

# Shift2Rail Joint Undertaking

2013/0445(NLE) - 16/12/2013 - Legislative proposal

**PURPOSE:** to establish the Shift2Rail Joint Undertaking (S2R Joint Undertaking) in order to coordinate and manage Union research and innovation investments in the European rail sector.

**PROPOSED ACT:** Council Regulation.

**ROLE OF THE EUROPEAN PARLIAMENT:** the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

**BACKGROUND:** in its 2011 White Paper on a [Roadmap to a Single European Transport Area](#), the Commission underlines the importance of creating a Single European Railway Area in order to achieve a more competitive and resource-efficient European transport system.

One of the main aims of [Horizon 2020](#), the Framework Programme for Research and Innovation covering the period 2014-2020, is to strengthen European industry through actions supporting research and innovation across a range of key industrial sectors. In particular, it provides for the creation of public-private partnerships (PPPs) to support these sectors and help to tackle some of the key challenges Europe is facing.

**New technologies can do much to help modernise Europe's railways**, while also reducing operational and infrastructure costs and creating new business opportunities for the European rail supply industry. However, rail research and innovation suffers from important market and systemic failures that justify public intervention.

Set against these challenges, **a coordinated EU approach to research and innovation in the rail sector** via the establishment of a joint undertaking is proposed to support the completion of the Single European Railway Area and to increase the competitiveness of the EU rail sector vis-à-vis the other transport modes and vis-à-vis foreign competition.

The main benefits of the joint undertaking are that the coordination, programming and execution of rail research and innovation activities would be the responsibility of a single, dedicated administrative structure, ensuring more continuity and less fragmentation of research and innovation efforts.

**IMPACT ASSESSMENT:** taking into account the lessons learned from existing joint undertakings, the Impact Assessment concluded that that, despite the longer set-up time, the establishment of a joint undertaking, taking into account the lessons learned from existing joint undertakings, provides the most appropriate governance structure for implementing future rail research and innovation activities.

**CONTENT:** this proposal concerns **setting-up the Shift2Rail Joint Undertaking** (S2R Joint Undertaking) under Article 187 of the Treaty on the Functioning of the European Union (TFEU).

The S2R Joint Undertaking should be a **public-private partnership** which aims to **stimulate and better coordinate** Union research and innovation investments in the European rail sector.

The S2R Joint Undertaking should be established for a period ending on **31 December 2024**. It will be founded by the Union, represented by the European Commission, and by the Founding Members other than the Union, listed in Annex II to this Regulation. The activities of the S2R Joint Undertaking will be jointly funded by the Union and the members of the S2R

Joint Undertaking other than the Union.

**The general objectives** of the proposed Joint Rail Undertaking are to:

- facilitate joint vision development and strategic agenda setting;
- develop a programming approach in European research and innovation so as to realise a broad-based focus embracing all potential partners;
- build critical mass to ensure the scale and scope required;
- ensure an efficient use of public and private resources.

**More specifically, by developing, integrating, demonstrating and validating innovative technologies and solutions** for rolling stock, infrastructure and traffic management systems, the joint undertaking will serve to accelerate and facilitate the market uptake of technological breakthroughs that can be measured against the following quantifiable performance indicators, inter alia:

- **a 50% reduction of the life-cycle cost** of the railway transport system, through a reduction of the costs of developing, maintaining, operating and renewing infrastructure and rolling stock, as well as through increased energy efficiency;
- **a 100% increase in the capacity** of the railway transport system, to meet increased demand for passenger and freight railway services;
- **a 50% increase in the reliability** and punctuality of rail services;
- the removal of remaining technical obstacles holding back the rail sector in terms of **interoperability and efficiency**.

**BUDGETARY IMPLICATION:** the maximum Union financial contribution to the Shift2Rail initiative shall be **EUR 450 million for the period 2014-2020**, including EFTA contributions, paid from the appropriations in the general budget of the Union allocated to the Horizon 2020 Specific Programme implementing the Horizon 2020 Framework Programme.

This amount includes:

- a maximum contribution of EUR 398 million to cover administrative costs and operational costs;
- an additional amount of maximum EUR 52 million, earmarked under the H2020 Transport Work Programme 2014-2015.

The administrative costs of the S2R Joint Undertaking shall not exceed EUR 27 million for the duration of the S2R Joint Undertaking. These costs will be covered through financial contributions in equal parts by the Union and the S2R Joint Undertaking members other than the Union.