



Plenary sitting

B8-0677/2016

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MOTION FOR A RESOLUTION

further to Question for Oral Answer B8-0704/2016

pursuant to Rule 128(5) of the Rules of Procedure

on the competitiveness of the European rail supply industry
(2015/2887(RSP))

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on behalf of the Committee on Industry, Research and Energy

B8-0677/2016

**European Parliament resolution on the competitiveness of the European rail supply industry
(2015/2887(RSP))**

The European Parliament,

- having regard to the communication from the Commission ‘Europe 2020: a strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to the communication from the Commission ‘A stronger European industry for growth and economic recovery’ (COM(2012)0582),
- having regard to the communication from the Commission ‘For a European industrial renaissance’ (COM(2014)0014),
- having regard to the communication from the Commission ‘Trade for All – Towards a more responsible trade and investment policy’ (COM(2015)0497),
- having regard to the Commission White Paper ‘Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system’ (COM(2011)0144),
- having regard to the Study from the Commission ‘Sector Overview and Competitiveness Survey of the Railway Supply Industry’ (ENTR 06/054),
- having regard to the European Parliament study ‘Freight on Road: Why EU shippers prefer truck to train’,
- having regard to the question to the Commission on the competitiveness of the European rail supply industry (O-000067/2016 – B8-0704/2016),
- having regard to Rules 128(5) and 123(2) of its Rules of Procedure,

The specific nature and strategic relevance of the European rail supply industry for a European industrial renaissance

1. Stresses that the European rail supply industry (RSI), which encompasses the manufacture of locomotives and rolling stock, and track, electrification, signalling and telecommunication equipment, as well as maintenance and parts services, and which includes numerous SMEs, as well as major industrial leaders, employs 400 000 employees, invests 2.7 % of its annual turnover in R&D and accounts for 46 % of the world RSI market; stresses that the railway sector overall, including operators and infrastructure, is responsible for more than 1 million direct and 1.2 million indirect jobs in the EU; points out that these figures are a clear indication of the importance of RSI for European industrial growth, jobs and innovation, and of its contribution to the achievement of the 20 % reindustrialisation target;
2. Emphasises the specific nature of this sector, which is characterised in particular by the

manufacture of equipment with a lifespan of up to 50 years, high capital intensity, a significant dependence on public procurement and the obligation to comply with very high safety standards;

3. Recalls the essential contribution of rail in mitigating climate change and in coping with other mega-trends such as urbanisation and demographic change; urges the Commission, therefore, to support the targets for a modal shift to rail, for both passenger and freight, as formulated in the 2011 White Paper on transport with concrete policy steps and targeted investment; points out that, in line with the results of COP 21 and the EU's 2030 climate and energy targets, a shift towards rail and other types of sustainable, energy-efficient, electrified transport is necessary in order to achieve the targeted decarbonisation of transport; asks the Commission against this background to take advantage of the upcoming Communication on Transport Decarbonisation to propose new measures to support the development of energy-efficient technologies for the RSI;
4. Observes that, as a world market leader in technology and innovation, the rail supply industry has a key role to play in attaining the Commission's 20 % industrialisation target;
5. Notes that the European rail supply industry can rely on a number of favourable factors – not only the good environmental performance of this mode of transport, but also a large market and the ability to facilitate mass transport; notes, however, that today the sector is facing triple competition: intermodal, international, and sometimes even intra-company;

Maintaining global leadership of the European rail supply industry

6. Points out that the annual growth rate of the accessible RSI international markets is expected to be 2.8 % until 2019; stresses that while the EU is largely open to competitors from third countries, third countries have several barriers in place that discriminate against the European RSI; stresses that third-country competitors, especially from China, are expanding rapidly and aggressively into Europe and other world regions, often with strong political and financial support from their country of origin (e.g. generous export credits outside the scope of OECD rules); stresses that such practices may constitute unfair competition which threatens jobs in Europe; highlights, therefore, the need for a fair and level playing field in global competition and for reciprocal market access in order to avert the risk of job losses and to safeguard industrial know-how in Europe;
7. Stresses that even within the European rail market, many EU companies, especially SMEs, find it difficult and costly to operate across borders because of the fragmentation of the market, both administratively and technically; believes that achieving the objective of establishing a single European railway area will be crucial to maintaining the European RSI's global dominance;

