

VTG GmbH POLICY BRIEF

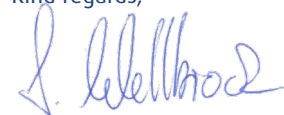
HALF-TIME SCORE FOR THE TRAFFIC LIGHT COALITION: UNLEASHING POTENTIAL TO STRENGTHEN RAIL



One thing is clear: In the two years that remain, much remains to be done if the transport policy goals enshrined in the coalition agreement are indeed to be reached. Increasing the funding earmarked for rail transport in the federal budget has met one of the necessary conditions. However, purely financial commitments create the risk that actors may settle for nice-looking numbers.

The transport transition demands action. We need fair competition and moves to reinforce combined transport – for example by constructing additional transshipment terminals. On the digitalization front, we must get forward-looking technologies such as the Digital Automated Coupling (DAC) up and running as quickly as possible. Above all, there is still an urgent need to accelerate expansion of the overall rail infrastructure. As the second half of the current parliamentary term gets underway, VTG will continue to place its expertise at the disposal of political decision-makers in government and in the Bundestag.

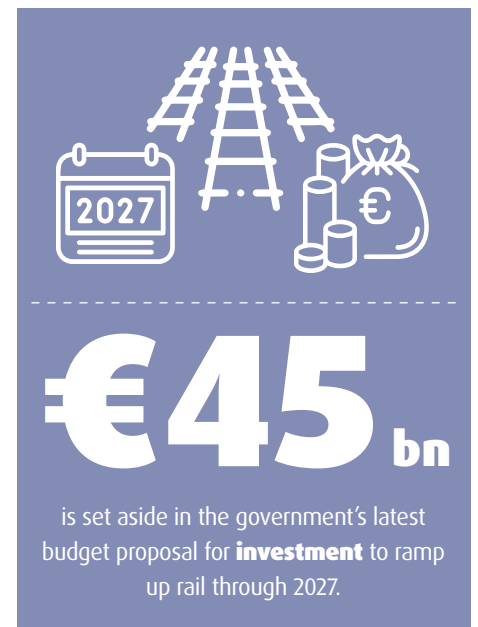
We wish you a thought-provoking read.
Kind regards,



Sven Wellbrock
Chief Operating Officer Europe &
Chief Safety Officer, VTG GmbH

Dear Sir or Madam,

Germany's traffic light coalition has reached half-time in the current parliamentary term. Since their first two years in government were taken up mostly with short-term crisis management, it is time for this Policy Brief to take stock: How well are the German government and Transport Minister Dr. Volker Wissing doing on implementing the transport transition?



€45 bn
is set aside in the government's latest budget proposal for **investment** to ramp up rail through 2027.

ACTIONS ALREADY TAKEN AND CURRENTLY IN PROGRESS

DIGITAL STRATEGY

DESCRIPTION The aim of the digital strategy ratified in August 2022 is to make rail more efficient. The future digital processes anchored in **timetable and capacity management** seek to optimize the use of limited infrastructure capacity. For example, the adoption of predictive maintenance intervals should proactively prevent rolling stock and rail tracks from experiencing technical defects, thereby improving the **performance, reliability and attraction** of rail transport. By switching from time-based to mileage-based maintenance, VTG has already taken a major step toward the nationwide deployment of technologies that, in the future, will facilitate made-to-measure maintenance for every one of our wagons.

COMMENTARY This strategy is an important element in advancing digitalization across rail freight. As things stand, however, there are still too few concrete actions and development programs. Nor has sufficient attention yet been paid to **the need for European harmonization**. Rail freight is trans-European. In particular, it is vital for implementation of the German digital strategy to make due provision for the introduction of the European Train Control System (ETCS) and digital signal boxes to ensure that digital and automated systems do not stop at national borders.

FASTER APPROVAL PROCESSES IN THE TRANSPORT SPACE

DESCRIPTION The law approved by the German cabinet in May 2023 is designed to speed up hitherto protracted planning and approval processes for the **expansion of key rail lines**. Application processes are to be **digitalized** in order to reduce bureaucracy.

COMMENTARY Rapid expansion of the rail network is essential if more freight is to be carried by rail. The new law thus sends a positive message to private rail freight providers, too, providing a secure basis for the planning of and investment in **larger railway sidings**. However, it is vital to expand the whole of the rail network, as focusing solely on high-performance corridors would limit rail's flexibility. Efforts underway in the states of Berlin and Brandenburg, for example, clearly illustrate that more is needed: A dedicated Climate Policy Acceleration Act is needed to advance the expansion of infrastructure.

AMENDMENT TO THE GERMAN RAILWAY EXPANSION ACT (BSWAG)

DESCRIPTION Passed in June 2023, the amended law should open the door to **faster, more substantial and forward-looking investment** in rail. This law forms the legal basis for investment in the government's roughly 33,800 km-long rail network.

COMMENTARY VTG welcomes this amendment to BSWAG. However, it merely creates a regulatory framework for the financing of (digital) infrastructure projects and their maintenance – projects in which the German government, too, can participate in future. The important thing now is for the amended law to **quickly take effect**, enabling **concrete projects** that preserve and expand the rail network **to be funded** as a result.

GERMAN LONG-DISTANCE TOLL ROAD ACT (BFSRMG)

DESCRIPTION In June 2023, the German cabinet accepted the draft version of a third law to amend the country's toll road regulations. Truck tolls will be graded to more closely reflect CO₂ emissions. Effective December 1, 2023, a **surcharge of 200 euros per ton of CO₂ emissions** will be introduced. The additional revenue will benefit the rail infrastructure. In contrast, emission-free trucks will be exempted from the toll until the end of 2025.

COMMENTARY While the planned legal amendments mark an important milestone, simply switching to different truck drivetrains is not enough to master the many different challenges that face freight transport. We need to **strengthen combined transport** in order to exploit the benefits of different modes of transport and take freight transport forward into a new era. Accordingly, the additional funds generated in this way must be invested in **activities to boost capacity** – by **increasing terminal capacity**, for example.

PLANNED MEASURES

NEW MOBILITY DATA ACT

DESCRIPTION The German government is currently drafting a new law to govern the provisioning, free accessibility and use of **traffic data**. To ensure seamless mobility, transport companies and mobility providers will make their raw real-time data available in line with conditions and criteria that have yet to be defined.

COMMENTARY VTG welcomes the German government's efforts to create greater transparency and planning security in the shape of the Mobility Data Act. However, the new regulations must not create a situation where **innovation and investing in information technology becomes unattractive** because the resultant data has to be made available free of charge, or because a company's own use of such data must be coordinated with customers and documented at inordinate expense.

MODERN RAIL ACT

DESCRIPTION The planned law will implement a bundle of **recommendations made by the Rail Acceleration Commission**. The commission believes that this will further simplify proof of viability and proof of use cases, as well as streamlining approval processes.

COMMENTARY The Modern Rail Act is a **unique opportunity** for the German government to give a critical boost to the rail freight transport transition. Above all, it is important to focus the law on practical application and the real needs of rail transport. The industry should therefore be deeply involved in the process.

CONTACTING VTG

We would like to engage in active dialog with you! Please feel free to contact us with all 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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