



Transport Block Exemption Regulation and Guidelines on State aid for land and multimodal transport

POSITION PAPER VOIES NAVIGABLES DE FRANCE

20 September 2024



As a public body, Voies navigables de France (VNF) is supporting inland waterway transport through two funding programmes (PARM and PAMI). It recognises the importance of state aid rules to ensure a well-functioning internal market. At the same time, the necessary twin transition requires adapting the EU framework to encourage Member States to invest in the green and digital transition.

As a result, VNF supports the EC proposal to create a Transport Block Exemption Regulation (TBER) and guidelines on State aids for land and multimodal transport, insofar as they represent opportunities to further simplify procedures.

However, some conditions laid down in the current proposal risk excluding aid programmes that are currently authorised, even though they meet the objectives of the European Union.

VNF is therefore putting forward proposals to make these conditions more flexible, and to ensure that procedures are genuinely simplified in the interests of effective transport coordination and modal shift.

EXECUTIVE SUMMARY:

- **Considering the Green Deal, VNF sees as a positive evolution to simplify rules and create a dedicated Transport Block Exemption Regulation (TBER).** TBER should provide an opportunity to simplify procedures and secure existing aid schemes over the long term, by enabling them to benefit from the exemption scheme.
- **VNF welcomes the EC proposal for guidelines on State aid for land and multimodal transport.** It is an opportunity to clarify the rules governing the notification of state aid for transport coordination purposes and to enlarge the rules to all transport modes, including inland waterway transport.
- **VNF welcomes the provisions aimed at exempting operating aid schemes intended** for the launch of new commercial routes: these aid schemes, with their degressive intensity over time, make it possible to meet many of the needs of the inland waterway sector and thus encourage modal shift.
- **VNF questions the maximum distance of 375 km set for river freight transport operations benefiting from operating aid schemes designed to reduce the external costs of transport.** This could potentially jeopardize the competitiveness of long-distance river transport compared with other modes of transport (particularly road).
- **VNF questions the methodology used to calculate external costs for operating aid.** In order to compare external costs between different modes of transport, the proposal uses the European Commission's *Manual on External Costs of Transport* as a reference. However, this methodology is unsuitable for calculating the external costs avoided thanks to inland waterway transport, and this condition would therefore disadvantage aid programs for river operations. VNF welcomes the possibility given to Member States to justify the use of a different methodology.
- **VNF calls for the amendment of provisions which limit aid for the acquisition of transport vehicles to public guarantees.** This condition would *de facto* prohibit existing and currently authorized aid schemes (such as PAMI strand B), which grant other forms of public support, such as subsidies. The Guidelines should allow **all kinds of incentives, from tax reductions to direct subsidies**, as the Climate, Energy and Environmental Aid Guidelines (CEEAG).
- **Aid thresholds should be based on existing aids already approved or notified under Article 93 of the TFEU.** For instance, the maximal aid intensity for aids for technical adaptation and modernisation of vehicles should be raised to 30 % of eligible costs (as the PAMI) and not limited to 20% as in the current proposal.
- **VNF questions the conditions for implementing the new guidelines, which require Member States to amend their existing aid schemes authorized under the old guidelines or Article 93 of the TFEU by December 31, 2026.** Indeed, the notified aid schemes of the PARM and PAMI are authorized until the end of 2027. VNF would like clarification from the European Commission as to the date of application of the new guidelines and suggests in any case that current notifications should be applied until their scheduled expiry date.

1. WHO WE ARE



Voies navigables de France is the French navigation authority responsible for the maintenance, operation and development of the majority of France's inland navigation network. VNF is therefore a key player in promoting and operating French waterways.

Voies navigables de France has 3 main public service missions: the promotion of river logistics, assistance in regional development and comprehensive water management.

VNF, as IWW manager, is more than any other transport infrastructure manager (road or rail) aware of the climate and environmental imperatives. Through its mission of transport and water management, VNF directly faces climate risks: floods, water deficit, weakening ecosystems, threats to biodiversity.

As a result, VNF fully subscribes to the objectives of the **Green Deal** and the **Sustainable and Smart Mobility Strategy**, in particular:

- decarbonisation of transport, which must involve a significant modal shift from road to the river;
- efforts to mitigate the effects of climate change.