A renewed European rail industry innovation agenda

8. Recognises the rail supply industry as a key industry for Europe's competitiveness and capacity for innovation; urges that measures be taken to ensure that Europe maintains a

technological and innovative advantage in this sector;

9. Welcomes the decision to establish the ‘Shift2Rail’ Joint Undertaking and the recent launch of the first calls for proposals; asks for swift and timely implementation of all S2R R&D activities as soon as possible; criticises the fact that SME participation in S2R is low, which is partly due to the high cost and complexity of the instrument; urges the governing board to analyse the involvement of SMEs in the second call for Associated Members and to improve on it and consider specific calls for SMEs; asks the Commission to ensure that the provisions of the regulation regarding balanced SME and regional representation are complied with;
10. Stresses that capacity for innovation, investment in research and development, defragmentation of the market and clustering are essential bases for preserving the international competitiveness of Europe’s rail supply industry;
11. Asks the Commission to fully mobilise the various EU funding instruments, to explore and exploit additional sources of financing for S2R and to seek for synergies between different EU funds and with private investments; in this context calls on the Commission to exploit additional EU funding instruments for rail technology outside of S2R (e.g. dedicated rail research calls in Horizon 2020 outside of S2R, InnovFin, CEF, Structural Funds, EFSI), including via an S2R pilot scheme that matches EU funding with structural and other EU innovation funds;
12. Asks the Commission to work with the sector to ensure the best use of the European Structural and Investment Funds (ESIF) – and in particular the European Regional Development Fund (ERDF) – for supporting rail R&D projects at regional level; encourages it also to focus on the future of RSI beyond 2020;
13. Stresses that clusters are an important tool for bringing together relevant stakeholders at local and regional level, including public authorities, universities, research institutes, the RSI, the social partners and other mobility industries; calls on the Commission to come up with a Cluster Strategy for Growth by December 2016; asks the Commission and the Member States to increase their support for innovation projects developed by rail clusters and other initiatives that bring together RSI SMEs, larger companies and research institutes at local, regional, national and European level; observes that there will need to be scope for public financing of clustering; notes in this connection the possibilities afforded by new financing instruments (EFSI etc.);
14. Believes that the Commission should consider the setting up of a forum at European level that would bring together established companies, start-ups and spin-offs which have innovative ideas for the rail sector, especially in the field of digitalisation, with a view to exchanging best practice and facilitating partnerships; believes that the Commission should consider ways to incentivise collaboration between large companies and SMEs in RSI-relevant research projects;
15. Believes that one focus of research activities should be digitalisation to increase the performance of rail and to lower its operational costs (e.g. automation, sensors and monitoring tools, interoperability, for example through ERTMS/ETCS, use of space technologies, including in cooperation with the ESA, use of big data and cybersecurity); believes that a second focus should be on increasing resource- and energy-efficiency,

for instance through more lightweight materials and alternative fuels; believes that a third focus should be on advancements which make rail transport more attractive and accepted (e.g. improved reliability and noise reduction, seamless multimodal transport, integrated ticketing); stresses that innovation efforts must not neglect the infrastructure, which is a vital element of rail competitiveness;

16. Calls for swift implementation of an integrated e-ticketing system coordinated with other transport modes and other potential services provided by single-ticket operators;
17. Draws attention to the pressing need to produce modern rail, tram and other track within the single market, together with all the necessary ancillary equipment;
18. Asks the Commission to ensure the protection of the intellectual property rights of European rail suppliers internationally – in accordance with the recommendations of the European Parliament’s resolution of 9 June 2015 on a strategy for the protection and enforcement of intellectual property rights in third countries¹;

