railway Undertakings.

In terms of intermodal competition, ERFA supports the initiative of the European Commission. The ability to simplify the granting of State Aid, so long as it is based on open, transparent and non-discriminatory procedures and clear compatibility conditions, will encourage Member States to introduce support measures to help in achieving modal shift.

It must be noted however that State Aid carries with it an intrinsic risk of competition distortion. It is therefore essential that the State Aid Guidelines for Railway Undertakings are revised so as to ensure greater transparency in cases where companies are in receipt of public funding. The European Commission should explore the possibility of separation of accounts for activities which are highly subsidized from those that require little, if any, public support such as block train operations. It is imperative that legitimate State Aid for one activity does not create competition distortion in other segments of the rail freight market.

ERFA President, Dirk Stahl, stated, *“in order to deliver on the European Union’s growth targets for rail freight, targeted support measures will be needed. That being said, it is important that challenger rail freight undertakings competing with the incumbents in their national markets, [who account for almost 50% of the European market](#), have confidence that increased State Aid will not distort competition.”*

ERFA Secretary General, Conor Feighan, concluded, *“it is not possible to assess the proposal of the European Commission in isolation from the State Aid Guidelines for Railway Undertakings. The appropriateness of simplifying procedures for State Aid to green transport is subject to greater transparency of accounts and guarantees that State Aid is only used for its intended purpose, both directly and indirectly.”*

For more information, you can Contact:

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