

POSITION PAPER

TRANSPORT BLOCK EXEMPTION REGULATION AND GUIDELINES ON STATE AID FOR LAND AND MULTIMODAL TRANSPORT

On 18 June 2024, the Commission published for public consultation a draft Transport Block Exemption Regulation ("TBER") and draft Guidelines on State aid for land and multimodal transport ("LMTG"). The draft TBER deals with State aid measures granted in the rail, inland waterways and multimodal transport sectors that meet the needs of transport coordination. If such State aid measures meet certain conditions, they should be exempted from the notification obligation laid down in Article 108(3) of the Treaty. The draft TBER is accompanied by the draft LMTG, which replace the 2008 Guidelines on State aid for railway undertakings ("Railway Guidelines") and provide further guidance on the assessment under Article 93 of the Treaty of State aid measures that are not exempted from prior notification under the TBER.

REMARKS AND PROPOSED AMENDMENTS BY THE IWT SECTOR

General

The Inland Waterway Transport (IWT) sector, represented by EBU, ESO and the European IWT Platform, welcomes the Commission's endeavor to support the increase of IWT's modal share and adaptation of vessels to changing navigation conditions and digitalisation through dedicated TBER and LMTG. We take the opportunity to provide feedback on these proposals which we hope will enable the Commission to better tailor the TBER and LMTG to the specific needs of the IWT sector. Both Inland Waterway Transport and Rail as sustainable transport modes are well positioned to handle significantly higher volumes of freight and passengers, thereby alleviating road congestion. Given the Commission's intent to expand the scope to include operating aid for rail, inland waterways and sustainable multimodal transport, it is important that the proposed support ensures a level playing field by applying equal thresholds and aid intensity to both rail and IWT.

More block exemptions instead of notifications

The proposed regulation and guidelines should align with the Commission's endeavor to supporting sustainable modes of transport. In its attempt to codify case practice, the currently notified and approved state aid schemes should feed into the new TBER proposals. Notifications of such schemes are highly demanding administrative processes by Member States, followed by sometimes long lasting decision-making processes at the Commission. Although the number of cases is limited, they should be guiding the current proposals, establishing the criteria and aid intensities that have already been approved and have proven effective leading to successful support schemes. These kinds of programmes should be block exempted under the TBER, allowing easier deployment of funding schemes by Member States based on well-established and proven best practices.

COMMENTS/PROPOSED AMENDMENTS

Section 1 - Operating aid

Operating aid is intended to support modal shift towards more sustainable transport modes. IWT holds significant potential for modal shift offering a substantial reduction in greenhouse gas (GHG) emissions. Therefore, to maximize these benefits, the criteria for support should consider the following key aspects . **Article 10: aid to reduce external costs of transport**

1. **Methodology:** according to the proposal, the calculation of the avoided external costs should be based on the Commissions Handbook on external costs of transport from 2019. However, the methodology in this handbook is outdated, resulting in an underestimation of the external costs avoided by IWT. In practice, actual costs deviate significantly from the calculation based on the Handbook's assumptions. Therefore, a more tailored solution is needed – one that reflects the real external costs associated with IWT.
2. **Distance threshold for aid eligibility:** Paragraph 6 sets different distances thresholds for rail (800 km) and IWT (375 km), beyond which aid would not be granted. There is no clear justification for such a significantly lower threshold for IWT compared to rail, which appears arbitrary. Given the high transshipment costs in multimodal transport, the modal shift towards IWT only becomes competitive at distances greater than 350 km. Therefore, the distance threshold for IWT should be reconsidered and aligned more fairly with rail transport.
3. **Aid intensity:** Due to the high additional costs associated with transshipment in multimodal transport, the aid intensity should be increased to up to 75 % to make IWT a more viable competitive option
4. **Combined transport versus multimodal transport:** The new instruments aim at supporting the European Green Deal Goals of shifting more transport to sustainable modes of transport. **However**, combined transport, as defined by the ECMT and Directive 92/106, only applies to the movement of goods in the same loading unit. This definition does not align with the reality of IWT, where over 80% of goods are bulk and breakbulk cargo. The greatest potential for modal shift lies in these market segments, such as construction materials, waste, oversized cargo, renewables energy components. etc. These sectors represent a significant societal burden when moved by road, particularly in urban areas. Additionally, emerging markets like palletized goods, which are not moved in intermodal loading units, but handled by cranes, present new opportunities for IWT. Intermodal transport by inland waterways currently has and will likely maintain only a small share of overall inland waterway transport. In some countries, the necessary infrastructure to support intermodal services via inland waterways does not exist. Therefore, the new instruments should prioritize multimodal rather than limiting support to combined transport as defined in Directive 92/106.