Getting the right skills for a future-proof rail supply industry

19. Calls for a European training and education strategy that brings together RSI companies, research institutes and social partners to jointly investigate which skills are needed for a sustainable and innovative RSI; believes that a feasibility study towards a potential European Sectoral Skills Council on Rail should be launched in this context; calls on the Member States or regional bodies concerned to create a framework for providing ongoing training, in the form of an individual right to training which ensures that their skills pool is aligned with growing demand in the sector and is adaptable to a new market or, in the event of redundancies, transferable to another industrial sector;
20. Points out that, owing to an ageing workforce, the RSI lacks skilled labour; welcomes, therefore, every effort to promote lifelong learning and technical skills; calls for a campaign to increase the visibility and attractiveness of the RSI with young engineers (e.g. through ESF funding); highlights the fact that the sector has a particularly low rate of female employment, and stresses, therefore, that such a campaign should pay special attention to redressing this imbalance; calls on the Commission to encourage social dialogue in order to facilitate social innovation and foster quality long-term employment in order to contribute to the attractiveness of the sector for skilled personnel;
21. Considers that the teaching of appropriately selected skills is an indispensable investment for the purpose of maintaining the global leadership in technology, and capacity for innovation, of the European rail supply industry in the long term;

Supporting SMEs

22. Considers that access to finance is one of the main challenges for SMEs in the RSI; stresses the added value of COSME and the Structural Funds in helping SMEs gain access to funding, including in the form of guarantee and equity facilities, and highlights the need for a strengthened promotion of these instruments; welcomes the focus of EFSI on SMEs and mid-caps, but stresses that the fund now has to deliver on

¹ Texts adopted, P8_TA(2015)0219.

its promise, and points out that alternative sources of financing should be explored as well; welcomes the SME instrument under Horizon 2020, but stresses the problem of over-subscription and a low success rate; asks the Commission to tackle this problem during the midterm review of Horizon 2020; calls on the Commission to promote better absorption of EU financial instruments and funds available to SMEs;

23. Highlights that SMEs in the RSI often depend on one company; stresses that SMEs refrain from expansion because of a lack of resources and increased risks involved in cross-border business; calls on the Commission to develop Sector Groups on Rail in the framework of the Enterprise Europe Network, which could advise and train RSI SMEs on different innovation funding schemes, grants, internationalisation and on how to find and address potential business partners and partners with whom to apply for EU-funded joint research projects;
24. Asks the Commission to exploit further the existing support programmes for SME internationalisation and to give them more visibility among European RSI SMEs in the context of synergies between different EU funds; calls on the Commission to further develop training programmes on accessing specific foreign markets and to communicate such programmes widely to RSI SMEs;
25. Calls on the Commission and the Member States to consider all options for support to RSI SMEs, including in the framework of a possible targeted review of the Small Business Act, paying special attention to the needs of industrial sub-sectors such as the RSI, where the involvement of high added value SMEs is particularly important;
26. Is concerned about slow payments to SMEs in the RSI; asks the Commission to monitor the correct implementation of the EU Late Payment Directive (2011/7/EU);

Improving the European market environment for suppliers and encouraging the demand for rail products

27. Welcomes the adoption of the technical pillar of the fourth Railway Package and asks for its speedy implementation as a key enabler for a real single market for rail products; stresses that increased interoperability and a stronger role for the European Railway Agency (ERA) will facilitate the harmonisation of the network and therefore have the potential to bring down costs for the development and authorisation of rolling stock and the European Railway Traffic Management System (ERTMS) trackside; points out the need to provide the ERA with sufficient human and financial resources to realise its new extended tasks; considers that the political pillar of the fourth Railway Package will determine the competitiveness of transport operators and, more generally, of buyers;
28. Stresses the need for a full, effective and uniform implementation of the rail network for competitive freight regulation, benefiting both passengers and industry;
29. Asks the Commission to evaluate whether the current set of EU competition rules should be updated to allow for strategic partnerships and alliances on the part of the European RSI against the background of the evolution of the international rail supply market;
30. Calls for further European standardisation in the railway sector driven by stakeholders

