

Rail sector's joint statement on the EU Taxonomy initiative

This Statement has been jointly prepared by the associations Community of the European Railways and Infrastructure Companies (CER), European Rail Infrastructure Managers (EIM), European Rail Freight Association (ERFA), International Union of Wagon Keepers (UIP) and European Rail Supply Industry (UNIFE): hereinafter: "the European rail sector".

With the present Joint Statement, the European rail sector aims to highlight its common views and priorities on the EU taxonomy for sustainable activities. This document is attached to our feedbacks to the public consultations on the draft delegated act establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

- The European rail sector shares the ambition of the EU Taxonomy Regulation to define EU-recognised criteria for identifying sustainable activities, guiding investors and financial institutions – consistently with the action plan on "financing sustainable growth" (2018) and the European Green Deal (2019).
- Rail is the greenest mode of mass transportation. The achievement of the climate-neutrality ambition by 2050 passes necessarily through the decarbonisation of the transport sector. Rail, which has been steadily reducing its emissions while increasing its energy efficiency, is essential to contribute to a cleaner transport paradigm.
- Our sector's environmental assets are key to navigating the transition to a lower-and-lower carbon economy. Therefore, we consider that rail-related economic activities, for infrastructure and operations, as well as for the manufacture of products and technologies, should all be considered compliant with the minimum criteria to be considered environmentally sustainable.
- We strongly believe in driving companies, institutions and businesses towards sustainable choices. In order to channel investments towards greener projects and financing solutions, the Taxonomy's regulatory framework must enable a usable, fair, verifiable and reliable comparability between the different economic activities – and, as a consequence, between the different modes of transport.
- Art. 19(3) of the Framework Regulation (2020/852) states that the technical screening shall include criteria for activities related to the switch to climate-neutral mobility, including through modal shift, efficiency measures and alternative fuels. Granted, the taxonomy should aim towards modal shift as a means of contributing substantially to Europe's environmental objectives.
- We reiterate our disappointment that no rail sector's representatives were made part of the expert group "Platform on Sustainable Finance". We invite the Commission to identify all meaningful ways to effectively involve our sector and its supply industry. The involvement should not be limited to the process leading to the final approval of the delegated act, but also include any possible future revisions and the application of the Regulation in practice.

We, the European rail sector, reaffirm our readiness to work together with EU Institutions and Member States to make the Taxonomy a success. Our main recommendations to the draft delegated act can be found in ANNEX I on the next page.

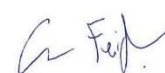
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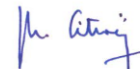
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Annex I – Recommendations on the draft delegated act

Transversal recommendations – Conceptual definitions and metrics

- Some rail-related economic activities are defined as “transitional” whereas others are defined as “enabling”, leading to potential inconsistencies across the text.
 - Rail passenger and freight operations with only zero-emission equipment should not be classified as a transitional activity. Rail infrastructure, services and manufacturing-related activities save CO2 emissions and actively contribute to climate mitigation. Rail infrastructure, services and manufacturing-related activities should therefore be classified as an “enabling”
 - The classification as a transitional or enabling activity should not prevent related R&D activities from being eligible under the Taxonomy.
 - A clarification should be made on the distinction between transitional/enabling/ unclassified activities.
 - Furthermore, consistency needs to be established for defining railways (e.g. “railway” instead of “railroad”) in the Taxonomy, which should take definitions from the Directive (EU) 2016/797.

- Fair treatment is essential when comparing different transport modes, and this should also be achieved through the metrics. The horizontal metric proposed – direct (tailpipe) CO2 emissions – falls short in ambition in assessing the overall environmental efficiency of transport modes.
 - We support an approach which moves beyond mere CO2, through the whole life-cycle according to CO2e/passenger and tonne km. This would be in line with international standards and with a proper definition of “carbon neutrality”.
 - The metric CO2e/passenger and tonne km, embracing the whole spectrum of GHG emission, was included in the TEG final Report and should be considered in the Delegated Act. This already complies with the emissions methodology of the railway sector, managed by UIC¹.
 - All CO2e impacts of the entire energy supply chain should be considered – e.g. resource extraction, manufacturing, treatment, distribution, utilisation and disposal of pollutants.