Article 11: Aid to launch new commercial connections

Level playing field:

1. Paragraph 1 refers to aid schemes to launch new commercial rail freight and inland waterways freight. Paragraph 2 does not mention IWT cross-border and/or long-distance passenger connections which also should be included in the scope of the proposal.

2. The aid foreseen under par. 2. should be extended not only to railway undertakings but also to IWT undertakings to ensure equal support for both sustainable modes.

Section 2 – Investment aid

Bridging financial gaps

Innovative solutions in IWT are highly capital intensive. The IWT sector is prepared to take the necessary steps in the transition towards zero emissions and to take over significantly higher volumes of freight and passengers. However, this will only be possible if the necessary framework are put in place to support the transition

However, to support the adaptation of vessels to **changing navigability conditions, such as low water conditions, improved hydrodynamics and efficiency** state aid programs are essential to meet the sector's significant investment needs. The high environmental and societal benefit of shifting transport from road to inland waterways are substantial and justify the public funding.

These investment costs currently are not characterized by return on investment which demonstrates a market failure.

Article 14 TBER and par. 160 LMTG: Aid for the acquisition of vehicles for rail or inland waterways transport

Par. 4 Acquisition of vessels: Given the huge investment costs for vessels such guarantees might not be sufficient. To stimulate adaptation of the fleet grants and lower interest rates are indispensable

Article 16 Aid for interoperability

Different aid intensities

Different aid intensities are foreseen for ERTMS & DAC compared to other rail and IWT interoperability investments, such as vessel adaptation to changing navigability conditions and RIS (River Information Services). Moreover, the aid intensity for investments in zero-emission ships (acquisition and retrofit) under the General Block Exemption Regulation (GBER) is higher than the aid intensity under Transport Block Exemption Regulation (TBER) for investments in climate-proof vessels.

Given the significant investment required to adapt vessels to changing navigability conditions, the aid intensity should be increased to 80 %, in line with what has been approved under previously notified programs¹

¹ German Richtlinie-Verlagerung zur Förderung der nachhaltigen Modernisierung von Binnenschiffen zur Verlagerung von Güterverkehr von der Straße auf die Wasserstraße 2. November 2023: addresses modal shift by means of Digitalisation and Automation to improve safety and/or environmental performance (Art. 2.1), energy efficiency (Art. 2.2) and optimisation to improve low-water resilience by at least 15cm (Art. 2.3) including aft-ship or bow replacement or retrofitting of a flexunnel. Article 2.4 covers adaptation of cargo holds for new markets and modal shift. Funding intensity can be up to 80% of eligible costs for all categories, low-water resilience even for big shipping companies.

France: PAMI, part B, subpart B1 : Commission approved in this case higher threshold than in previous PAMI further to arguments by FR government that such subsidies were necessary.

Netherlands: 20% large, 40% medium and 50% small enterprises

Art 17: Investment aid for modernisation of vehicles and equipment for sustainable multimodal transport:

aid intensity: As previously mentioned, the investment costs associated with sustainable multimodal transport of the IWT fleet are high and currently do not lead to a return on investment.

Therefore, the proposed aid intensity of 20 % is far too low to effectively stimulate modernisation of vessels for sustainable transport. Based on current experience, the aid intensity should be increased to cover up to 80 % of the investment costs, depending on the size of the undertaking (with reference to footnote under Article . 16)

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EBU

The European Barge Union (EBU) represents the inland navigation industry in Europe. Its members are the national associations of barge owners and barge operators of the leading European inland navigation countries (Austria, Belgium, France, Germany, Luxemburg, Netherlands, Romania and Switzerland) as well as other organisations affiliated as corresponding members. www.ebu-uenf.org

ESO

The European Skippers Organisation is the voice of the independent Inland Waterway Transport entrepreneurs. ESO looks after the interests of the barge owners at European level with representatives from six European countries (Belgium, France, Germany, Netherlands, UK and Poland) www.eso-oeb.org

European IWT platform

As an executive body of EBU and ESO, the European IWT platform aims at a stronger positioning of Inland Navigation in European and national transport policies by an intensified contribution to various governing bodies, working parties and standard setting committees like CESNI and ADN
www.inlandwaterwaytransport.eu