



UIP Position Paper on the evaluation of the Implementing Regulation (EU) No. 2015/429 (NDTAC)

With this position paper, the International Union of Wagon Keepers (UIP) reiterates its support to the objective of reducing rail freight noise and would like to provide its views on the impact of the application of noise differentiated track access charges as set out in Implementing Regulation (EU) No 2015/429.

UIP representatives have been involved in the drafting of the NDTAC regulation and the topic of noise has been of increased importance for UIP during the last 10 years. Against this background, UIP strongly believes that the effectiveness of current schemes as well as the successful application of NDTAC-schemes in more EU Member States (MS) can be increased.

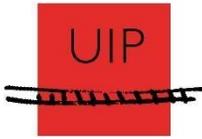
Effectiveness in incentivising the reduction of railway noise and the retrofitting of wagons

Currently, NDTAC schemes are only applied in 3 EU countries (NL, DE and AT) where it has to some extent helped to incentivise the use of retrofitted wagons on their territory rather than directly contributing to the reduction of noise. Consequently, the **NDTAC Regulation has not proven effective in reducing railway noise directly throughout Europe.**

The major barrier to wagon keepers' ability to retrofit is not only the one-off costs of retrofitting but also the ensuing higher operating costs caused by an increased wear and tear. Against this background, **NDTAC itself only represents a minimal financial contribution** to countering these rising costs as very few countries have implemented such a scheme.

Furthermore, while the NDTAC scheme incentivises primarily Railways Undertakings as they receive the bonus if they use TSI Noise compliant wagons in their trains, the costs are on the wagon keeper. According to recital 14 of the NDTAC regulation, the incentives should be passed on to those who bear the costs of retrofitting, namely the keeper. Despite this idea, **the passing on of the bonuses currently relies solely on the willingness of Railway Undertakings to enter private contractual relations with the keeper(s).** As a result, the bonuses are often not or not fully passed on, as is currently the case in DE and AT. Therefore, the overall effectiveness of NDTAC schemes as financial incentive for retrofitting wagons is even more limited.

On the contrary, the prospect of **bans at national level, like in DE and CH, have been more effective at raising companies' awareness on the need to retrofit.** National funding schemes put in place at the same time have been the main incentive for keepers as they only partially compensate the one-off costs for retrofitting.



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With the TSI Noise final text adopted on 31st of January 2019, noise limits for existing freight wagons and only allowing for the use of silent wagons on quieter routes will bring de-facto a ban at EU level by 8 December 2024. This legal requirement will on the one hand change future retrofitting behaviours but implies as well on the other hand, that financial support will continue to be provided beyond 2021 for wagon keeper's efforts to retrofit their fleet.

Despite not being fully compliant with the EU NDTAC Regulation, the Swiss NDTAC scheme is currently the only scheme with a real incentive for wagon keepers to retrofit due to the level of the bonus. In its consultation for the 2021 TAC, the **Swiss Federal Office of Transport confirmed its intention to apply a NDTAC scheme even after the entry into force of the ban on its territory in 2021**. This example should be followed at European level.

Effect on the competition between railway actors and other transport modes

To our knowledge and even if NDTAC schemes were only implemented in 3 MS and CH, it has not been perceived as affecting negatively competition between the railway actors; neither between railway undertakings, nor between wagon keepers. Instead, as the main objective of keepers is to receive the bonuses, **they have joined forces via their national associations to ensure main operators pass the bonuses** on to them. However, we must remark that a Railway Undertaking who is at the same time keeper of the wagons it uses has a clear competitive advantage when retrofitting the fleet.

With regards to the effect of NDTAC schemes on the competitiveness of rail, some countries were able to use their national schemes as a successful argument against citizen's opposition towards the construction of new rail lines due to noise concerns and thereby ensured that rail freight can continue to operate. Interpreted in such a way, the **Regulation 2015/429 has helped rail remain competitive in those countries with an existing national NDTAC scheme**.

The main element which affects competition is the fact that retrofitted wagons (being more expensive due to higher wear/tear costs) are **more difficult to lease/rent as older and cheap "noisy" wagons in markets where noise reduction is not on the political agenda**. In this sense, UIP, while understanding that one size doesn't fit all, has been very critical on the long list of national derogations introduced in the new TSI Noise.

In addition, as it might be very expensive and difficult to retrofit some wagon types (for example wagons with small wheels), **NDTAC schemes may create market distortion between different wagon types**. Combined with bans of "noisy" wagons, the shift of traffic from rail to road increases.

When it comes to the internalisation of external costs, rail actors must compensate for the costs of noise abatement strategies themselves, while NDTAC only helps to a very limited extend.

Moreover, wagon keepers only receive a compensation for their increased investment in those countries which have implemented a NDTAC scheme. This **has a detrimental effect on rail's competitiveness vis-à-vis road** where similar rules do not apply.



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Consistency with EU legal framework

With regards to the topic of noise reduction objectives in the rail sector, the NDTAC Regulation is consistent with the overall objective of noise reduction and the European legal framework, such as CEF Regulation and TSI NOISE.

Moreover, we would like to highlight the **importance of having a European NDTAC scheme defined in order to avoid the emergence of a patchwork of different schemes in the individual Member States (MS)** bringing along increased transaction costs and increased incoherence due to divergent national approaches. The lack thereof would also render it more difficult for wagon keepers to retrieve the bonuses in each MS.

We would however like to point out that the noise issue has to be viewed in the context of the transport sector as a whole. This is why, UIP calls for a more global approach including all modes of transport when it comes to the internalisation of external costs caused by noise.

Recommendations for the successful application of NDTAC schemes

On the basis of the above, UIP strongly recommends to

- **Significantly increase the level of bonuses paid under NDTAC schemes in the EU to truly incentivise the retrofitting of wagons**
- **Establish a functioning and mandatory mechanism allowing for the passing on of bonuses to those rail actors bearing the costs - the wagon keepers**
- **Continue to compensate beyond 2021 the one-off costs of retrofitting and the higher maintenance costs for retrofitted wagons due to additional wear and tear through NDTAC as incentive scheme complementing the direct funding, such as CEF and national programmes**



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Founded in 1950, the UIP – International Union of Wagon Keepers, with its seat in Brussels, is the umbrella association of national associations from fourteen European countries, thus representing more than 200 freight wagon keepers and ECMs with more than 210'000 freight wagons, performing more than 50 % of the rail freight tonne-Kilometres throughout Europe. The UIP represents the members' concerns at international level. By means of research, lobbying and focused cooperation with all stakeholders and organisations interested in rail freight transportation, the UIP wants to secure on the long term the future of rail freight transport.
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