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Directorate-General for Competition - Unit F2  
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Austrian Federal Economic Chamber  
Transport and Logistics Division

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**State aid - draft Land and Multimodal Transport Guidelines (LMTG) and draft Transport Block Exemption Regulation (TBER)**

Dear Sir or Madam,

the Federal Division of Transport and Traffic of the Austrian Federal Economic Chamber welcomes the publication of the European Commission's (EC) drafts on the guidelines for land transport and multimodal transport (LMT) as well as the Transport Group Exemption Regulation (TBER) and would like to comment as follows:

We consider the continued recognition of the need for operating aid to be essential.

Furthermore, the newly added provisions on investment aid are an important signal to both the sector and the member states that technological innovations are required in the areas of multimodal transport, ports, and rail transport.

Member states must create incentives for investments in new technologies and rolling stock. Particularly noteworthy is the high aid intensity of 80% for the introduction of the digital automatic coupling (DAC) and ERTMS.

The EC's intention to consolidate and streamline state aid practices in the EU, as well as the overarching goal of avoiding market distortions, is to be acknowledged. However, some of the new provisions restrict the member states' toolkit for state aid.

Especially in times of increased investment needs in multimodal facilities and the European rail network, the EU state aid framework should be as diverse as possible:

**Operating Aid:**

**100% intensity for aid to reduce the external costs of transport and maintaining the aid category “aid for the use of infrastructure.”**

Due to the additional time and cost involved in handling intermodal loading units, the costs for infrastructure use in combined transport are particularly high compared to road transport.<sup>1</sup>

The 2008 *rail guidelines* took this into account by recognizing two types of eligible costs:

- a. the difference in external costs between road and rail, and
- b. the difference in infrastructure use costs between road and rail.

However, the draft LMT guidelines no longer provide for both types of eligible costs, so operating aid can only be granted based on the difference in external costs.

Estimates show that a state aid scheme for combined transport in Austria based on the draft LMT guidelines would lead to a maximum aid volume that is 18% below the maximum aid volume allowed under the 2008 rail guidelines (→ in the currently applicable SA.104264 in Austria).

*Investment aid as a stimulus for system optimizations is a prerequisite for reducing infrastructure use costs in the long term. In the short term, however, there is no viable alternative to offset system-related competitive disadvantages other than compensating for infrastructure use costs through operating aid.*

*Operating aid is necessary to stabilize rail freight volumes and keep the rail freight system running until investment aid takes full effect. This is particularly important in the next ten years: on the one hand, temporary capacity restrictions due to diversions will lead to increased production costs; on the other hand, optimized utilization of infrastructure capacities will only be possible after the new capacity regulation 2030+ comes into force.*

Overall, these impacts of the LMT guidelines on the aid volume of operating aid contradict the goals of the current revision of the combined transport directive, namely reducing the negative external effects of freight transport and creating a support framework to increase the competitiveness of intermodal and combined transport.

To align the two complementary proposals, the aid intensity to reduce external costs should be increased to 100% of eligible costs. Aid for the use of infrastructure should be maintained as a category of operating aid, including the current aid intensity of 100% of eligible costs.

**Operating Aid:**

**Inclusion of parameters such as ship type, engine, and fuels in the calculation of external costs**

The TBER proposal requires that operating aid can only be granted if the supported transport has reduced external costs. The situation in practice deviates significantly from the calculation based on the assumptions in the handbook, as parameters such as ship type, engine, fuels (combination), and trips must be considered. Member states can issue their own calculation methods, but a common European methodology that recognizes the realities of inland waterway transport must be adopted.

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<sup>1</sup> For example, this cost gap in combined transport (domestic & import/export) in Austria averages up to 18 EUR per 1,000 tonne-kilometers; calculation based on data in: Herry Consult (2021) "Berechnung beihilfefähiger Kosten für den Schienengüterverkehr 2021".

