



Comparative analysis in the context of the federal aid scheme to support passenger transport by night trains covering the period 2023-2024 pursuant to the Law of 7 June 2023

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1. Introduction

This document is part of the European Commission's approval decision¹ of 12 September 2023 on the federal aid scheme to support passenger transport by night trains covering the period 2023-2024 pursuant to the Act of 7 June 2023².

The aid scheme in question takes the form of a complete reduction in the rail infrastructure access charge and energy costs (transmission and distribution costs for the supply of electric traction current, as well as the costs of supplying traction current).

This document contains a summary comparative analysis of costs (section 2) in response to § 105 of the guidelines on State aid for railway undertakings³, which states that: *“Both for aid for rail infrastructure use and for aid for reducing external costs, the Member State has to provide a transparent, reasoned and quantified comparative cost analysis between rail transport and the alternative options based on other modes of transport. The methodology used and calculations performed must be made publicly available.”*

¹ European Commission decision of 12 September 2023 on State aid case SA.105477 (2023/N), available at the following address: https://ec.europa.eu/competition/state_aid/cases1/202242/SA_102429_3043C783-0000-CB71-9E48-FF3A3D739DF1_43_1.pdf

² The entry into force of the aid mechanism was determined by the Royal Decree of 28 November 2023 on the implementing measures for the Law of 7 June 2023 on support for passenger transport by night trains. It will come into force on 1 July 2023.

³ Communication from the Commission — Community guidelines on State aid for railway undertakings, OJ C 184, 22.7.2008, available at : [c_18420080722en00130031.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2008/184/20080722en00130031.pdf)

2. Comparison of external costs between rail transport and the competing mode of transport with the highest external costs

The Commission considers that aid to reduce external costs is necessary and proportional when its intensity is less than 30% of the total cost of rail transport and remains within the limit of 50% of eligible costs.

The **cost of the subsidy** is equivalent to the costs associated with infrastructure use charges and electricity supply charges (i.e. the costs reimbursed by the Measure). The sum of the two is estimated at less than [0-10] EUR per train-km.

The **average total cost** per train-km for a night train in Belgium is estimated at EUR [30-50]. This estimate is based on data obtained from night train operators.

Generally speaking, the **eligible costs**, in accordance with § 103 of the rail guidelines, correspond to the external costs that rail transport (long distance by electric traction) makes it possible to avoid compared with competing modes of transport. § 109 of the railways guidelines on State aid explains that the point of comparison will be the mode of transport that represents the most negative externalities in relation to other potentially competing modes of transport, in this case the car (see table 1 below).

The calculation of eligible costs is based on the Commission's handbook on the external costs of transport, in its 2019 updated version.⁴

The table below contains an extract from this handbook.

Table 1: Extracts of Table 73 of the “Handbook on the external costs of transport Version 2019 – 1.1”

	Passenger transport, external cost, €-cent per passenger-km					
	Car	Bus	Motorbike	High-speed train	Train with electric traction	Diesel train
Belgium	10,9	4,2	33,4	2,6	2,8	13,9

On the basis of this table, the difference between the average external cost of the car and that of the electric train in Belgium is : $(10.9-2.8) = 8.1$ EUR-cent per passenger-km, or 0.08 EUR per passenger-km.

This amount is then converted into EUR per train-km, by multiplying it by the estimated number of passengers per night train. The external costs avoided per train-km are EUR 0.08 per passenger-km x [...] passengers per train = EUR [...] per train-km.

By combining the three answers above :

- ⇒ The amount of aid is well below 50% of the eligible cost, in accordance with § 107, b) of the said guidelines.
- ⇒ The aid expressed as EUR [0-10] per train-km is also less than 30% of the average total cost of rail transport, in accordance with § 107, b).
- ⇒ This approach, which applies the requirements of §§ 103 and 107 of the said guidelines, constitutes a transparent, reasoned and quantified analysis of the external costs avoided between rail and road transport, which makes it possible to comply, pursuant to decision SA. 105477 (cf. § 70), § 105 of the same guidelines.

⁴ European Commission (2020), ‘Handbook on the external costs of transport – Version 2019 – 1.1’, p. 163. Accessible at : <https://op.europa.eu/en/publication-detail/-/publication/9781f65f-8448-11ea-bf12-01aa75ed71a1>. See also the appendices, available at the following address: https://transport.ec.europa.eu/transport-themes/sustainable-transport/internalisation-transport-external-costs_en.