To this end, VNF, as a public body, has been supporting inland waterway transport through two main funding programmes:

- **SA.104364 modal shift incentive plan (PLAN D'AIDE AU REPORT MODAL - PARM)**
 - PARM promotes modal shift by reducing the costs of logistics chains, including inland waterway transport. The scheme consists in providing financial aid for feasibility studies, pilot studies and equipment purchase that incentivizes the creation of- or the increase in inland waterway traffic.
 - PARM has three sub-programs, covering a period of 5 years, from 2023 to 2027. **All are notified** to the European Commission as aids contributing to the needs of transport coordination :
 - Sub-programme A: financing of modal shift feasibility studies (EUR 1.25 m notified)
 - Sub-programme B: financing of river transport experiments (EUR 3.75 m notified)
 - Sub-programme C: financing of handling tools (EUR 15 m notified)

- **SA.104357 IW fleet modernization & innovation plan (PLAN D'AIDES A LA MODERNISATION ET A L'INNOVATION - PAMI)**
 - PAMI supports inland waterway operators in adapting their fleet to transport needs and reducing environmental and climate impacts.
 - PAMI has four sub-programs covering a period of 5 years, from 2023 to 2027. **Two of these (sub-programs B and C) are notified** to the European Commission as aids contributing to the needs of transport coordination. **The two others (A and D) are exempted** because they constitute aids for environmental protection or innovation and are therefore covered by the General Block Exemption Regulation (GBER):
 - Sub-programme A: Improving environmental performance (GBER, Art. 36, 38 and 41 => no notification)
 - Sub-programme B: Better integrating the inland waterway link into supply chains (EUR 15 m notified)
 - Sub-programme C: Supporting the incentive schemes for the development of new services (EUR 5 m notified)
 - Sub-programme D: Promoting the emergence of innovative solutions (GBER, Art 25 and 49 => no notification)

The PARM and two sub-programs of the PAMI have been **notified and approved** by the European Commission on the basis of Article 93 of the TFEU, the last time in 2023 for 5 years. These programs are therefore recognized by the European Commission as ensuring transport coordination.

2. STATE AID REVIEW IS AN OPPORTUNITY TO ENSURE GENUINE SIMPLIFICATION

VNF recognises the **importance of state aid rules** to ensure a well-functioning internal market. At the same time, the necessary twin transition requires adapting the EU framework to encourage Member States to invest in the green and digital transition.

To that end, **since 2021, VNF support the efforts of the Commission for the revision of State aid rules¹**, including the De Minimis Regulation, the adoption and regular revisions of the GBER and the new GBER for land transport guidelines on State aid for climate, environmental protection and energy 2022, guidelines on State aids for railway undertakings and the sectoral guidelines to help Member States to comply with those rules.

Indeed, these revisions contribute to **simplifying procedures** and are in line with the EU strategy for decarbonising transports but also with international strategies such as the 2018 Mannheim Declaration².

As a result, VNF supports the EC proposal to create a Transport Block Exemption Regulation (TBER) and guidelines on State aids for land and multimodal transport, insofar as they represent opportunities to further simplify procedures.

These new provisions must be consistent with the rest of the rules on state aid (GBER, CEEAG), which must be maintained.

→ **VNF calls for the General Block Exemption Regulation (GBER) to be maintained in its current format**, so that aid schemes currently exempt from notification, particularly in the fields of environmental protection and innovation, continue to be exempt in the future. This is an essential condition for the economic stability of the inland waterway sector.

3. VNF'S VIEWS ON THE EC PROPOSAL FOR A TRANSPORT BLOCK EXEMPTION REGULATION (TBER)

VNF welcomes the proposal for a Transport Block Exemption Regulation (TBER), which is the logical follow-up to the adoption of Council Regulation 2022/2586 of December 19, 2022, which enables the European Commission to adopt regulations declaring that aid to meet the needs of transport coordination is compatible with the internal market and not subject to the notification requirement.

Considering the Green Deal, **VNF sees as a positive evolution to simplify rules and create a dedicated Transport Block Exemption on the basis of Article 93 of the TFEU.**

TBER should provide an opportunity to simplify procedures and secure existing aid schemes over the long term, by enabling them to benefit from the exemption scheme.