**Operating Aid:  
Recognition of full multimodal transport**

The current form of the proposal provides for additional aid (60%) for combined transport (a subcategory of intermodal transport). However, 80% of the goods transported on inland waterways are bulk goods. Therefore, intermodal transport has only a small share of the total inland waterway transport. This shows that there is a lot of potential for modal shift in inland waterway transport in market segments such as building materials, waste, oversized transports, renewable energies. There are new promising markets for pallets that are handled not in intermodal loading units but with cranes. Intermodal transport on inland waterways has and will retain a small share of the total inland waterway transport. In some countries, the conditions do not even exist to establish intermodal transport services on inland waterways. Therefore, the new instruments should increasingly focus on multimodal transport, as defined in Directive 92/106.

Additionally, the proposed 50% of possible operating aid is insufficient given the challenges to the competitiveness of inland waterway transport. Therefore, the operating aid should be increased to a threshold of 70% for all forms of inland waterway transport.

**Investment Aid:  
Aid for the acquisition of rolling stock for freight transport in the form of direct grants**

To ensure safe operation and ultimately supply security in Europe, railway companies, regardless of their size and market presence, must invest in new locomotives and upgrades of existing rolling stock (e.g., ERTMS). Since these are enormous sums, urgent aid in the form of direct grants and more flexible framework conditions is needed.

Specifically, the infrastructure-side upgrade requirements related to ERTMS are often associated with implementation uncertainties (different implementation on various routes in Europe) and are often financially disproportionate to the total value of the fleet to be upgraded.

The LMT guidelines contain provisions for investment aid for the introduction of DAC and ERTMS with an aid intensity of 80% of eligible costs. This is an important signal of the Commission's commitment to these important technologies and the urgent need for funding from member states.

However, an essential prerequisite for the introduction of DAC and ERTMS is adequate rolling stock. Initial evaluations of the European DAC Deployment Project show that 30% of the existing wagon fleet cannot be retrofitted with DAC, not considering the part of the fleet that must be scrapped due to its age.

A significant portion of the rolling stock in rail transport in Europe has already reached the end of its service life or is approaching it in the next 10 years. Freight wagons, in particular, are often too old for retrofitting to introduce innovative technologies - either from a technical perspective or because wagon owners would not implement expensive technology on wagons that will soon be scrapped.<sup>2</sup>

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<sup>2</sup> Abbildung 1: Europäische Kommission (2023): Studie zur Unterstützung der Folgenabschätzung zur Überarbeitung der Leitlinien der Gemeinschaft für staatliche Beihilfen an Eisenbahnunternehmen - Abschlussbericht, S. 56. Juli 2024 Seite 4

Type of rolling stock	Average number of vehicles manufactured per year	Number of active vehicles already above their useful life	Number of active vehicles which will be over their useful life in 10 years	Increase in the number of obsolete vehicles <sup>152</sup>
Freight wagons	4,441	144,730 (38%)	236,478	91,748
Passenger rolling stock	158	10,024 (44%)	17,336	7,312
Tractive rolling stock	2,849	20,440 (22%)	32,529	12,089

*Source: The Consortium based on NVR data. Note: Figures in brackets represent the percentage of rolling stock that is already above its useful life.*

The immense cost burden prevents railway companies from investing in new rolling stock. Both SMEs and large companies are in fierce price competition with the road sector, which is why investments are often postponed as long as possible.

Aid in the form of direct grants is suitable for initiating and accelerating such investments. However, the LMT guidelines only provide for investment aid for the acquisition of rolling stock in the form of public guarantees and limit the beneficiaries to SMEs and new market entrants. While small companies may face certain difficulties in the capital market, large companies have an immense financing need due to their large fleet size with a significant proportion of old rolling stock. If technologies such as DAC are to be successfully introduced across Europe, large wagon holders must be enabled to catch up on their investment backlog.

To facilitate the introduction of new technologies such as DAC and ERTMS, investment aid for their implementation must be accompanied by investment aid for the acquisition of rolling stock for freight transport. The aid should be provided in the form of direct grants. The size of a company should not be a reason for exclusion from the beneficiaries. Instead, other criteria can be introduced that provide investment aid for rolling stock for specific purposes.

