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THE 2001 CAPE TOWN CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT RAIL WORKING GROUP

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In this issue...

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Commission for Europe, inland transport committee.

East & Central Africa Road & Rail Infrastructure Conference

The Eastern & Central Africa Road & Rail Infrastructure Conference took place as a virtual conference on 20th and 21st August 2020.

Official Commentary Review Task Force

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Forthcoming events

<u>19th - 20th October 2020, AfricaRail, Virtual *</u> 23rd June 2021, Scandinavian Rail Optimisation, Stockholm, Sweden*

*discount for RWG members

British Government commits to facilitating adoption of the Luxembourg Rail Protocol

Former chair of the Rail Freight Group and leading rail expert Lord (Tony) Berkeley had put down amendments to the Trade Bill, currently going through the British Parliament, intended to enable to British Government to adopt the Luxembourg Rail Protocol into British law. In the debate on 29th September in the House of Lords, Lord Berkeley argued forcefully for government adoption of the Protocol. "Stimulating private investment in this arena is absolutely critical. This is not a burden that most countries around the world can carry at government level, so ensuring private participation is crucial," he said. Lord Berkeley was supported by various other members of the House of Lords across the various political parties.

Viscount Younger, responding on behalf of the British Government, took the view that the Trade Bill was not the appropriate legislation to facilitate ratification of the Protocol but the government has committed to introducing an amendment to the Private International Law (Implementation of Agreements) Bill (PILB), also currently going

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The Commission survey looked at future EU actions in the field of transport and mobility, notably in the context of the Communication on the European Green Deal adopted by the European Commission in December 2019. The questions enquired about the challenges and policy responses for transport and mobility to implement the green and digital transitions and to transform itself into a resilient transport system that is fit for the future. The European mobility sector should contribute to the zero-pollution ambition of the European Green Deal, so that all transport modes through Parliament, which would facilitate the subsequent adoption of the Luxembourg Rail Protocol by the UK. Viscount Younger stated that "the Government are supportive of ratifying the Luxembourg Rail Protocol. We recognise the competitive advantages which this could bring to the UK rail sector and UK financial services," he added. The amendment to the PILB is due to be proposed in the House of Commons on 6th October.

Developing interest in the African Integrated High-Speed Rail Network

The African Union Development Agency-NEPAD's second webinar on the African Integrated High-Speed Railway Network Project was held on August 26th with the African Development Bank, the International Union of Railways (UIC), Ethio-Djibouti Railway and others, expressing interest in the financing of the project. The webinar was attended by several leading railway figures, including Mesela Nhlapo, Director Africa for the RWG, and the 90 participants included officials from AUDA-NEPAD, the African Union Commission, the United Nations Euoprean Commission for Africa (UNECA), the Pan-African Chamber of Commerce and Industry, the International Union of Railways UIC, the African Development Bank and the African Railway Roundtable. It was moderated by Mr Olawale Rasheed of the African Railway Roundtable.

The event kicked off with the Acting Head of the Economic Integration division at AUDA-NEPAD, Dr. Towela Nyirenda - Jere assuring participants that AUDA- NEPAD has a clear agenda on the project. AUDA-NEPAD affirmed its openness to genuine ideas and partnership in line with international best practice, relevant compliance with African Union Commission project management processes and adherence to regional and national requirements. It was stressed that the webinar series was an important platform for critical inputs that will produce actionable reports to the official leadership which will further contribute to realising the goal of the High-Speed Railway project.

The UIC leadership, through its Director General, François Davenne declared the readiness of the global railway group to support the High-Speed will all have to make a significant effort to reduce emissions and negative environmental impacts in order to contribute to this transition.

In its response the RWG argued for increased rail investment to expand both freight and passenger capacity over the coming years and argued that the ratification of the Luxembourg Rail Protocol would assist in providing efficient solutions to increase the share of private investment in rolling stock thereby reducing burden on governments. It also argued forcibly for common rules for private creditor financings across Europe as well as a common system for recognition of creditor rights and integration of a unique identification system, as envisaged under the Luxembourg Rail Protocol. into rail vehicle numbering and immatriculation processes.

The European Commission plans to adopt the "EU Strategy for a Sustainable and Smart Mobility" by early December 2020.

