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EUROPE ON RAIL

#RailRenaissance – How can the EU Recovery and Resilience Funds contribute to the renaissance of European passenger rail transport?

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The European Union has raised €672.5 billion in loans and grants to be distributed to Member States with the objective to incentivise reforms and investments which contribute to build a new post-pandemic economy and society. As expressed by the European Commission (EC) itself, the Recovery and Resilience Facility (RFF) aims to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. As a requirement to get the national Recovery and Resilience Plans (RPPs) approved by the EC, Member states have to, at least, dedicate 37% of the investments to climate action and 20% to digitalization. In this context, most countries are investing huge amounts onto resilient and green infrastructure and transportation. The Europe on Rail partners have analyzed these investments puting special attention on the funds dedicated to the railway system of seven countries (Germany, Poland, Romania, France, Spain, Italy and Portugal).

It is relevant to mention that the Recovery and Resilience funds need to be spent by 2027, therefore, long-term and large infrastructure projects can not be financed through these funds. Alternatively, most countries are taking advantage of the money available to upgrade, digitalize and improve their current railway infrastructure. Infrastructure upgrades and rolling stock therefore are receiving most of the funds, followed by investments in both intermodality and freight. Improving the railway systems, its capacity, services and efficiency is key to decarbonise transportation both within and between cities. Similarly, improving intermodality connectivity and investing in rolling stock is a way to reduce CO2 emissions of freight transportation.

The following table presents the results obtained in the analysis. As it can be observed, transportation represents more than 10% of the RRF budget for the analysed countries, reaching 33% in the case of **Romania**. **Germany** is an exception here: they do not finance transportation in the RRP since they have other funds (at national level) specifically designated to these investments.

Country	Total RRF (+ loans in some cases)	Transportation	Transportation out of RRF	Rail	Rail out of Transport	Rail out of Total RFF
GERMANY	27.949.882.000 €	5.927.000 €	0,02%	727.000 €	12,27%	0,00%
POLAND	58.100.000.000 €	7.518.000.000 €	12,94%	4.023.000.000 €	53,51%	6,92%
ROMANIA	29.000.000.000 €	9.620.000.000 €	33,17%	5.000.000.000 €	51,98%	17,24%
FRANCE	40.000.000.000 €	7.700.000.000 €	19,25%	4.700.000.000 €	61,04%	11,75%
SPAIN	69.528.000.000 €	13.203.000.000 €	18,99%	6.268.000.000 €	47,47%	9,02%
ITALY	191.500.000.000 €	33.980.000.000 €	17,74%	28.710.000.000 €	84,49%	14,99%
PORTUGAL	16.644.000.000 €	1.547.000.000 €	9,29%	853.000.000 €	55,14%	5,12%

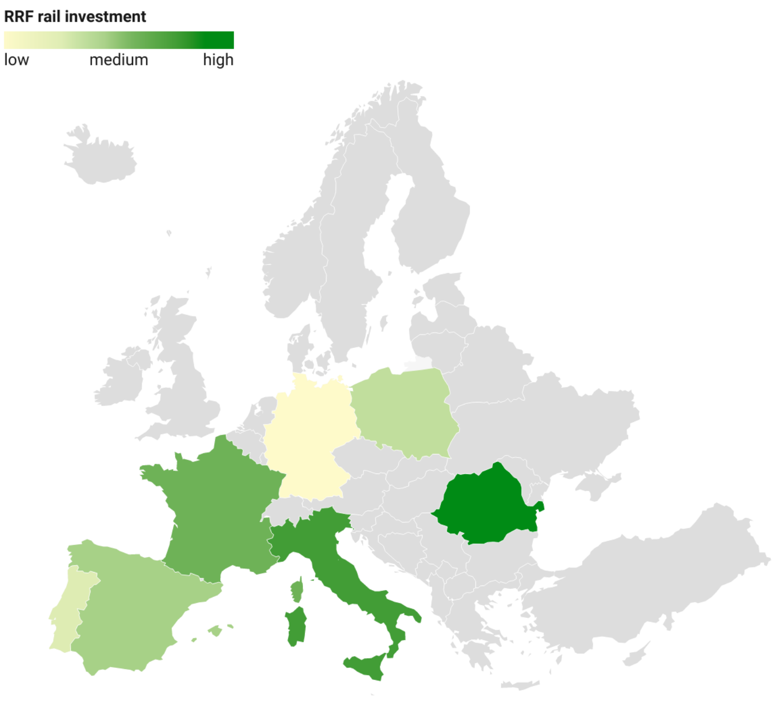
Within transportation, overall, the railway system gets at least 50% of the budget in all countries, **Italy** being the leader here with 85% of the transportation funds dedicated to rail and rail infrastructure.

