

Road and rail transport and coronavirus

Mapping the way out of the crisis

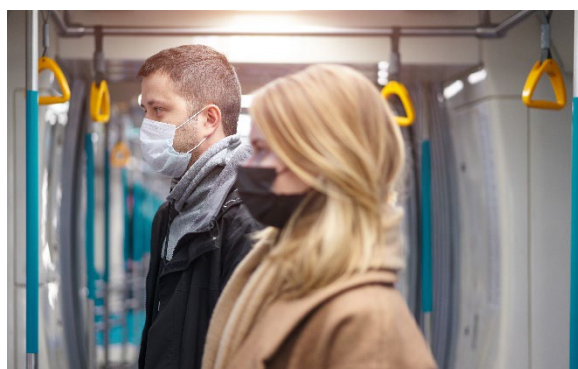
SUMMARY

In the first weeks of the coronavirus crisis, the lockdown and border closures halted most passenger services in road and rail transport and left road hauliers to face uncertainty and very long waiting times at many border crossings.

With the pandemic easing, some passenger services resumed in certain EU countries from late April onward, and with the introduction of 'green lanes' the situation at border crossings stabilised allowing smoother passage for road hauliers. Nonetheless, the initial estimates of the costs to the transport sector are immense and the impact is expected to continue well beyond 2020.

The EU took a number of steps in the early stages of the crisis to alleviate the situation and to provide relief to the transport sector. As the situation progressed, the European Commission introduced further measures to help coordinate the exit from confinement and safely restart transport services. The Commission has also tabled a European recovery plan with a number of new instruments, which will allow the provision of assistance to key sectors, including the transport sector. The European Council reached a political agreement on the recovery fund on 21 July.

To support their economies, EU governments have introduced a number of economy-wide measures, but also sector-specific measures, including for transport and tourism, as well as support for individual transport companies. The Commission has further enabled governments to use State aid to help firms in difficulty by putting in place a temporary framework for State aid.



In this Briefing

- Impact of the pandemic on the road and rail sectors
- The EU's initial support measures
- The tourism and transport package
- Financial assistance to the transport sector and temporary framework for State aid
- The European recovery package and transport

Impact of the pandemic on the road and rail sectors

Following the introduction of lockdown measures and border controls in February and March 2020 across European countries, the coronavirus crisis has had dire consequences for the road and rail transport sectors.

At the end of March, the International Road Transport Union [estimated](#) that, with regard to passenger transport by **road**, there had been a 100 % reduction in tourist services and 90 % reduction in inter-urban services. Furthermore, container freight had reduced significantly, putting road hauliers under pressure. It warned that road passenger transport operators and road freight transport operators, who operate on low margins with small cash reserves, could collapse.

According to producers of motor [vehicles](#), the production and sales of vehicles came to a halt in many countries, and they warned that companies could face liquidity shortages in a matter of weeks.

Similarly, at the end of March, **rail sector** representatives were [reporting](#) a near standstill of international traffic and reduced traffic at national level, by more than 90 % in some countries. Despite the challenges, rail freight operators had been able to continue operations.

As the infection rates started to show signs of slowing in some countries, some services resumed as of the end of April. In Germany, some rail services [re-started](#) at the end of April, and in a number of countries operators of rail passenger services started [increasing](#) their regular services from early May. In the second half of May, Trenitalia and Italo-NTV [restarted](#) some high-speed train services in Italy, and in Austria, ÖBB [announced](#) the start of some international services at the end of May and during June.

The situation was stabilising at land borders, and waiting times for road hauliers at most borders crossings had reduced to less than 15 minutes, [said](#) European Transport Commissioner Adina Vălean, on 28 April 2020, speaking to the European Parliament Committee on Transport and Tourism (TRAN). Demand was increasing for bus services, followed by supply, in April and May, and there were indications of higher presence of people in stations, according to [Google Mobility Reports](#).

Vehicle manufacturers also [started](#) to re-open car production plants at the end of April.

