

CLECAT COMMENTS

Draft Land and Multimodal Transport State Aid Guidelines (LMTG) and draft Transport Block Exemption Regulation (TBER)

CLECAT, the European association for forwarding, transport, logistics and Customs services, is the leading voice on freight forwarding and logistics at the EU level. We represent and are supported by 25 member organisations, working to promote a sound approach to transport and logistics across Europe, in support of the competitiveness of our industry.

CLECAT supports the Commission's Guidelines and the draft Transport Block Exemption Regulation (TBER) as key measures for promoting sustainable land transport and achieving EU climate goals. These initiatives aim to address market failures and promote targeted investments, enhancing the EU transport sector's competitiveness without disrupting the internal market.

Freight forwarders play a vital role as intermediaries between exporters/importers and transport operators, central to the logistics chain. Achieving the EU's environmental goals requires a shift to sustainable transport modes and optimised multimodal logistics. Therefore, clear and up-to-date State aid rules are crucial for addressing market failures while ensuring that such rules maintain a level playing field, foster competition, and encourage investment in greener technologies.

Aligning the LMTG and TBER with the Combined Transport Directive (CTD)

CLECAT fully supports the reduction of emissions within transport supply chains. However, it is crucial that legislative tools such as the LMTG and TBER are aligned with other pieces of EU legislation, including the revision of the Combined Transport Directive (CTD). In this regard, we advocate for incentive intensity factors to be based on distance (or the share of distance covered by certain modes), rather than on the reduction of external costs. This approach would ensure alignment with the ongoing discussions on this topic.

Given the complexity and lack of clarity surrounding the calculation of external costs, CLECAT does not believe that access to funding should require the calculation of these reductions. Imposing such a requirement would undermine any benefits derived from the revised definition of the CTD.

Draft Land and Multimodal Transport Guidelines (LMTG)

CLECAT welcomes the draft guidelines as a significant step towards fostering a sustainable land transport sector in the EU, while ensuring that public financial support does not unduly disrupt the functioning of the internal market. A competitive and efficient sustainable transport market in the EU is crucial for meeting its climate goals. However, CLECAT emphasises that stakeholders should not become overly dependent on State aid. Therefore, we support limiting operating aid schemes to a maximum of five years and investment aid schemes to ten years.

A key aspect of the Guidelines is the aid aimed at reducing external transport costs to promote sustainable land transport solutions. Currently, price disparities influence user choices, with existing

market mechanisms falling short in effectively promoting sustainable land transport. Aid to reduce these price disparities is vital to encourage a modal shift towards greener modes of transport. CLECAT agrees that aid should only be granted when a more polluting competing mode of transport presents a commercially viable alternative to the supported mode.

However, CLECAT believes that the draft guidelines should not include restrictions based on distance travelled in relation to access to aid for freight transport. The current limitations of 800 km for rail movements in multimodal operations and 350 km for unimodal rail operations are too restrictive. In many instances, operations exceed these distances yet could still significantly benefit from access to incentives to maintain their competitiveness with other transport modes. Therefore, we advocate for the removal of distance-based limitations from the draft guidelines.

Moreover, CLECAT supports the Guidelines' emphasis on the need for infrastructure investment, particularly in railway facilities that have been neglected for decades. Constructing, upgrading, and renewing these facilities is fundamental to promoting the modal shift advocated by policymakers and stakeholders. The Sustainable and Smart Mobility Strategy (SSMS) highlights a significant lack of transshipment infrastructure, and addressing this gap is crucial for enhancing overall efficiency and sustainability in EU land transport. Aid for launching new rail and inland waterway connections will help overcome high initial costs, insufficient volumes, and operational challenges. This support is critical for reducing entry barriers and alleviating early operational losses for transport operators and organisers.

Interoperability also plays a key role in the Guidelines, with aid for investments in technologies such as the European Train Control System (ETCS) and Digital Automatic Coupling (DAC) being essential for integrating transport networks across the EU. These investments will be instrumental in supporting future traffic growth.