Transversal Recommendations – Description of the Activities and related Criteria

- The maintenance, enhancement, renewal and upgrade of rail vehicles and rail infrastructure shall be considered as a sustainable economic activity.
 - We recommend the addition of a general statement in this regard *under “manufacture of low-carbon technologies for transport”, “Manufacture of other low carbon technologies” and “infrastructure for rail transport”*.
 - We recommend the inclusion of NACE Codes C.33.1.7 “Repair and maintenance of other transport equipment” and H52.2.9 “Other transportation support activities”.

- Railways should be addressed at the system-level, with the economic activities related to rail operations properly covered in the Taxonomy. Railway stations and train depots, essential to enable rail transport, shall be included within the perimeter of sustainable activities.
 - We recommend the inclusion of a reference to other fundamental infrastructure supporting transport activities, not covered by NACE codes, under *“infrastructure for rail transport”*.

Manufacture of low-carbon technologies for transport	Manufacture of other low carbon technologies	Infrastructure for rail transport
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¹ UIC Environment Strategy Reporting System (ESRS)

<p><u>Description of the activity</u></p> <p>Manufacture of low carbon transport vehicles, fleets and vessels and key components, as well as their repair, retrofitting, maintenance and modernisation.</p> <p>The activity is classified under NACE codes C.27.1.1, C.27.9.0, C.29.1.0, C.29.2.0, C.30.1.1, C.30.1.2 C.30.2.0, C.30.9.1, C.30.9.2, C.30.9.9, C33.1.7 and H52.2.9 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006</p> <p>[...]</p>	<p><u>Description of the activity</u></p> <p>Manufacture of low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy.</p> <p>The activity is classified under NACE codes from C10 to C33, and NACE code H52.2.9 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006</p> <p>[...]</p>	<p><u>Description of the activity</u></p> <p>Construction, enhancement, operation and maintenance of rail vehicles, railways, and subways and key components as well as bridges and tunnels, and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.</p> <p>The activity is classified under NACE codes C.33.1.7 F42.12; F42.13; F71.1, F71.20, and F43.21 and H52.2, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006. Other fundamental infrastructure supporting transport activities not covered by NACE codes above such as railway stations and train depots are also eligible.</p> <p>[...]</p>
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- The activities related to the manufacture and operation of rail transport vehicles should be clarified.
 - We recommend that locomotives (in addition to trains, passenger coaches and wagons) and hybrid propulsion system (in addition to bi-mode) are covered by the Taxonomy.

Manufacture of low-carbon technologies for transport	Passenger interurban rail transport	Freight rail transport
<p><u>Substantial contribution to climate change mitigation</u></p> <p>The economic activity manufactures:</p> <p>(a) Locomotives, trains, passenger coaches and wagons that have zero direct (tailpipe) CO₂ emissions;</p> <p>(b) Locomotives, trains, passenger coaches and wagons that have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure, and use a conventional engine where such</p>	<p><u>Substantial contribution to climate change mitigation</u></p> <p>The activity complies with one or both of the following criteria:</p> <p>(a) Locomotives, the trains and passenger coaches have zero direct (tailpipe) CO₂ emissions;</p> <p>(b) Locomotives, the trains and passenger coaches have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not</p>	<p><u>Substantial contribution to climate change mitigation</u></p> <p>The activity complies with one or both of the following criteria:</p> <p>(a) Locomotives, the trains and wagons have zero direct tailpipe CO₂ emission;</p> <p>(b) Locomotives, the trains and wagons have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (hybrid or bimode propulsion systems).</p>