RWG submission

China Daily: Strong China-Europe rail links boost cargo traffic amid pandemic

On 4th August 2020, China Daily published a detailed article showing how the Belt and Road Initiative will have an essential role in assisting the economic recovery for both Europe and Asia following the Covid 19 pandemic. RWG chairman Howard Rosen said that fast and secure of supply chains were important and welcomed further investment on the Belt and Road routes. Referring to the Luxembourg Rail Protocol he said .: "We will need more investment in the railways at a time when governments are very short of funds. It is essential, therefore, that governments give operators the tools they need to acquire the necessary locomotives and wagons and finance them cost-effectively" he added. Read the article here.

UN ECE starts work on vehicle identification

The first meeting of the Group of Experts on permanent identification of railway rolling stock took place at the offices of the United Nations in Geneva under the auspices of the Economic Commission for Europe, Inland Transport Committee. It was attended by representatives of various states, intergovernmental organisations, project, emphasising that a team of UIC international experts and other UIC-member networks was ready to collaborate for technical standardisation and other expertise to make the project a reality.

Speaking on financing, Soteri Gatera of United Nations Economic Commission for Africa called on African leaders to ratify the Luxembourg Rail Protocol which he said removes the burden of rolling stock financing. Quoting an Oxera report, Gatera said, "Analysis on the savings in financing costs through a reduction in the weighted average cost of capital for operators of railway equipment in Africa found that the differential in financing costs from the Protocol ranges from 1.6% to 13.5% of the present value of rolling stock.

Vice President of Pan African Chamber of Commerce and Industry, Prince Adetokunbo Kayode echoed the same viewpoints, adding, "I recommend the adoption of the Luxembourg protocol which securitise leasing and acquisition of rolling stocks. And we call on African nations to ratify the protocol to remove the financial burden of railway projects."

The webinar yielded many positives which, as noted by Dr Towela Nyirenda-Jere, will yield actionable recommendations to be tabled at AUDA-NEPAD and the African Union for further attention of the continent's political leadership.

For the news article click <u>here</u>. The complete report can be found <u>here</u>.

Private finance is essential support for green railway investment

Following the virtual EU transport ministerial conference, which took place on 21st September 2020, focusing on innovative and climate-friendly rail transportation the Rail Working Group (RWG) published on 22nd September 2020 a new "Green Paper" entitled "Combating global climate change: How the Luxembourg Rail Protocol to the Cape Town Convention will help to battle global climate change".

In its report, the RWG demonstrates how the Luxembourg Rail Protocol, by making it easier and cheaper for the private sector to finance railway

NGOs and private companies. The RWG made two detailed presentations, firstly explaining the background of the Luxembourg Rail Protocol and the need for the unique vehicle identifier (or URVIS number) for rolling stock and then itemising in more detail how the system could actually work. Presentations were also made by the Russian Federation and the European Union Agency for Railways. There were detailed discussions on the setting up of a practical set of international rules for the marking of rolling stock with the URVIS allocated by number, the Luxembourg international registry registrar.

The next informal meetings will take place in December with the second formal meeting of the Group of Experts taking place between 5th and 7th May next year.

East & Central Africa Road & Rail Infrastructure Conference

The Eastern & Central Africa Road & Rail Infrastructure Conference took place as a virtual conference on 20th and 21st August 2020. RWG chairman Howard Rosen chaired the event and also moderated two key panels of experts. The first was on the subject of "The Role of Rail Transportation in a Post-Pandemic Economic Recovery" where panellist included Nzeyimana Dyegula, Director of Planning & Investment, Tanzania Railways Corporation, Engr Bruno T Ching'andu, Managing Director, Tanzania Zambia Railway Authority (TAZARA) and Eric Peiffer, Managing Director, Vecturis SA. The second panel tackled the issue : "Are PPP and Blended Finance the Way Forward? The Luxembourg Rail Protocol and its Implications for East & Central African Countries" where the expert panellists were Puneet Sharma, Executive Director -Structured Export Finance, Standard Chartered Bank, Rajiv Sharma, Principal Consultant, IPE Global (Africa) and Karin Mulder, Vice President Infrastructure, Kfw IPEX-Bank.

