

# Members of AERRL & ALLRAIL pledge to finance & operate newly built or 2nd hand rolling stock

February 1, 2023



A meeting between lessors in AERRL and independent railway operators in ALLRAIL leads to a new pledge to actively contribute to help launch new commercial rail offers for passengers through maximum availability of passenger rolling stock. At the end of the discussion, it appears that the market forces must remember the essential conditions necessary for the good development of the offer and thus of the market share of rail.

The emergence of a public financing structure for passenger rolling stock is not the solution to the climate crisis. The current growth of rail freight is the result of a European liberalisation policy that has worked with market forces.

The members of AERRL are keen to commit to fund and put on the market the required volume of high speed and classic rolling stock to allow all the railway operators to build new commercial and innovative offers. Lessors are interested in funding new-built or second-hand rolling stock including upgrades and retrofitting plans. On their part, operators that are members of ALLRAIL pledge to use unused or

underused long distance rolling stock in the markets where they are active, if it is available at fair, reasonable and non-discriminatory terms.

Such a commitment could be supported by EU Commission trusting the private actors and supporting them to catalyse competition and innovation. A significant EU support is even a condition for the feasibility of certain retrofits and upgrades. It could also be applied for the financing of newly built rolling stock platforms with non-recurring costs, for the benefit of the entire market and OEM customers. With such support, the scrapping of rolling stock before its useful shelf life can be avoided, what is key to achieving a dynamic and sustainable circular economy.

The locomotive leasing market experienced sustained rapid growth from 2010 until 2020. In 2016-2020, 40 per cent of new locomotive deliveries in the EU, Switzerland and Norway were to lessors, up from 25 per cent in 2011-2015. Within the mainline locomotive fleet, leased locomotives are primarily operated in rail freight services. In the coming years, the lessors are keen to increase the volume of passenger rolling stock available to all operators.

The international passenger rail transport services market will grow with the commercial initiatives capable of attracting new travellers. Rolling stock leasing is a remedy for the capital-intensive nature of rail transport.

Meanwhile, the lessors that are members of AERRL are ready to make available their financial tools, their expertise and their investment capacity in order to help the international rail passenger transport market to have access to an open and fluid passenger rolling stock market. Together, lessors and independent railway operators call on all rolling stock owners, operators and lessees to participate in this movement towards passenger rail transport growth and the objectives of the Green Deal.

Fabien Rochefort, AERRL President: "Lessors' potential to invest is well-known in the locomotive market. We have shown over the last 12 years that we are capable to give access to efficient, interoperable and safe rolling stock to all interested railway undertakings. We are willing to promote the same development on the rail passenger market, with the collaboration of all the players."

Erich Forster, ALLRAIL President, said: "It is important that, like in other transport modes, there is an open and vibrant market for 2nd hand rolling stock. If there is unused or underused long distance rolling stock at Fair, Reasonable and Non-Discriminatory Terms, then we pledge that our members will use it - in order to grow EU cross-border rail and achieve modal shift."

*Photo credit: AERRL*