<p>infrastructure is not available (hybrid or bimode propulsion system); [...]</p>	<p>available (hybrid or bimode propulsion systems [...]</p>	
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Activity-specific Recommendations – Freight Rail Transport

- We question that the trains and wagons dedicated to the transport of fossil fuels are excluded from the perimeter of the sustainable activities.
 - Both the definition of “fossil fuels”, and the wording “dedicated” referred to trains and wagons, are potentially very broad, generic and ambiguous, and leave room for different interpretations. We strongly recommend a clarification of the concepts and definitions considered, for example by using the wording of “exclusively dedicated” instead of only “dedicated”.
 - There should be a clear conceptual separation between the activity of the actual operation of the “carriage”, performed by the train operation itself, and from the cargo that is being transported. The environmental assessment should be based on the actual impact of freight train operations – which does not concern the type of load being mentioned.
 - The impact of the generic definition of “fossil fuels” on freight transport operation has been underestimated. According to Eurostat data, the provision, as it stands, would negatively affect at least 80 billion tonne-kilometers² performed by rail for the transport of coke and refined petroleum products as well as coal and lignite; crude petroleum and natural gas (representing 20% of total rail freight) and the operations of almost 62’000 wagons operated by private wagon keepers in Europe.
 - Transport of fossil fuels is to gradually decrease but railway remains the most carbon efficient and safest way to transport them. Excluding transport of fossil fuels from the taxonomy risks creating a shift to more polluting modes of transport for the transport of fossil fuels.
 - Rail has a key role in dangerous goods transportation, for example when it comes to transporting waste from nuclear energy. It will therefore be important to clarify the nuclear energy in the Taxonomy, including its waste transportation.

Activity-specific Recommendations – Infrastructure for rail transport

- As explained above, we question the fact that rail infrastructure dedicated to the transport of fossil fuels is excluded from the perimeter of sustainable activities.
 - Coherently with our previous point under “freight rail transport”, we stress that there should be a clear conceptual separation of the actual operation of “carriage” performed by the train on the infrastructure, from the load being transported.
 - How the infrastructure effectively dedicated to the transport of fossils fuels will be identified – and against which parameters – must be clarified. We strongly recommend a clarification of the concepts considered, for example by using the wording of “exclusively dedicated” instead of only “dedicated”.
- The criteria defining the economic activity refers to the “Interoperability Directive” (EU) 2016/797, which includes in its scope mainline railways. The exclusion from the criteria of urban rail (i.e. metros, tramlines, light-rail) should be avoided.

² Data from EU 25 + UK + Norway + Switzerland taken from Eurostat: Goods transported by RAIL by group of goods - from 2008 onwards based on NST 2007 (https://ec.europa.eu/eurostat/databrowser/view/RAIL_GO_GRPGOOD_custom_354990/default/table?lang=en)

economic activity to cover equivalent traffic management systems for urban mobility.

Infrastructure for rail transport

Substantial contribution to climate change mitigation

The activity complies with one of the following criteria:

(a) the infrastructure (as defined in Annex II.2 to Directive (EU) 2016/797 of the European Parliament and of the Council) is either :

(i) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;

(ii) trackside infrastructure and associated subsystems where there is a plan for electrification or the infrastructure will be fit for use by zero tailpipe CO₂ emission trains within 10 years from the beginning of the activity: infrastructure, energy, onboard control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;

(a2) equivalent traffic management systems for buses, metros and tramways (e.g. Communication-based train control (CBTC)).

[...]

Activity-specific Recommendations – Manufacture of other low-carbon technologies

- There is a lack of clarity in relation of the “best performing alternative technology/product/solution available on the market” – as mentioned among the criteria of the activity at stake. It may become cumbersome for a company to identify the best alternative solutions available on the market, considering that innovation and technologies are dynamic.
 - We suggest the European Commission to provide guidance and information on how the best alternative technology/product/solution should be considered.