

# VTG AG POLICY BRIEF

## HOW GERMANY’S GOVERNMENT PLANS TO STRENGTHEN RAIL – AND WHAT SPECIFICALLY NEEDS TO HAPPEN NOW

Dear Sir or Madam,

In their coalition agreement, the SPD, the Greens and the FDP have agreed to make Germany more sustainable and modern. In the transport sector, this inevitably also includes the railways – especially because rail is playing a major role in significantly reducing CO<sub>2</sub> emissions and making supply chains more stable. In fact, it is the key for achieving climate-friendly freight transport.

Germany’s federal government knows this, too, and the coalition agreement contains many statements on the importance of rail transport. We are happy about that. But for this mode of transport to realize its full potential, these words must be followed by action as quickly as possible. In this issue of our policy brief, we outline the priority issues



that need to be addressed and the specific measures that the government can take to support the rail sector.

I hope you enjoy reading this brief.

Sven Wellbrock  
Chief Operating Officer Europe & Chief Safety Officer of VTG AG

**25%**

of freight transports are to be executed via rail by 2030. This is what Germany’s government has written in its coalition agreement.

## DARE MORE PROGRESS – ON THE RAILS

The potential for more transport by rail is high, and the resulting positive impacts for the climate and society would be manifold. One prerequisite for this is having the right economic and technical framework conditions.

**“ IF BUDGETARILY FEASIBLE, THE USE OF RAIL SHOULD BECOME CHEAPER IN ORDER TO BOOST THE COMPETITIVENESS OF RAIL. (P. 39)**

When choosing a mode of transport, cost is the most important criterion for the forwarding industry. This is therefore one of the biggest levers for shifting transport from road to rail. The temporary reduction in track access prices and the introduction of CO<sub>2</sub> pricing last year were the right thing to do. They should urgently be made permanent – for fair competitive conditions between road and rail.

**“ WE WANT TO ACCELERATE THE INTRODUCTION OF DIGITAL AUTOMATIC COUPLING (...). (P. 39)**

Digital automatic coupling (DAC) has enormous potential to make rail freight transport more efficient and thereby more competitive. The problem: The savings will only be felt at the operational level once a sufficiently high number of wagons have been equipped with it. But the costs associated with doing so are very high – at around €17,000 per wagon. Some initial public financing could help achieve the needed pace.

**“ WE WANT TO FURTHER PROMOTE CT TERMINALS AND ADVANCE THE CRANABILITY OF STANDARD SEMITRAILERS. (P. 39)**

Combined transport offers the greatest potential for shifting transport from road to rail – and non-cranable semitrailers are the biggest hurdle to seamless transports. Lawmakers can remedy this situation by setting uniform technical standards. The measure and weight limits for trailers must ensure the suitability for both road and rail. This should ideally apply to all versions of trailers. We welcome the promotion of CT terminals.

## WE CAN'T DO WITHOUT IT: HIGH-PERFORMANCE INFRASTRUCTURE

Germany's government has set itself ambitious goals, particularly with regard to rail infrastructure. As we see it, this is exactly right – because it is the foundation for the entire system while also being an area that the industry cannot influence on its own. We urge you to swiftly implement the measures outlined in the coalition agreement and to allocate the necessary financial resources.

**BY 2030, WE WANT TO ELECTRIFY 75 PERCENT OF THE RAILWAY NETWORK AND SUPPORT INNOVATIVE DRIVE TECHNOLOGIES. WE WILL PRIORITIZE THE DIGITALIZATION OF VEHICLES AND TRACKS. (P. 39)**

While digitalization is a key to better utilization of infrastructure capacity, a lack of electrification is one of the biggest obstacles to the use of modern technologies. We therefore very much welcome the plans of Germany's government. But what is needed now is swift implementation. Previous governments had already made plans to electrify the railways. But the share only increased by two percentage points between 2010 and 2021. This corresponds to an annual average of roughly 65 kilometers. But to reach the target of 75 percent by 2030, it would have to be around 500 kilometers per year!

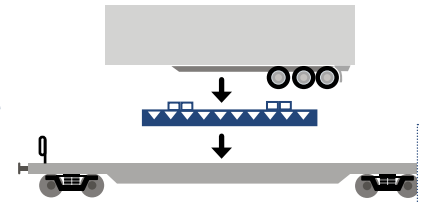
**WE WILL LAUNCH A "RAPID CAPACITY EXPANSION" PROGRAM, (...) EXPAND THE RAIL NETWORK, REACTIVATE LINES AND AVOID LINE CLOSURES, AND SET UP A RAIL ACCELERATION COMMISSION. (P. 39)**

Without an high-performing railway network, there can be no rail freight transport. It may sound banal, but this is one of the most important levers for more rail transport. Speed is of the essence here, as it takes years to get new stretches of track from the planning stage to completion. And far too little has happened so far: In 2021, just two kilometers of new railway track were put into operation on balance, compared with almost 40 kilometers between 2016 and 2021. That isn't enough! We need a major expansion of the rail network, congestion relief at the hubs and, especially there, dedicated tracks for freight traffic.

## OUR INNOVATIONS FOR AN ATTRACTIVE RAIL SYSTEM

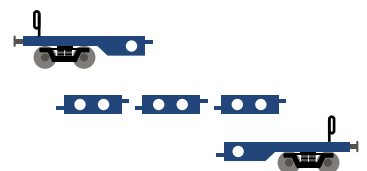
Without a doubt, policymakers can (and should) provide support. But the industry must also do its part to ensure a high-performing and efficient mode of transport. At VTG, we are focusing on new services and approaches as well as technical innovations. Three current examples:

**'ROADRAILLINK' (R2L) TECHNOLOGY:** In Europe, freight transports are mainly carried out using semitrailers – but only about 5 percent are suitable for combined transport. This prompted us, in partnership with the logistics provider VEGA International, to develop a load carrier solution to enable hitherto non-craneable semitrailers to travel by rail. In this way, goods can be shifted from truck to rail and thereby save CO2 emissions – up to 200 tons per year for every r2L loading ramp in use.



**TRAIGO:** Our platform for digital rail freight transport facilitates efficient fleet management and provides a wide range of information on transport flows, maintenance times and precise arrival times. While standard in other industries for many years, this was long not the case in the rail sector. With traigo, we are creating more transparency and better integrating rail into the supply chain of the forwarding industry.

**INNOVATIVE M<sup>2</sup> FLAT WAGON:** VTG develops together with DB Cargo the freight wagon of the future. The key: its adaptability. The flat wagon is assembled from a variety of standardized components, and various factors – such as length and braking configurations – can be selected to precisely match different operational uses. Thanks to its modular design, the superstructure of the wagon can be adapted to changing customer needs. This increases the flexibility and performance capability of the rail freight transport.



## CONTACTING VTG

We would like to engage in active dialog with you! Please feel free to contact us with all of your rail freight transport-related questions and queries. We would be delighted to assist you and provide you with any facts, figures and estimates you may require.

### YOUR CONTACT

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