Initial estimated costs and implications for the future

A number of industry representatives started publishing initial estimates of costs to the sector in April and May. Road haulage and passenger transport representatives [highlighted](#) that during the confinement period road hauliers' revenue was expected to decline, on average by 40 %, and by 50 % for urban transit authorities and up to 100 % for inter-city, international and tourist services.

Even with confinement eased, tourist and long distance passenger services were predicted to see reduced activity because of a reluctance to travel and social distancing rules. Difficulties in staying in business for many road haulage companies was also signalled as a risk to supply chains even when demand increases.

With regard to public transport, European urban and local operators are [expecting](#) farebox revenue losses of around €40 billion in 2020.

Railway representatives [said](#) passenger service operators had lost €900 million per week, and rail freight revenues decreased by 25 % in March and April with a total loss of €1 billion. The revenue losses would likely continue into the coming years. For example, [Deutsche Bahn](#) reported that it could face coronavirus-related costs of €11-13.5 billion in the next four years, and Dutch Railways [said](#) it expects a €4.7 billion loss related to coronavirus over the next five years.

According to EU carmakers, the average shutdown in the automotive industry was about 30 days, and production losses amount to [2.4 million](#) motor vehicles.

A European Commission [survey](#)¹ of industry estimates presented with the [European Recovery Plan](#) on 27 May 2020, puts the losses for the mobility, transport and automotive sectors at about 60 % of turnover for the second quarter, 30 % for the third quarter and 15 % for the fourth quarter of 2020.

The EU's initial support measures

The European Commission recognised that the pandemic was having a major impact on transportation in its [communication](#) on the coordinated economic response to the coronavirus crisis adopted on 13 March 2020.

To help ensure the flow of goods across borders, where freight transport operators faced uncertainty and long waiting times, the Commission said in its [guidelines](#) for **border management measures** of 16 March 2020 that EU internal borders should stay open to freight transport. It provided further clarification in a [communication](#) on '**green lanes**' on 23 March 2020. EU Member States were requested to designate a number of crossings as 'green lane' border crossings, where checks should not take more than 15 minutes.

To increase the fluidity of traffic, the Commission also recommended that EU countries should consider temporarily suspending the ban on transport workers **resting in vehicle cabins** and suspend restrictions such as week-end driving bans for freight. It indicated flexibility on the rules on **driving and rest times** and a number of EU countries subsequently adopted such [measures](#).

To reinforce coordination, the Commission established a network of national transport contact points, and set up a [website](#) which provides an overview of measures in EU Member States and showing [waiting times at border crossings](#).

On 18 March 2020, the Commission also issued interpretative [guidelines](#) on EU **passenger rights** rules, clarifying the application of existing EU rules, mainly with respect to cancellations and delays in the context of the coronavirus outbreak.

On 29 April 2020, the Commission tabled a [package](#) of four legislative proposals to assist the transport sector. It included proposals to extend the transposition deadline for two directives on **rail** safety and interoperability and an '**omnibus**' **proposal** to allow for the extension of the validity date of certain certificates, licences and other authorisations, and the temporary postponement of certain periodic checks, including those in the road and rail sectors. The European Parliament [voted](#) on the measures on 15 May. The Council approved the '**omnibus**' [measures](#) on 20 May and new transposition deadline for the [rail directives](#) on 25 May. The rules entered into force on 27 May 2020.

The tourism and transport package

On 13 May 2020, the European Commission [adopted](#) a package of guidelines and recommendations to help EU countries gradually lift travel restrictions in a coordinated manner, including a guidance document for restarting tourism and clarification on the use of vouchers for cancelled journeys.

The [guidelines](#) for **restarting transport** services stressed the need to ensure safety of transport workers and passengers, and to restart collective transport. They emphasised that a rethink of urban mobility is needed, for example by making more space for active travel options such as walking and cycling. The Commission also called for coordination between countries to return to the harmonised rest and driving time requirements.

Practical recommendations included separating drivers and passengers with barriers, frequent disinfecting of vehicles and transport hubs, and recommendations that passengers wear masks and on the use of electronic tickets. For buses and coaches, the guidelines also recommended practices such as rear-door boarding and the use of windows for ventilation instead of air conditioning and optimised seating arrangements.

