

# **PRIME FINANCE**

COVID 19 Impact on rail inframangers Europa  
*High level findings*

## Introduction to Financing subgroup

- *After a longer period of inactivity since April 2019, the PRIME financing subgroup had an online relaunch meeting on September 7th 2020:*
  - 25 representatives attended (industry and EC (DG MOVE))
  - New industry co-chairs were elected (Rik Corman, ProRail/Netherlands and Marco Wilfert, DB Netz/Germany)
- *High level plan for 2020 / 2021 was discussed, which results in the following agenda:*
  1. **'Intermediary'** between the Commission and rail inframangers concerning financial products and instruments to promote / facilitate rail investments and EU funding programmes
  2. **ERTMS Funding:** existing tools and funding options will be explained and explored and proposals for improvement will be made
  3. **COVID 19:** impact and recovery
  4. **Sustainable finance:** assist the Commission in implementing the guidance on climate and sustainability proofing in the context of EU funding programmes
  5. **PRIME deep-dive** charging and financing

## A first start with COVID 19 impact analysis has been made

In September 2020 the members of the Financing Subgroup were asked to provide input on the following questions:

- 1. What is the impact of the pandemic on the rail traffic (passengers and freight) in your country and on your revenues?*
- 2. Did you have to reduce track access charges?*
- 3. Have you benefited from a recovery plan from your government?*
- 4. All in all, how do you plan to cope with the financial impact of the pandemic? Reduction of investments, cost savings, more debt, more subsidies, etc.*

Many inframanagers provided verbal and / or written feedback. Highlights of the analysis on the following pages.

**NOTE: Input dates from September. This means that the impact of the **second COVID-19 wave has NOT been taken into account****

## Q1 - Impact on rail traffic varies per country and per segment

1. Impact per country differs because of varying impact of the pandemic and of different measures taken per country
2. *Passenger traffic was impacted harder than freight traffic:*
  - Passenger km fell as much as 90% in some countries in the beginning of the outbreak.
  - Freight volumes showed decreases between 10 – 30%
3. *International traffic was impacted harder than national traffic*
  - Those inframanagers depending to a high extend on international passenger traffic (mainly high speed inframanagers) were hit harder than other IM's
4. *Train schedules were back near normal relatively quickly*
  - In most countries train schedules were back to normal (pre-COVID-level) quickly. In May most trains – passenger and freight – were back on schedule
  - Despite normal schedules, the number of passengers remains significantly lower in most countries
5. *Financial impact highly depends on revenue / funding model of the IM*
  - IM's whose total revenues / funding highly depend on TAC face more financial impact than IM's depending on other sources or revenue / funding

## Q2 – No uniform TAC approach during COVID-19 pandemic

- *Inframangers adjusted Track Access Charges in various ways to react on dropped demand for trainpaths:*
  - TAC were temporarily suspended
  - Cancellation / modification fees were canceled
  - Lower rates for parking of rolling stock were used
  - Discounts on mark-ups were given
  - Partial or even full discount on freight TAC
  - Payment terms expansion
- *In other countries, TAC were not adjusted at all*

## **Q3 – Not all IM's benefit from national recovery plan yet**

- *Some IM's – but certainly not all - have benefited from national recovery plans to mitigate the financial impact of the COVID 19 pandemic*
  - Recovery plans vary from (partially) compensation for lost revenues due to TAC discounts to multi billion recovery plans for the rail industry
  - In other cases, details of the recovery plan need to be worked out

## **Q4 – Most IM's intend to keep investment levels as planned, or even increase; some IM's introduce cost saving initiatives**

- *In many countries, investments in (rail)infrastructure are considered a boost for economic recovery in times of crises*
  - Rail investments are usually part of multi-annual arrangements with national governments. In some countries, rail investments will be brought forward or even be increased to boost the economy
  - Cost saving initiatives have been introduced at some IM's as a result of the COVID-19 crisis: e.g. staff cost reductions, R&D savings, etc.

## Next steps

- *The subgroup will exchange views and input on the design and implementation of rail reforms and investments financed under the national recovery and resilience plans*
- *The subgroup will also focus on EC's activities concerning to further detailing of conditions and implementation processes of EU Recovery and Resilience Facility and estimated interaction effects with recovery programmes on the national level*
- *Economic effects (and political fallout, according to railway infrastructure financing on EU and national level) of the second wave of the pandemic should be taken into account when reliable and consistent data will be available*