Official Commentary Review Task Force

The RWG has established an ad-hoc task force to review the forthcoming third edition of the Official Commentary on the Luxembourg Rail Protocol. The members of the task force can be seen <u>here</u>.

rolling stock, will boost the rail sector, contribute to the fight against global warming and in particular will provide the resources for investment in new rail technology.

The Green Paper shows that private investment in the railways is being held back by the lack of security to creditors financing rolling stock. The paper states that "because it removes the major hurdles to private sector investment in a key part of the rail industry, when adopted, the Luxembourg Rail Protocol will attract more private investors (such as banks, pension funds, insurance companies, and private equity funds) to the rail transportation sector."

"We welcome the ministerial recognition that as the world emerges from the COVID-19 crisis, this is the time to create a more environmentally friendly transportation network with a greater emphasis on the railways. However, the inevitable consequence of the crisis will be that governments will be critically short of resources and private investors have an essential role to play" said RWG Chairman Howard Rosen. "What this Green Paper shows is that the Luxembourg Rail Protocol will enable governments to launch a areen transportation strategy with the private sector carrying an important part of the financial burden. Member States should therefore ratify the Protocol as soon as possible" he added. For full details of the Green Paper click here.

RWG Responds to UK Transport Select

Committee inquiry: reforming public transport after the pandemic

On 24th September 2020, the RWG filed a submission to the UK Parliament Transport Select Committee in response to its consultation on how to reform public transport after the pandemic. In its response, the RWG stated that the coronavirus pandemic provides an opportunity to reform the rail sector. The UK Government's recent announcement ending the rail franchising system and raising the prospect for further reforms in rail within the next eighteen months has created a golden opportunity to reset the funding of all elements of the rail network, including the financing of rolling stock. "Furthermore," the report added, "the pandemic has put unusual strain on the economy, at a time when pressing issues such

If you have any comments or suggestions for consideration in the forthcoming new edition of the Official Commentary please send them to at info@railworkinggroup.org

Save the date - AfricaRail, Virtual, 19th - 20th October 2020

Africa's largest rail exhibition & conference will be taking place on-line on 19th - 20th October 2020. The RWG has negotiated a 15% discount for its members and RWG members should mention their membership when applying for tickets. For more information click <u>here</u>.



Subscription discount for RWG members for "Railways Africa"

Rail Working Group members are entitled to purchase the South African online publication "<u>Railways Africa</u>" at 25% discount of R6500 place promo code RailWorkingGroup2020 when checking out. The code expires at the end of 2020.

"The Railway market in Africa and the Middle East" - special offer for members

SCI Verkehr has published a study on the market for railway technology products and services in Africa and the Middle East. Rail Working Group members are entitled to purchase the study at a 10% discount if you state your membership during the order process. To place an order click <u>here</u>.

Fourth Edition of the Official Commentary of the Cape Town Convention and the Aircraft Protocol

The 4th Edition of Professor Sir Roy Goode's commentary on the Cape Town Convention and the Aircraft Protocol has now been published. Of course, many of the comments there apply equally to the Luxembourg Rail Protocol. RWG members are entitled to a 15% discount and you will see the application form <u>here</u>.

Official Commentary on the Luxembourg Rail Protocol - special deal for RWG members

Rail Working Group members are entitled to purchase Professor Goode's official commentary on the Luxembourg Rail Protocol at a 15% as developing new trading relationships, supporting manufacturing and building up specialist skills, as well as tackling the climate emergency, demand attention." The response continued that as the UK economy emerges from the pandemic, the Government is going to be desperately short of resources and some of financing streams which have previously supported rolling stock will be reduced. The Government will therefore be eager to turn to more parts of the private sector for its support in the financing of rolling stock.

The submission argued that ratification of the Luxembourg Rail Protocol will help ensure the UK Government can meet the need for additional freight and passenger wagon capacity, including light rail and metro rolling stock, meet its commitments to climate change, and ensure that the planned government investment in infrastructure is accompanied by private sector investment in rolling stock. "It can thus support the reforms to public transport needed, not just to support the sector as we move out of the coronavirus crisis, but also to help make it more efficient and sustainable and to best enable UK plc to continue to lead the world in transport technology, support job creation and enable international trade as well as innovative financing options."

RWG's submission in full

For copies of the newsletters click <u>here</u> For information about membership of the RWG click <u>here</u> Published by the Rail Working Group, a not for profit Association established under Swiss law.

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