(including the European RSI) under the leadership of CEN/CENELEC; hopes that the new Joint Initiative on Standardisation proposed by the Commission will play a key role in this respect; emphasises the importance of getting more SMEs involved in European standardisation;

31. Calls for swift implementation of the 2014 EU public procurement directives; reminds Member States and the Commission that these directives oblige contracting authorities to base tendering decisions on the most economically advantageous tender (MEAT) principle, focusing on life-cycle costs and environmentally and socially sustainable products and thus contributing to preventing wage and social dumping, as well as potentially strengthening the regional economic structure; calls on the Commission and the Member States to generally promote the whole life-cycle cost analysis as standard practice in long-term investments, to give guidance to contracting authorities and to monitor its application; calls on the Commission and the Member States to remind contracting authorities of the existence of a provision, in the context of the revised European Framework on Public Procurement, which makes it possible to reject bids if more than 50 % of the value is added outside the EU (Article 85 of Directive 2014/25/EU);
32. Calls on the Commission to monitor non-European rail investment in EU Member States and to guarantee compliance with European public procurement legislation, for example the legislation on abnormally low tenders and unfair competition; invites the Commission to make inquiries concerning potential non-European candidates who submit tenders in the EU while receiving government subsidies from third countries;

Boosting investment in rail projects

33. Expects existing EU funding instruments (e.g. CEF, Structural Funds) to be used to the full so that demand is stimulated for rail projects (including EU funding instruments for investment outside the EU such as the Pre-accession Assistance and European Neighbourhood Instrument); highlights the importance of a successful implementation of the European Fund for Strategic Investments (EFSI) as one tool to mobilise private capital for the rail sector, and calls for further exploration of how private investments can be put in motion for rail projects; sees an important role for public development banks at national and European levels in supporting the RSI; asks the Commission to work with the multilateral development banks to help public authorities and private agencies to invest in the most sustainable and energy-efficient railway equipment around the world; asks the Commission and the EIB to intensify advisory support to rail projects through the newly established European Advisory Hub under EFSI, in order to help them attract investment; believes that the railway sector in Europe will continue to depend heavily on public investment; urges the Member States and public authorities, therefore, to invest significantly in their mainline and urban railway systems and, where possible, to increase absorption rates of cohesion funds for rail projects; calls, however, in view of this dependence and the strain on public finances in many European countries, for all means possible – whether regulatory or budgetary – to be put in motion to mobilise private capital on behalf of the railway sector;
34. Points out that the complexities in the rail sector make it difficult for lenders to understand risk and hence to lend cheaply; asks the Commission to develop a Rail

Supply Industry Finance Forum with the aim of increasing engagement and knowledge-sharing by the RSI with the financial sector, thus improving banks' understanding of the sector and thereby their comprehension of risk and of reducing the cost of finance;

35. Believes that maintenance and modernisation of existing rail equipment should not be neglected; asks the Commission and the Member States to encourage the replacement of old equipment with modern and sustainable products on a larger scale;
36. Welcomes the EU support for the online platform 'Urban Mobility Observatory' (Eltis) enabling best-practice exchange on urban systems in metropolitan areas; asks the Commission to strengthen exchange of best practices on different financing options for sustainable urban mobility systems and to promote them via its forthcoming European Platform on Sustainable Urban Mobility Plans;
37. Asks the Commission to help with further harmonised deployment of the ERTMS, in cooperation with the ERA, within the EU and to promote ERTMS outside the EU;
38. Welcomes efforts in deploying Galileo and European Geostationary Navigation Overlay Service (EGNOS) services and applications in the rail sector; recognises in this context the role of European GNSS Agency and its successful management of the projects under the FP7 and Horizon 2020 programmes;

