



European Commission Directorate General for Energy and Transport

Session 3: Financing of railway rolling stock purchase and modernisation

*Seminar on
State Aid for transport projects
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Alejandro Martinez Godin
DG TREN Unit A2
Internal Market and Competition





Rolling stock- state aid Traditional approach

Traditionally subventions for replacement of rolling stocks in transport - operating aid, in principle, forbidden.

Examples:

- 1.- Guidelines on regional aid (2006): mobile assets are excluded from eligible costs for initial investments;
- 2.- Regulation 70/2001 SME: with the exception of rail rolling stocks, mobile assets are not eligible costs.
- 3.- Court case law on operating aid.





Rolling stock- state aid: Traditional approach

Commission practice has accepted aid for “rolling stocks” in transport

Examples:

- Restructuring aid;
- Environmental aid;
- SME (only railways);
- Coordination aid in transport Regulation 1107/70;
- State guarantees for commercial operations;
- Public service obligations and contracts Regulation 1191/69.





Rolling stock- state aid: New approach in railways

Why new approach?

- 1.- 2007-2013 strategic period for rail in new Member States. EC structural funds;
- 2.- Very old rolling stocks in several MS;
- 3.- Railway, priority of EC transport policy;
- 4.- Specific needs in rail infrastructure;
- 5.- Adaptation to competitive environment rail freight liberalisation.





**Rolling stock- state aid:
New approach in railways
Legal basis for compatibility**

**1.- Renewal of rail rolling stocks in the framework of a
Public Service Contract: Regulation 1191/69**

Compatible aid if :

- a) Public Service Contract is tendered;
- b) Public Service Contract is not tendered :
 - 50% of investment; clearly no overcompensation
 - Rolling stock for the use of Public Service only.
- c) Opening of formal investigation procedure if Commission has doubts on compatibility.
- d) If there is an “imposition of PSO” the compensation method is established in R 1191/69.





Rolling stock- state aid
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2.- Renewal of rail rolling stocks in the
framework of a Public Service Contract:
Regulation 1370/07 (as from 3.12.2009)

Compatible aid if :

- a) Public Service Contract is tendered;
- b) Public Service Contract is not tendered;
 - Application of the annex of Regulation in order to exclude overcompensation

No need to notify to the Commission.





Rolling stock- state aid
New approach in railways
Legal basis for compatibility

3.- Rail guidelines adopted on 30.4.2008

- *Regional development – derogation from general rules on regional aid*
 - Only passenger rolling stock;
 - Initial investments and replacement;
 - 10 years for urban, suburban, regional and interregional
 - Interregional:” *Transport services serving several different regions, in one or more Member States, may therefore be covered by the scope if it can be shown that there is an impact on the regional development of the regions served, in particular by the regular nature of the service; In this case, the Commission verifies that the aid does not compromise the effective opening of the international passenger transport market and cabotage following the entry into force of the third railway package;”*





Rolling stock- state aid New approach in railways Legal basis for compatibility

- *Regional development – derogation from general rules on regional aid*
 - New rolling stock: interoperability, safety and environmental standards of rail network;
 - Intensity – see regional aid guidelines and maps 30%, 40% or 50% in Poland.
 - The project contributes to a coherent regional development strategy;
 - Avoid undue distortions of competition; residual price of rolling stock replaced to be taken into account;
 - Avoid overcompensation; PSO compensation should be taken into account in the amount of regional aid that may be awarded to this undertaking, in order to avoid overcompensation.





Rolling stock- state aid
New approach in railways
Legal basis for compatibility

3.- Rail guidelines adopted on 30.4.2008

- *Coordination aid*
 - Passenger and freight rolling stock;
 - New rolling stock :interoperability, safety and environmental standards and noise;
 - Intensity: up to 50% of investments.





Rolling stock- state aid
New approach in railways
Legal basis for compatibility

4.- Environmental guidelines published on 30.4.2008

New vehicles

- Acquisition of new rail rolling stock;
- Extra environmental standards already adopted by the EC;
- Acquisition before the standards are obligatory;
- The standards will not apply to existing vehicles;
- Intensities: 50% large enterprises, 60% medium enterprises and 70% small enterprises;
- Eligible costs: the extra costs in relation to a “reference investments”.





**Rolling stock- state aid
New approach in railways
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4.- Environmental guidelines published on 30.4.2008

Retrofitting

- Extra environmental standards already adopted by the EC but not in force;
- Intensities 50% large enterprises, 60% medium enterprises and 70% small enterprises;
- Eligible costs: the extra costs in relation to a “reference investments”.





Rolling stock- state aid

Thank you for your attention!