VNF welcomes the provisions of Article 11 aimed at exempting operating aid schemes intended for the launch of new commercial routes: these aid schemes, with their degressive intensity over time,

¹ *Position paper Voies navigables de France on Guidelines on State aid for climate, environmental protection and energy 2022 (august 2021);*

Position paper Voies navigables de France on the Proposal for a General Block Exemption for Land Transport Regulation (29 october 2021);

Position paper Voies navigables de France on Guidelines on State aid for railway undertakings (29 october 2021)

² [Mannheim Declaration](#) "150 years of the Mannheim Act – the driving force behind dynamic Rhine and inland navigation", 17 October 2018

make it possible to meet many of the needs of the inland waterway sector and thus encourage modal shift.

However, some conditions laid down in the current proposal are too restrictive and would exclude programs such as PARM and PAMI from exemption, even though they meet the objectives of the European Union. VNF is therefore putting forward proposals to make these conditions more flexible, and to ensure that procedures are genuinely simplified in the interests of effective transport coordination and modal shift.

- Concerning operating aid schemes designed to reduce the external costs of transport, VNF questions the methodology for calculating external costs avoided (article 10).** According to the proposal, it should be in line with the rules and calculation method set out in the European Commission's *Manual on external costs of transport*. However, this methodology is unsuitable for calculating the external costs avoided thanks to inland waterway transport, and this condition would disadvantage aid programs for river operations. The calculation method proposed by the Manual does not take into account the specificities of the inland waterway fleet and is not representative of the reality and practice of the inland waterway sector.
- VNF questions the maximum distance of 375 km set for river freight transport operations benefiting from operating aid schemes designed to reduce the external costs of transport (article 10).** Beyond this distance limit, river transport operations would not qualify for exempted aid under the TBER. This could potentially jeopardize the competitiveness of long-distance inland waterway transport in relation to other modes of transport (notably road). Competitiveness does not depend on distance alone, but on a number of factors (freight volume, shuttle frequency, speed of service, quality of transshipment, number of load break points, etc.). Moreover, there is no universally valid 'minimum competitive distance' (or break-even point) and none of the impact studies mentions the 375km threshold for inland waterway transport. For information, the table below shows grants awarded under the 2018-2022 PARM to projects with an origin/destination distance of more than 375 km:

From	To	River Distance (KM)	PARM sub-program
Corbeil-Essonnes	Anvers a/o Ruisbroek	422	C
Varennes-s/-Seine	Radicatel	437	C
Mouy-s/-Seine	Ruisbroek a/o Lieshout	451	C
Rouen	Couvrot	487	B
Le Havre	Gand	718	B
Arles	Spycker	1150	B
Lauterbourg	Spycker	1100	B
Colmar	Zeebrugge	900	B
Sougy-s/-Loire	Tarascon	580	B
Le Havre	Bonneuil-s/-Marne	378	B
Loire-s/-Rhône	Charleroi	800	B

- VNF suggests amending Article 14 of the proposal, which restricts forms of aid for the acquisition of transport vehicles to public guarantees.** This restriction would exclude from the exemption existing, notified aid schemes (such as PAMI strand B), which grant other forms of public support, such as subsidies. As the GBER, the Regulation should allow **all kinds of incentives, from tax reductions to direct subsidies**. This is particularly relevant when the aid schemes include a selection procedure, as is the case for the PAMI, which aims to support the purchase of boats to capture traffic that would otherwise have been carried by road. This aid enables the inland waterway transport industry to have sufficient slipways in good condition and modernised, and contributes to the development of the inland waterway goods transport

market, and therefore to modal shift. Moreover, the EC proposal restricts aids to SME's, while large companies also need support.

