

BRUSSELS RAIL TRANSPORT BRIEF: JANUARY 2021

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European Regulatory Newsletter

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ANTITRUST AND COMPETITION

Belgium to Support Travel Sector With €30 Million

On 22 January 2021, the Belgian government announced new public support for rail. Starting in January 2021 and running through June 2021, high-speed trains and night trains will be exempt from reservation and network usage charges in Belgium and receive state subsidies.

The operators concerned by the aid include the companies offering high-speed trains, such as Eurostar, Thalys, ICE, and TGV, as well as the operators offering night trains, such as Nightjet. The government will be granting a 70 percent wage subsidy on a capped salary cost, which will be granted to 30 percent of the staff.

Mobility Minister Georges Gilkinet said: “This action taken today by the Federal Government is important in order to avoid bankruptcy and prepare for the future.”

State Aid Approved for Stuttgart Train Digitalization Program

The European Commission has approved, under EU state aid rules, €200 million of public support to upgrade traffic management equipment for rail vehicles in the area of Stuttgart in Germany. The scheme, taking the form of direct grants to the owners or operators of railway vehicles, consists of two measures:

- The first measure will support the furnishing of railway vehicles with the European Rail Traffic Management System, a safety system that ensures the compliance by trains with speed restrictions and signaling-status.
- The second measure will support the furnishing of those same vehicles with automatic train operation, an operational safety enhancement device used to help automate the operation of trains.

Both measures are expected to help create a unified European railway system and increase the safety and competitiveness of the European rail sector.

Commission Approves €300 Million German Aid Scheme to Support Transition to Sustainable Local Public Transport

The European Commission has approved, under EU state aid rules, a €300 million German scheme to support innovative projects aimed at strengthening sustainable local public transport through investment and innovation. The scheme will contribute to the achievement of the European Union's environmental and climate goals, without distorting competition.

Support under the scheme, for the period 2020–2023, will be accessible to innovative projects aiming at favoring local public transport over other more polluting means of transport. The scheme also promotes the transition from private motorized transport to more climate-friendly sustainable public transport. This is particularly important, given the increasing innovation gap and funding gap identified by Germany in this area.

RAIL REGULATORY AND POLICY

2021 Is the European Year of Rail

The European Year of Rail began on 1 January 2021. This new European Commission initiative highlights the benefits of rail as a sustainable, smart, and safe means of transport. Activities across Europe will promote rail throughout 2021 and encourage the use of rail, contributing to the EU Green Deal goal of becoming climate-neutral by 2050.

The initiative was proposed by the European Commission in March 2020 and adopted by the European Parliament and the European Council in December 2020, and it includes the proposals on a new rail industrial partnership, better links for rail with other modes of transport, and making freight transport more sustainable overall. This was also outlined in the European Commission's recently adopted Sustainable and Smart Mobility Strategy, which will strive to roll out cleaner and healthier means of transport.

PUBLIC PROCUREMENT AND NEW PROJECTS

Trafikverket Launches Public Consultation on Part of Stockholm-Malmö High-Speed Line

Infrastructure manager Trafikverket has launched a consultation for the *Hässleholm-Lund* section of the *Stockholm-Malmö* high-speed line.

The 70 km double-track line connects Stockholm, Göteborg, and Malmö. Trafikverket says it is being designed for high-speed services to operate at up to 320 km/h, while regional trains would run at 250 km/h. The new line would start from the important junction at Hässleholm and run southwest to Lund, which lies just north of the Malmö conurbation. The project was agreed upon last year, following the first two of four rounds of consultation, and construction of the new line is expected to start sometime between 2027 and 2029.

The consultation will be carried out digitally, and feedback will be consolidated into a project report for the fourth round of consultation.

Lithuanian Freight Operator Establishes Ukrainian Subsidiary

LTG Cargo, the Lithuanian national railway's freight operator, has established a Ukrainian subsidiary (LTG Cargo Ukraine). The creation of the entity follows the establishment last year of Polish subsidiary LTG Cargo Polska. LTG Cargo Ukraine will initially offer rolling-stock leasing, freight forwarding, and other transport services, with the long-term objective of operating international trains to and from the country.

Ljubljana-Kočevje Line Resumes

Regular passenger train services have resumed on the Ljubljana-Kočevje line after a gap of nearly 50 years. This was possible thanks to the completion of a €100 million renovation project to facilitate the operation of services to and from the capital.