#### **Investment Aid:**

#### **Less complex provisions for investment aid for the construction, modernization, and/or renewal of multimodal transport facilities and rail connections**

Although investment aid for the construction, modernization, and/or renewal of multimodal transport facilities and rail connections were not defined as aid categories in the 2008 rail guidelines, several EU member states have implemented such aid schemes, including Austria (SA.104987). As the funding study shows, the need for aid to stimulate investments in multimodal transport facilities and rail connections is high, and the impact of existing schemes has been predominantly positive.<sup>3</sup>

By including these aid categories in the LMT guidelines and the TBER, the EC consolidates state aid practices and sends a clear signal for the need for such investment aid.

However, the proposed methods for calculating the actual aid amount per project are too complex and bureaucratic. They will discourage member states from implementing aid schemes and companies from applying for aid.

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<sup>3</sup> European Commission (2023): Study to support the impact assessment for the revision of the Community guidelines on state aid to railway undertakings - Final report, pp. 45-49. July 2024

Nevertheless, it is welcome that the TBER provides exceptions to these complex methods if the aid volume per project does not exceed a certain amount. However, the set aid amount of 500,000 EUR per project for the aid category “aid for the construction, modernization, and renewal of rail connections” is too low.

In comparison, the current Austrian aid scheme for the expansion of connecting routes and transshipment terminals in intermodal transport (SA.104987) sets the maximum aid amount per project for the construction of new connecting routes at 2.5 million EUR, for the expansion of existing connecting routes at 2 million EUR, and for the optimization of existing connecting routes at 300,000 EUR.

This would mean that a future Austrian aid scheme for private railways would have to apply a significantly more complex approach to calculating the aid amount per project than before. This contradicts the Commission’s goal of creating simplification with the TBER.

To encourage member states to implement investment aid schemes for the construction, modernization, and/or renewal of multimodal transport facilities and rail connections, the provisions of the LMT guidelines and the TBER should generally be less complex. In the TBER, the threshold for rail connection projects that benefit from the simpler calculation of the aid amount should be set at 2.5 million EUR per project.

#### **Investment Aid:**

##### **Expanded definition of the term “intermodal loading units”**

The new provisions on “aid for the acquisition of intermodal loading units and cranes on board ships” in the TBER recognize the high importance of the equipment required to facilitate multimodal transport.

However, the proposed definition of “intermodal loading units (ILU)” (= “containers, swap bodies, or semi-trailers/trucks or vehicle combinations used for intermodal transport”) may be too narrow and exclude innovative technologies developed by the market.

To promote innovation in the field of intermodal loading units, the definition of ILUs eligible for investment aid in the TBER should be broader and remain open to technologies that may be developed in the future

#### **Investment Aid:**

##### **Recognition of the need for new and modernized terminals**

The TBER allows support for the construction of new and the modernization of existing terminals. This is crucial as multimodal terminals form the backbone of realizing the modal shift. They provide the necessary services for the transshipment of goods between transport modes and users. Their equipment, the condition of the infrastructure, and the facilities determine how competitive multimodal transport can be. It was recognized in the proposal for combined transport that more and modernized terminals are needed. In many cases, these will be new terminals or terminals that require extensive investments. Article 12 allows covering up to 50% of eligible costs through state aid. This percentage is considered insufficient given the scope of the challenge in certain river basins or ports. To develop the necessary terminals across Europe, a threshold of 70% of eligible costs for terminal development is needed.

**Exemption from urban and surrounding regional transport**

We welcome the clear reference in Article 2(2)(f) that services falling under the PSO Regulation (1370/2007) are excluded. However, we would like to point out that the current definition of terms in the state aid regulations, with the explicit mention of the combination with other transport modes, could have indirect effects on such services. Therefore, the inclusion of this stakeholder group remains important for these initiatives in the future.

We kindly ask for your consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S. O. P.', written in a cursive style.Two horizontal black bars redacting contact information, likely a phone number and an email address.