Strengthening the global competitiveness of the rail supply industry

39. Calls on the Commission to ensure that future trade agreements (including the ongoing negotiations with Japan, China and the USA) and the revisions of existing trade agreements include specific provisions which significantly improve market access for the European RSI, especially with respect to public procurement, including tackling the problem of increased localisation requirements and ensuring reciprocal access to foreign markets for the RSI; calls on the Commission to ensure a level playing field for market operators from inside and outside Europe;
40. Calls on the Commission to ensure that EU trade policy is more consistent with industrial policy, so that trade policy takes account of the needs of European industry and the new generation of trade agreements does not lead to fresh relocations and further deindustrialisation in the EU;
41. Urges the Commission to strive to lift the major non-tariff barriers impeding access by the European rail industry to foreign markets, including barriers to investment (particularly obligations related to joint ventures), and discrimination and lack of transparency in public procurement procedures (particularly increasingly onerous requirements concerning local content);
42. Stresses the relevance and the impact that the negotiations on the 'international public procurement instrument' and the revision of the regulations on trade defence instruments are having on the European RSI, and calls on the Council and the Commission to take this into consideration and to work closely with the European Parliament to reach a swift agreement on these instruments; asks the Commission to take into consideration the impacts which the recognition of market economy status for

state-run or other non-market economies could have on the functioning of trade defence instruments and the competitiveness of the European RSI;

43. Asks the Commission for a coherent EU trade strategy which ensures compliance with the principle of reciprocity, particularly in relation to Japan, China and the USA, and support for further internationalisation of RSI, especially SMEs, including through the promotion of European standards and technologies at international level, such as the ERTMS, and by looking into how to better protect the intellectual property rights (IPRs) of the European RSI (e.g. through a broader promotion of the IPR Helpdesk);
44. Asks the Commission to help eliminate all tariff and non-tariff barriers, simplify business procedures for SMEs in the RSI and ensure the phasing-out of all restrictive business practices in third-country markets; asks the Commission to take action to facilitate the issuance of work visas for European SME employees temporarily seconded to third countries so as to reduce the number of business transactions that SMEs must carry out;
45. Points out that certain third countries are creating unacceptable trade distortions by providing disproportionate levels of support to their exporters via the financial conditions provided to potential customers; calls on the Commission in this regard to persuade the Chinese Government to sign up to the OECD Arrangement on Officially Supported Export Credits and its specific chapter on rail infrastructure; asks the Commission to step up work at the same time on new global guidelines on export credits within the International Working Group on Export Credits (IWG);

Improving strategic political support for the sector

46. Calls on the Commission to publish a communication on a coherent EU industrial policy strategy aiming at the reindustrialisation of Europe and based on, inter alia, sustainability and energy- and resource-efficiency; asks the Commission to outline in its document its strategy on important industrial sectors, including the RSI; considers it important to include ideas on how to keep a high level of vertical manufacturing in the EU;
47. Asks the Commission to organise a high-level industrial dialogue on the RSI with the participation of the relevant Commissioners, Members of the European Parliament, Council, Member States, rail industry, trade unions, research institutions, the European Railway Agency and European Standardisation Organisations; points out that a regular RSI industrial dialogue would enable a structured discussion at European level on the horizontal challenges for the sector and the effects of EU policies on the competitiveness of the RSI;
48. Asks the Commission to ensure that policy that impacts the competitiveness of the EU RSI is the result of effective communication and coordination among the administrations of the different policy areas involved;
49. Believes that political support from the Council is necessary for the strengthening and development of European RSI; calls, therefore, on the Competitiveness Council to put the European RSI concretely on its agenda;

50. Instructs its President to forward this resolution to the Council and the Commission.