

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

### **Public consultation**

Contribution by INE

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**Inland Navigation Europe (INE)** is the European platform of national & regional waterway authorities and organisations promoting waterway transport, established in 2000 with the support of the European Commission. INE is a neutral platform without commercial interests.

INE welcomes the draft state aid texts on the coordination of transport which now includes inland waterway transport. This is an important development to help support the modal shift goals of the EU Green Deal.

Nevertheless, we have a number of comments and proposals for changes which take account of the specific characteristics in inland waterway transport. Under the draft TBER, certain types of operating and investment aid will be exempt from notification which will significantly cut administrative burden for authorities and provide faster access to funding for undertakings engaging in positive policy behaviour which is hampered by market failure.

The TBER is therefore a very important policy instrument. Given stretched human resources, authorities will not engage in the burden of lengthy notification procedures when aid ceilings are set too low or framework conditions too heavy, which would unfortunately negatively affect modal shift perspectives.

#### **1. Operating aid to reduce external costs (LMTG 4.2.1.1. – TBER article 10)**

- **EC Handbook on external costs:** The drafts propose that the calculation of the avoided external costs should be based on the Commissions Handbook on external costs of transport from 2019. The methodology used in this handbook is outdated, leading to too low external costs avoided in IWT. The Handbook will be updated by the Commission by end 2025. We strongly advocate that IWT specific parameters such as type of vessel, engine (incl. hybrid engines), fuels and voyages are adequately taken into account in order to avoid unnecessary notifications only because authorities would have to resort to more accurate calculation methods.
- **Higher aid intensity for combined transport:** The new instruments aim at supporting the European Green Deal Goals of shifting more transport to sustainable modes of transport, whether this is in the form of multimodal or combined transport. Combined transport according the ECMT definition and the definition in directive 92/106 only concerns transport in the same loading unit where the major part of the European journey is by rail, inland waterways or sea and any initial and/or final legs carried out by road are as short as possible (although the definition under the combined transport directive to be adopted has not been agreed yet). In the case of multimodal transport, the movement of goods does not necessarily take place in one and the same loading unit, the goods can be bulk, breakbulk, pallets transhipped from vehicle onto vehicle. Over 80% of goods moved by inland waterway transport are bulk and breakbulk cargo, hence not moved in the same loading unit across

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modes. It indicates that the modal shift potential lies mainly in these market segments for inland waterways, such as construction materials, waste, outsize transport, renewables etc. which present a high societal burden by road transport in urban areas. Other promising markets are pallets not moved in intermodal loading units, but handled by cranes.

Combined transport has and will keep a small share in overall inland waterway transport. In some countries, conditions are not even available to set up combined transport such as container services by inland waterways. We therefore strongly advocate against the favourable treatment of combined transport to the detriment of other forms both in the TBER and the combined transport directive under revision as it will be discriminatory for inland waterway transport and limit the potential modal shift which is promoted by the EU Green Deal. We strongly plead for the same aid intensity for all multimodal transport aid schemes in the TBER where the major part of the European journey is by rail, inland waterways or sea and any initial and/or final legs carried out by road are as short as possible.

- **Break-even distances:** According to article 10. 6 (TBER) and paragraph 96 (LMTG), there are different distances for rail and IWT above which aid would not be granted (800km for rail, 375km for IWT in multimodal transport - 350km for rail and 375km for IWT in unimodal transport). Real life examples show there is no argument that would justify a significantly lower distance for IWT compared to rail because several IWT operations cover more kilometres before turning break-even. Moreover, distance is not the only parameter which determines whether an operation turns break-even, other parameters have to be taken into account as well, such as load factor, transshipment costs, waiting times, turnaround time, regularity of service for containers, etc. Authorities should be able to take all relevant parameters into account in order to authorise state aid or not.

## **2. Operating aid for new commercial connections (LMTG 4.2.1.2. – TBER article 11)**

INE welcomes the possibility of operating aid for new commercial connections for IWT freight under the TBER. In addition, we plead to extend the aid to new IWT passenger services.

## **3. Investment aid for construction, upgrade and renewal of multimodal transport facilities and terminals (LMTG 4.2.2.1. – TBER article 12)**

INE welcomes the possibility of investment aid for superstructure under the TBER. Article 12 allows for up to 50% of the eligible costs to be covered by state aid. This percentage is deemed insufficient given the serious backlog in investment in certain river basins or ports. In order for Europe to have a network of terminals ensuring cost-effective, modern and swift transshipment supporting the modal shift goals, a 70% threshold of eligible costs for terminal development would be more appropriate.

## **4. Investment aid for the acquisition of vehicles (LMTG 4.2.2.3. – TBER article 14)**

INE welcomes the fact that this proposed measure can be cumulated with grants under the CEEAG and GBER.

We however suggest amending the draft text which restricts forms of aid for the acquisition of transport vehicles to public guarantees. This restriction would exclude from exemption existing, notified (such as the FR PAMI strand B which aims to support the purchase of vessels to capture traffic that would otherwise have been carried by road), but also future aid schemes which

would grant direct subsidies. As the GBER and the CEEAG, the TBER and LMTG should allow all kinds of incentives, from tax reductions to direct subsidies in the case of competitive bidding. This aid would contribute to the development of new markets and therefore to modal shift.

**5. Investment aid for the acquisition of intermodal loading units (ILUs) and cranes on board of vessels (TBER article 15)**

The draft TBER proposes different aid intensities for the eligible costs for ILUs and vessel cranes. A different rate of aid for the purchase of this equipment is not immediately understandable. INE proposes to set one max. aid intensity rate for both at 30%.

**6. Investment aid for transport information systems and interoperability technologies (LMTG 4.2.2.4. – TBER article 16)**

The Commission proposes aid intensities up to 80% for ERTMS & DAC while very capital-intensive investments for climate proof and automated vessels for which there is a market failure are limited to 50% of eligible costs, but they have an important impact on transport choice and modal shift. INE advocates an aid ceiling of 80% for climate proof and automated vessels.

**7. Investment aid in the adaptation and modernisation of vehicles (LMTG 4.2.2.5. – TBER article 17)**

According to article 17.5 (TBER) and paragraph 205 (LMTG), an maximum aid intensity of 20% is proposed for the adaptation and modernisation of vessels. As mentioned above, investment costs in transport innovation are very significant and currently do not have a return on investment which is considered a market failure. The proposed aid intensity is not sufficient to support the renewal of the fleet. Given the higher aid intensities by national aid schemes approved by the European Commission, we recommend that the new instruments consolidate current state aid practice and propose an aid intensity between 50% and 80% of eligible costs under competitive bidding.

**8. Impact of LMTG and TBER on existing state aid schemes still in force in 2026-2027:**

Paragraph 259 mentions that Member States should amend existing aid schemes no later than [31 December 2026]. A transition period of 1 year is very short. A two-years transition period would be the absolute minimum.

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