

## Press Release – Role of State Aid in Rail Freight should be Limited and Targeted

20 September 2024

**On 18 June, the European Commission presented its proposal for State Aid Rules for Land and Multimodal Transport. Once adopted, they will replace the existing State Aid Guidelines for Railway Undertakings as the primary legislative source at European level for taking decisions on applicability of public support measures. Whilst public support measures can play a positive role, they must be limited to areas of common interest to avoid competition distortion and maximize limited financial resources.**

Firstly, ERFA supports the proposal of the European Commission not to create a special regime for restructuring of rail freight divisions. Restructuring aid is highly distortive as it usually benefits one operator and removes incentives for rail freight companies to be financially responsible. Normal State Aid rules for restructuring should therefore apply regarding rail freight.

Secondly, operational aid should be limited. The role of State Aid should not be to support or incentivize declining business models. The European Commission should instead seek to support the rail freight sector through indirect support measures such as support for the reduction of track access charges.

Finally, the proposal to increase the threshold for support for ERTMS deployment to 80% is welcome. This sends a signal that ERTMS is one of the main financial priorities in regarding funding. ERFA would support increasing the threshold to 100% as it will reduce administrative burdens for Member States is granting aid.

**ERFA President, Dirk Stahl**, stated, *“We need to think about the role of public money in rail freight strategically. There is a limited amount of money which rail freight can avail itself of and we need to ensure any money is granted wisely. On top of this, we must also always be aware of the risks arising from introducing State support into a competitive market.”*

**ERFA Secretary General, Conor Feighan**, concluded, *“We welcome that the European Commission has proposed limiting possibilities for restructuring aid and has also sent a signal that support for technologies such as ERTMS is needed. Further work is required though on operational aid so as to ensure we do not end up with a situation where aid leads to significant competition distortion.”*

You can access ERFA’s position [here](#).

For more information, you can Contact:

European Rail Freight Association asbl, info@erfarail.eu, Tel +32 2 513 60 87;  
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