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The Luxembourg Rail Protocol to the Cape Town Convention and the Single European Railway Area (SERA)

The Luxembourg Rail Protocol to the Cape Town Convention on International Interests in Mobile Equipment is a ground-breaking global treaty which will make it much easier for the private sector to finance railway rolling stock worldwide (from trains to light rail/metro trains and trams). It provides a new international system of rights for creditors whose interests will be registered, and searchable 24/7 through the internet, at an international registry to be based in Luxembourg. It applies to financings of rolling stock operating domestically as well as in multiple jurisdictions. The Protocol it will also introduce a new global unique and permanent 16 digit numbering system for rolling stock (URVIS) which will be issued by the international registry at a nominal cost on request from manufacturers, maintainers, keepers or operators and to be attached permanently on rolling stock.

Luxembourg, Spain and Sweden have ratified the Luxembourg Rail Protocol as has the European Union (Council decision (2014/888/EU)). Italy, France and Germany, as well as in Europe, Switzerland and the United Kingdom, have signed the Protocol and are working towards ratification and the Protocol is under consideration by a number of other EU member states. After it comes into force on **8th March 2024**, the Protocol will make a vital contribution to the development of the SERA:

1. It will lead to easier and cheaper finance for rolling stock resulting in
 - more investment in new railway rolling stock
 - reallocation of operator assets by facilitating refinancing of existing fleets
 - operators taking advantage of new, more environmentally efficient, railway equipment
 - lower barriers to entry and a level playing field for operators
 - a larger home market for European manufacturers
2. It underwrites operating leasing into both public and private operators
 - facilitating flexible and efficient fleet management

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- creating an economic driver towards standardised rolling stock (because it will have a higher residual value), in turn leading to economies of scale for manufacturers and unit cost savings for operators.
3. The Protocol introduces a **common** legal system securing lenders, lessors and operators moving rolling stock around the SERA from 3rd party claims and conflict of laws' issues. By facilitating easier cross border operation of rolling stock, it will also underwrite regional economic and social integration.
 4. The URVIS number will bring a number of key advantages for financiers, regulators, manufacturers and operators by:
 - minimising the risk of fraud for buyers, financiers and governments
 - enabling real-time tracking of the location and status of all railway equipment
 - facilitating predictive maintenance and lifetime performance monitoring
 - providing for simpler administration as well as easier insurance conditions
 - making it easier for regulators to track rolling stock both within the EU and coming in and out of the SERA.

The Protocol is fully supported by DG Move and other directorates in the European Commission, many members of the European Parliament and all the key European rail industry associations representing operators running the railways around Europe. There is developing cooperation between the European Union Agency for Railways (ERA) and the international registry in Luxembourg, including the provision for links between its registry and the international registry websites and the mutual registration of both the EVN or European Vehicle Number (like a car number plate) and the URVIS number (analogous to a car VIN or chassis number permanently part of any car).

The UN Economic Commission for Europe has also supported the Luxembourg Rail Protocol by drafting and issuing, in 2023, minimum standards for the permanent marking of rolling stock with the URVIS number.

EU member states should work together to adopt the Luxembourg Rail Protocol as quickly as possible in a coordinated way to ensure more and cheaper finance from the private sector and therefore much-needed investment in rolling stock across Europe without the need for government support, as well as guaranteeing unfettered operation of rolling stock around the EU. It will open up new markets for manufacturers, create a level playing field for operators and present an important new tool in fighting climate change and supporting sustainable development. Accordingly, it will result in a greener, more competitive, cohesive and dynamic rail industry across the EU and be a direct support for the Single European Railway Area and regional integration in Europe.

For more information on the Rail Protocol, visit www.railworkinggroup.org