Fact sheet 1: Investing in a European Pool of Rolling Stock

The Mediterranean corridor benefits from three international lines connecting France to Spain. However, services are currently operating on one line only, from Paris to Barcelona. The corridor between France and Spain was negatively affected by the COVID-19 pandemic as connections closed without being reopened. The line faces other challenges that may hinder its development and growth.

Why is it important:

Without proper and modern trains, there are no international train connections!

What is the challenge?

A lack of rolling stock is a major obstacle for the development of new lines.

Every EU Member State has its own **signalling system,** safety system, electricity system etc. Harmonisation is under way, taking decades. Such a reality translates into the fact that a German train cannot simply be used on the French or Polish network; these trains need to be equipped with each specific system.

Such a development increases the costs for high speed trains by **around 40%.** New entrants on the railway market or start-ups rarely have the capital for ordering a new interoperable fleet. Even the established large players think twice before buying such an expensive train set that can only be used on a specific country combination and it does not have any flexibility elsewhere.

A few decades ago things were rather simpler. Most trains were still composed of a locomotive or engine (that could easily be changed at the border) and wagons; today most electric trains are multiple units where the locomotive is integrated in the train itself as a complex system and cannot simply be swapped at the border.

Sometimes, however, operators choose to use "the old system", most especially in the case of night trains. Therein lies another problem: the rolling stock of **sleeping carriers** is exhausted because of years of underinvestment and degradation, whilst incumbent rail operators have not ordered new fleets. Even where second-hand material is available, incumbent operators are generally reluctant to purchase it. New entrants usually do not have sufficient funds to order an entire new fleet themselves, and the rail industry is reluctant to take orders for only a few units.

Leasing companies, on the other hand, do not enter the cross-border market because the interoperable rolling stock currently needs to be tailored to the specific track section: if an operator goes bankrupt, the rolling stock cannot easily be leased out for other network sections.

What could be a solution?

- The EU can offer **green loans** at preferential interest rates via the European Investment Bank (EIB) for national operators as well as new entrants;
- The EU (or member state governments together) sets up its own **rolling stock pool.** For regional and some national operations, rolling stock is sometimes owned and leased out by the regional/national government (awarding authority) or a government-owned company.

Which upcoming policy processes to watch out for

- The European Commission is looking into how the **EIB** could help solve the problem.
- Cross-border trains can be funded via National Plans within the **Recovery and Resilience Facility.**