For long-distance and regional trains the guidelines proposed mandatory seat reservations and for short-distance trains, seating arrangements requiring empty seats between passengers, except for passengers from the same household.

As regards **vouchers**, in contrast to a number of Member States expressing the view that they should temporarily replace refunds for cancellations, in its 13 May 2020 [recommendation](#) on vouchers, the Commission proposed ways to make vouchers more attractive for passengers, such as developing government guarantee schemes, while maintaining the right of passengers to ask for reimbursement. During a meeting of the European Parliament's TRAN committee on 28 May 2020, Members [voiced](#) their support for the package, but expressed concern that the rules on reimbursements are being flouted, and called for financial support for the tourism and transport sector.

Financial assistance to the transport sector and temporary framework for State aid

In a [communication](#) on 13 March 2020, the European Commission stated that the main fiscal response to the crisis should come from national budgets, and [listed](#) the measures EU countries can take in line with EU State aid rules. These included providing help to companies to cope with liquidity shortages and needing urgent rescue aid.

To complement existing State aid rules, the Commission published a [temporary framework](#) for State aid on 19 March 2020, which has allowed EU countries to provide further assistance to companies in the form of direct grants and loan guarantees or subsidised public loans. A [first amendment](#) of the framework on 3 April allowed aid such as deferrals of payment of taxes and of social security contributions and wage subsidies for employees. The [second amendment](#) adopted on 8 May set out criteria for providing recapitalisations and subordinated debt to companies.

On 26 May 2020, the Commission published an [overview](#) of the State aid rules applicable to the land transport sector during the coronavirus outbreak, clarifying what aid needs to be notified to the Commission.

By early May 2020, the Commission had approved an estimated [€1.9 trillion](#) in State aid to the EU economy. The [measures](#) approved by the Commission include economy-wide measures, some sector-specific measures and measures for individual transport operators. For example, the Commission has approved a €5 million [scheme](#) to support small and medium-sized enterprises active in road freight transport in Lithuania, and a €5 billion French [loan guarantee](#) to the Renault Group, as well as a number of measures to support travel and tourism companies and airlines.

Some EU countries have announced support packages for industry and individual firms. For example, [France](#) has announced an €8 billion rescue package for its car industry and it has been reported that [Germany](#) is planning to support Deutsche Bahn with €5.5 billion and the German state of [Baden-Württemberg](#) has proposed a €200 million rescue package for public bus and rail operators to compensate for the reduction in passenger numbers.

The European recovery package and transport

On 27 May 2020, the European Commission tabled a [recovery package](#) consisting of a €750 billion new loan and grant instrument and an adjusted multiannual budget with a focus on the Green Deal as the key growth strategy, with a number of instruments providing support for recovery from the coronavirus crisis.

Presenting the package to the Members of the TRAN committee, Henrik Hololei, Director-General for Mobility and Transport (MOVE) in the Commission, [clarified](#) that InvestEU would provide opportunities to develop sustainable infrastructure and fleet renewals, and EU countries could place emphasis on the transport sector by making it a priority in their recovery plans under the Recovery

and Resilience Facility. On 21 July 2020, the European Council came to a [political agreement](#) on the recovery package. The multiannual budget still needs the approval of the European Parliament.

MAIN REFERENCES

Debyser A., [Coronavirus: Transport support package](#), EPRS, European Parliament, May 2020.

Debyser A., [Mobility, transport and coronavirus](#), EPRS, European Parliament, May 2020.

Ferguson C., Pari M. and Spinaci S., [EU budgetary and financial response to the coronavirus crisis](#), EPRS, European Parliament, May 2020.

Niestadt M., [EU rules on vouchers offered to passengers and travellers](#), EPRS, European Parliament, June 2020.

Niestadt M., [Tourism and transport in 2020 and beyond](#), EPRS, European Parliament, June 2020.

Remeur C. and Karaboytcheva M., [State aid and the pandemic](#), EPRS, European Parliament, June 2020.

ENDNOTES

¹ Commission Staff Working Document, [Identifying Europe's recovery needs](#), 27.5.2020, p. 37.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2020.

Photo credits: © snedorez / Adobe Stock.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)

