High Level Infrastructure Meeting 2024

Briefing Paper

Panel II – Financing the future: How to provide a European high – performance rail network (capacity & quality)?

Infrastructure managers (IMs) face many challenges ahead with ambitious targets and deadlines according to the TEN-T Regulation and increase of demand both on passenger and freight rail services. 90% reduction in transport emissions need to be achieved by 2050, and this can only be possible with the modal shift to more sustainable transport modes such as rail. The Smart and Sustainable Mobility Strategy sets ambitious targets in terms of high-speed network: doubling high-speed rail traffic by 2030 and tripling it by 2050. Rail freight faces also ambitious targets: rail freight is expected to increase by 50% by 2030 and double by 2050. With a scenario increasing energy prices and inflation rates all over Europe, and with significant investment needs not only of IMs but the whole rail sector, the future Multiannual Financial Framework (MFF) and thus Connecting Europe Facility (CEF) have to boost the financing of the railway.

In EU 27, total rail infrastructure spending rose from EUR 39.1 billion in 2015 to EUR 41.8 billion in 2020. In 2020, 25% of the spending was on maintenance, 27% on renewals, 28% on upgrades and 20% on investments in new infrastructure. However, to implement the TEN-T Regulation, total investment needs for the period 2021-2030 require a strong commitment in terms of financial resources from EU and Member States, considering that their estimation goes much beyond the values showed in the "Delivery TEN-T Report of 2017" and consisting of around EUR 500 billion for the TEN-T Core Network (EUR 50 billion per year on average), and at around EUR 1.5 trillion for the TEN-T Comprehensive Network and other transport investments by 2050. Connecting European capitals and major urban hubs via high-speed rail connections as much as offering clean rail-based logistic solutions to European industry would require further resources so that the full cost of such investments, considering the entire life cycle cost of each project, is substantial. The revised TEN-T Regulation will increase the level of the total investment needs even further.

European policymakers will have a challenging task ahead with more and more Member States wishing to decrease their monetary input to the EU. However, standard public budgets – at both European and national level – are not sufficient to meet EU modal shift goals. Worse than that, public subsidies and track access charges most of the time are not sufficient to guarantee the required level of regeneration of the infrastructure; this results in the further ageing of the railway infrastructure, in an increase of speed limits, the loss of capacity and the closure of some lines.

It is crucial to highlight the priorities of IMs for the next financing period, such as development of infrastructure within TEN-T but also connection with third countries, digitalisation and rail technologies and other key investment priorities such as ERTMS, FRMCS, Digital Capacity Management, resilient mobility and for some countries military and civil use of (dual-use) railway infrastructure.

Without CEF, there wouldn't be any cross-border infrastructure projects, therefore, it is crucial to level up this programme in the next MFF. In parallel to CEF, scaling up the next MFF and looking for alternative financing solutions such as EU Green Bonds, ETS revenues and applying polluter-pays principle will aid in increasing the resources and finance some of rail projects.

In this High-Level Infrastructure Meeting panel, panellists will have a lively discussion on how to provide a European-high performance network with these financing challenges, how to finance additional capacity and good quality infrastructure and how to complete the TEN-T Networks in time.