## Press Release – Common Approach Needed for Rail Freight to get through the Alpine Tunnel Closures

30 November 2023

Trans-Alpine rail freight traffic is facing serious difficulties. Two of the tunnels which rail freight is reliant on, namely the Frejus and Gotthard Base Tunnel, remain totally or partially closed. Frejus tunnel will remain closed until the end of 2024 due to a landslide which occurred in August, whilst the Gotthard base Tunnel (GBT) will remain partially closed until September 2024 due to a derailment which occurred during the same month. Strategic support measures are required to ensure these temporary restrictions in capacity will not have a severe negative impact on rail freight operators and the sector.

It has been estimated that the direct impact of the closures is estimated to cost Italian railway operators around 50 million euros per year due to a drop in revenues and extra costs. This could rise to an additional <u>140 million euros in the longer term</u>. The Italian logistics sector moves more than 30% of goods by rail through the Alpine Mountain corridors and these closures put the entire rail freight and logistics system in difficulty. Gotthard and Frejus together are on two fundamental axes of European logistics.

Almost 170 million tons of goods transit through the Alpine passes to Austria, Switzerland, and France every year. In rail transport, it is not possible to efficiently divert all traffic to other passes if a certain axis is totally interrupted. The option of diverting traffic is very slight, especially considering long-established issues regarding interoperability (e.g. P400 profile compatibility).

Whilst it is recognized works are needed to return these tunnels to a level that allows rail freight to operate in an efficient and safe manner, consideration must be given to the operative and financial impact of these closures on rail freight operators. Rail freight operators must deal with cancellations, longer routes, and delays - also for the important investments of the NextGenerationEU Program. This situation is causing increased costs and a decrease in revenues for railway undertakings already today and is expected to increase in the upcoming years.

The sector needs attention and supporting measures to overcome this difficult time due to the closures and restrictions caused by infrastructure works. A lack of support will jeopardize efforts made to support modal shift to date.

The following actions have to be taken:

- The reopening of the two interrupted tunnels Frejus and GBT must take place as quickly as possible. All efforts, financially and operationally, must be made by the relevant infrastructure companies and national authorities.
- In cases of remaining restricted capacities, (e.g. the one working tube in Gotthard Base Tunnel) priority must to be given to rail freight to secure logistic supply of the European economy. In the case of GBT this has been well understood by SBB Infrastructure, where

capacity remains largely for freight trains. This must be secured however, as the interest of passenger trains will increase.

- In cases of delayed prolongations, as we have in both cases, a new international review on planned construction works must be done so as to secure capacities. This may also include construction works on deviating routes such as Lötschberg, where the planned closure of Arona Stresa line in Q3/2024 will now cause major additional problems.
- In the short term, the applicable track access fees must be looked at. For example, mark-ups to track access charges on the Italian network should be frozen for rail freight. Under Directive 2012/34, mark-ups may be applied *"if the market can bear"*. Given the difficult position of rail freight in Italy, and projected losses in revenue for the industry, it is difficult to see how the market can bear mark-ups to track access charges.
- Ad hoc economic measures to support rail freight undertakings whose trains have been affected by the closures.

**ERFA President, Dirk Stahl,** stated, "trans-alpine freight traffic is extremely reliant on railway tunnels. The closure of one tunnel, never mind two, creates significant difficulties in keeping freight transportation moving. What is important now is that works proceed to re-open the tunnel. Additionally, prioritisation in allocation of remaining capacity to rail freight, as well as short term reduction of track access fees, are crucial to ensure the closures do not do lasting damage to the rail freight sector in the region".

**Captrain Italia Regulatory Affairs Director, Silvia De Rocchi,** concluded, "when clients are forced to switch to other modes of transportation for 18 months, it is difficult to get them back. The coming months will be extremely challenging for the rail freight sector in the region".