The 68 km Ljubljana-Grosuplje-Kočevje line was opened in 1893 to provide access to coal mines in the Bela Krajina region. Passenger traffic began to decline sharply after the modernization of the Ljubljana-Kočevje road, and passenger trains were cut back to Veliko Lašče from July 1968, to Dobropolje in 1969, and discontinued after 1970.

Modernization of the tracks began in 2008, and the first freight train arrived in Kočevje over the upgraded route on 12 April 2019.

Eurostar Calls for Bailout After Passenger Numbers Collapse

Eurostar has recently asked for a UK government bailout. The demand follows a collapse in travel between Britain and the European continent – due also to regulatory hurdles for using the Eurostar - with a drop in travel since March 2020 of at least 95 percent.

The UK government sold its stake in 2015, and the company is now controlled by the French state railway SNCF (55 percent), followed by Belgium (5 percent). There have been news reports that shareholders have already contribute € 200 million to keep Eurostar functioning during the crisis. Eurostar said on 24 January 2021 that “without additional funding from government, there is a real risk to the survival of Eurostar, the green gateway to Europe, as the current situation is very serious.”

Renfe and CAF Sign Contract for Supply of Meter-Gauge Trains

Renfe and CAF have signed a €258 million contract for the supply of 37 meter-gauge trains. Under the contract, CAF is set to deliver 31 trains (26 electric multiple units and five hybrid trains), which will provide commuter and medium-distance services. The electric trains will be equipped with electric voltage, reducing emissions and also being suitable for conversion to battery for fuel cell operation.

The trains will be used for the C-9 line of Madrid Cercanías (the commuter rail network) linking the Cercedilla municipality (in the community of Madrid) with Puerto de Cotos in the Guadarrama Mountains. The contract also involves the provision of maintenance services for a period of 15 years for 18 of the delivered trains. Maintenance services will be carried out through a joint venture between CAF and Renfe Fabricación y Mantenimiento.

Renfe's Low-Cost High Speed Service, Avlo, to Launch Later This Summer

After more than a year's delay, caused by the COVID-19 pandemic, RENFE has announced it will launch his low-cost high-speed service, Avlo, later this year.

The service was supposed to start in April 2021, but has then been postponed to June 23. The first tickets went on sale on 24 January 2021. RENFE will offer a service of four trips each way per day between Madrid, Barcelona, and Figueres. The timetable will be later adjusted to reflect actual demand. Avlo will operate a fleet of five modified Talgo Class 112 high-speed trainsets seating 438 passengers. Like the rest of the RENFE high-speed fleet, these will be powered by energy from renewable sources.

Lithuanian Infrastructure Manager Awards Radio Communication Systems Upgrade Contract

LTG Infra, the Lithuanian infrastructure manager, and Kontron Transportation signed a contract for the upgrade of radio communication systems and installation of new rail systems on the country's railway network.

Under the €16 million contract, network sub-system equipment will be modernized and modifications to the existing base station sub-system will be made. With these new updates, operational connections will become

more reliable, the system will be managed automatically, and the information technology costs of LTG will be reduced. After the implementation, Kontron Transportation will be responsible for the maintenance of the new system for nine years.

Bombardier Starts Modernization Program in Bruges Plant

Bombardier Transportation (Bombardier) has launched investments and a hiring plan aimed at increasing the production capacity of its Bruges factory in Belgium.

The €6 million investment plan will allow Bombardier to increase its production capacities by summer 2021. The company will create a new production line for first-level coaches and for SNCB M7 cars, it will acquire new and more efficient tools, and it will create new workstations, such as a painting presentation station and a specific workstation for customer acceptance.

Under the plan, the maintenance workshops will be modernized, including those for Traxx locomotives. The plan includes the hiring of at least 180 additional employees to meet the increased production needs in terms of volume and skills.

The industrial site in Bruges is the only Bombardier's site in Belgium that still has the capacity and equipment to build and test trains from the beginning to the end.

DB Cargo Awards European Train Control System Contract

DB Cargo awarded Alstom a contract to equip 13 electric freight locomotives with the latest European Train Control System (ETCS) signaling technology standard for trans-European freight traffic between Germany, Denmark, and Sweden.

The electric freight locomotives will be equipped with Alstom's signaling technology. This complies with the latest European standards for rail interoperability, and it enables trains to run safely and reliably, even on routes across national borders.

As part of the contract, the existing German and Danish systems will be upgraded to interoperate with the ETCS signaling system and will be integrated as software into the new ETCS hardware. The first certification runs are scheduled for the end of 2022.

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