- **VNF suggests amending Article 15 of the proposal, which provides for differentiated aid rates for intermodal loading units (30 %) and cranes (20 %).** There is no practical justification for this distinction, especially as existing, notified aid schemes provide for higher, aligned aid rates for equipment (PARM, for example, finances these schemes at between 25% and 50%).
- **Aid thresholds should be based on existing aids already approved or notified under Article 93 of the TFEU.** For instance, the maximal aid intensity for aids for technical adaptation and modernisation of vehicles should be raised at least to 30 % of eligible costs (as the PAMI) and not limited to 20% as in the current proposal (article 17).
- **With regard to operating and investment aid, VNF suggests raising to 100% the maximum intensity authorized when the aid relates to a river traffic experiment or the launch of an urban logistics project,** insofar as it is limited in time and concerns a small number of waterway routes. These aid schemes, like PARM's strand B, are essential to enable shippers to test river traffic and encourage them to shift part of their journeys to other modes, while at the same time improving the environmental performance of urban logistics chains.

4. VNF'S VIEWS ON THE EC PROPOSAL FOR GUIDELINES ON STATE AID FOR LAND AND MULTIMODAL TRANSPORT

VNF welcomes the EC proposal for guidelines on State aid for land and multimodal transport. This proposal is an opportunity to clarify the rules governing the notification of state aid for transport coordination purposes, in application of Article 93 of the TFEU.

VNF sees as a positive evolution to enlarge the rules to all transport modes, including inland waterway transport. It is a factor in the recognition and security of State aid schemes for inland waterway transport. The guidelines adopted in 2008 do not apply to inland waterway transport, and notifications in this sector are governed solely by the decision-making practice of the European Commission, which authorizes State aid (such as PARM or PAMI) directly on the basis of Article 93 of the TFEU.

These new guidelines should make it possible to set clear criteria for the compatibility of aid, provide visibility for operators and strengthen the competitiveness of the inland waterway sector, which has significant potential for modal shift and greenhouse gas reduction, provided that its SMEs (which makes up the majority of the sector in Europe) continue to be supported in adapting and modernizing their fleets.

VNF welcomes the provisions of section 4.2.1.2 of the guidelines aimed at exempting operating aid schemes intended for the launch of new commercial routes: these aid schemes, with degressive intensity over time, in fact make it possible to meet many of the needs of the river sector and thus encourage modal shift.

However, the conditions laid down in the current draft guidelines call into question current notified schemes, in particular PARM and the two PAMI sub-programs. VNF is therefore putting forward proposals to adjust these guidelines, with the aim of securing existing notified aid schemes and ensuring economic visibility and stability for beneficiary companies in the river sector.

- **VNF questions the maximum distance of 375 km set for river freight transport operations benefiting from operating aid schemes designed to reduce the external costs of transport (section 4.2.1.1, point 96).** This could potentially jeopardize the competitiveness of long-distance river transport compared with other modes of transport (particularly road).
- **VNF questions the methodology used to calculate external costs for operating aid (section 4.2.1.1, point 104).** In order to compare external costs between different modes of transport, the proposal uses the European Commission's *Manual on External Costs of Transport* as a reference. However, this methodology is unsuitable for calculating the external costs avoided thanks to river transport, and this condition would therefore disadvantage aid programs for river operations. However, VNF welcomes the possibility given to Member States to justify the use of a different methodology.
- **VNF calls for the amendment of point 160 of section 4.2.2.3 of the new guidelines, which limits aid for the acquisition of transport vehicles to public guarantees.** This condition would *de facto* prohibit existing and currently authorized aid schemes (such as PAMI strand B), which grant other forms of public support, such as subsidies. The Guidelines should allow **all kinds of incentives, from tax reductions to direct subsidies**, as the Climate, Energy and Environmental Aid Guidelines (CEEAG).
- **Aid thresholds should be based on existing aids already approved or notified under Article 93 of the TFEU.** For instance, the maximal aid intensity for aids for technical adaptation and modernisation of vehicles should be raised to 30 % of eligible costs (as the PAMI) and not limited to 20% as in the current proposal of new guidelines (section 4.2.2.5, point 194).
- **VNF questions the conditions for implementing these new guidelines (section 9, point 259), which require Member States to amend their existing aid schemes authorized under the old guidelines or Article 93 of the TFEU by December 31, 2026.** Indeed, the notified aid schemes of the PARM and PAMI are authorized until the end of 2027. VNF would like clarification from the European Commission as to the date of application of the new guidelines and suggests in any case that current notifications should be applied until their scheduled expiry date.