CLECAT fully supports the inclusion of aid for traffic forecast software, such as Estimated Time of Departure/Arrival (ETA) systems and route optimisation tools, which are vital to improving the reliability of sustainable land transport. Unreliable schedules and the lack of ETAs in rail freight are significant barriers for freight forwarders seeking to increase their use of rail freight. To this end, CLECAT supports a 50% aid threshold for these technologies to improve reliability and boost rail freight usage.

Furthermore, we believe the current draft does not sufficiently target incentives where they would most effectively reduce costs for multimodal transport. Greater emphasis should be placed on providing incentives to alleviate bottlenecks in key freight infrastructure or to lower transport costs for the final customer (e.g., State aid for rail terminal or rail transport costs). Such measures would help reduce overall transport costs for operators and end-users, aligning with key policy objectives of the Combined Transport Directive (CTD) revision and the EU's overarching goal of doubling rail freight by 2050. Incentives and the role of State aid are instrumental in achieving these objectives.

To further support the uptake and access to State aid for multimodal transport, particularly for cross-border freight, CLECAT advocates for the development of a European tool that provides a clear overview of national incentives, including application processes. While we recognise the necessity of a national approach in the application of State aid, such a tool would help companies navigate the often complex and administratively burdensome process, ultimately supporting the EU's goal of reducing transport costs.

Draft Transport Block Exemption Regulation (TBER)

CLECAT welcomes the Commission's draft Transport Block Exemption Regulation (TBER), as a vital measure to promote greener land transport modes and help achieve EU climate goals. In recent years, the rail modal share in the EU has remained stable at around 17% due to the challenges experienced by stakeholders such as cross-border missing links, inadequate technology deployment, and higher fixed costs.

CLECAT supports Article 10, which focuses on operating aid schemes to reduce external transport costs. We support the 50% maximum aid intensity for eligible costs (Article 10.5), arguing for an **additional 10% aid intensity for combined transport operations** to better support sustainable multimodal solutions in the Union (Article 10.6). However, we propose that the eligible costs should not be based on the external costs of transport operations. Additionally, we **welcome Article 11, which provides aid for launching new commercial rail freight and inland waterways connections**. The aid structure, which decreases gradually over five years, is well-designed to ensure long-term financial sustainability while addressing the initial high costs of these services (Article 11.5).

Since around 50% of rail freight crosses borders, CLECAT supports Article 16, which addresses cross-border connectivity issues by promoting investments in interoperability technologies such as ETCS and DAC. CLECAT supports a higher percentage of eligible costs for ETCS and DAC investment projects (Article 16.5), arguing that these investments are crucial for achieving a faster and more significant modal shift.

Complementing this, Article 17 facilitates investments in the technical adaptation and modernisation of vehicle equipment for rail and inland waterways transport. Freight forwarders have emphasised the need for reliable schedules and trustworthy ETA systems, identifying these as key factors that limit rail freight's potential. A lack of investment in digital technologies has made rail freight inefficient and costly compared to other modes. Addressing these issues through increased digitalisation is vital for enhancing competitiveness and encouraging market entry.

CLECAT has also called on rail freight undertakings to provide improved Key Performance Indicators (KPIs) to meet customer needs for generic data on ETA's, punctuality, and timely departures and arrivals. Therefore, CLECAT recommends increasing the aid intensity to at least 40% of eligible costs, as opposed to the currently indicated 20% (Article 17.5), to incentivise investments and adoption in reliable and efficient traffic forecast software, including ETA systems. This increase is crucial for promoting their deployment and achieving the modal shift needed for the EU to achieve its climate targets.

Lastly, CLECAT suggests enhancing the clarity of the text by including the definition of "sustainable land transport" directly in Article 2, as outlined in point 54.ii of the Guidelines. Currently, Article 10.2 of the TBER states that "*aid shall be provided to transport operators and/or transport organisers choosing sustainable land transport solutions,*" but the term is not defined within the Regulation itself. We believe that incorporating this key definition directly into the text of the TBER, rather than requiring consultation of the Guidelines, would provide greater clarity, especially in relation to the aid eligibility provisions in Article 10.2.

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