At national level, the color code classifies countries into best in class (green), mid-runners (orange) and laggers (red), based on the amount of money invested in rail (it does not take into account the type of investments). If we undertake a country by country analysis of the investments the results are the following:

- **Germany** only invests 6 MEUR in transportation, of which the railway system gets around 12% (less than 1 MEUR). This money will be invested in digitalization of the rail infrastructure and in new technologies to develop alternative propulsion methods for rolling stock.
- **Poland** is classified as a mid-runner nonetheless, its investments are wise even if lower in amount than in other countries. Indeed, most of the money will be spent on the suburban rail system (2.000 MEUR) and a small fraction on intermodal connectivity. Also, they have a large fraction of the money devoted to rolling stock (1.500 MEUR).
- **Romania** is the country spending a larger part of the RRF on transportation (33%). The entire amount of money dedicated to rail will be spent on rail infrastructure, including new metro lines and suburban trains.
- **France** is the other top performer in terms of quantity invested in the railway system with 62% of the transport budget aimed at rail. In this case, 86% is dedicated to rail infrastructure (network regeneration, security and small lines maintenance). The rest of the money will be spent on new investments which include two night trains and the development of rail freight.
- **Spain's** Recovery and Resilience Plan estimates that 19% of the money is dedicated to transport, of which 48% will be dedicated to improve the railways system. Suburban trains infrastructure and digitalization will be improved as well as medium and large distance trains in an effort to finish the international connections with France and Portugal. Finally, around 10% of the budget will be dedicated to freight and intermodal connections.
- **Italy:** Italy plans to invest over 84% of the transportation budget on railway infrastructure, nonetheless these investments have to be looked at in detail since,

RRF railway investment

This graph shows the investment each analysed country will spent on railway out of the RRF funds.



Map: eco-union • Source: European Commission • Created with Datawrapper contrary to what is observed in Poland or Romania, the Italian funds will be spent on Long distance trains mainly. Also, part of the funds will be invested in hydrogen.

- **Portugal:** Portugal is a lagger in railway infrastructure investments, even if over 50% of the transportation budget is destined to rail, transport gets only 10% of the total budget. Also, Portugal only plans to invest in new metro lines in big cities.

The map above shows the railway investment as a percentage of the total investments of each analysed country. For the interactive version of the graph please click here.

It can be concluded that the recovery and resilience facility is a huge opportunity for countries to upgrade their railway system while reducing transportation greenhouse gases emissions. Nonetheless, big economic investments are not always synonymous with efficient outcomes in terms of passenger's mobility. For this reason, the deployment of these expenditures should be closely monitored to avoid unexpected consequences of not appropriately planned investments. On this issue, it should also be mentioned that most countries are investing large amounts on the electrification of road transportation which will not solve the car-dependent mobility entails, nor efficiently use natural resources due to the dependency of electric cars on critical minerals (lithium and cobalt mainly). Finding a balance between different modes of transportation is key to effectively cut transport emissions.

Finally, information on all the Recovery and Resilience Plans currently available can be found here. Within each plan, there is usually a component which deals with Transportation and another one which includes sustainable mobility in cities or metropolis (metro, suburban trains etc..).