

# We can make travelling by rail cheaper by reducing rail tolls.

Today, the transport regulatory environment favours flying as well as using private cars and disadvantages travelling by rail despite the massive climate impact of the aviation industry and emissions caused by private car usage<sup>1</sup>.

Travelling by rail instead of flying can decrease emissions by up to -97% according to the Travel Smart Campaign<sup>2</sup> on specific routes. Reducing flying and car use is urgent to mitigate climate change and respect the Paris Agreement to limit the increase of temperature to well below 2 degrees celsius. One of the solutions is to shift to rail. The European Commission has said it wants high-speed rail traffic to double by 2030 and triple by 2050, so now, we must 'walk the talk'.

The train ticket price for consumers is one important decision factor and it is by large parts constituted by the rail tolls<sup>3</sup>.

Therefore, an alliance of **rail operators, ticket vendors and civil society**, committed to make rail more affordable, calls upon the the Member States to:

- Reduce rail tolls for **trains with high capacity**. Passenger trains should aim at offering as many seats as possible per train to incentivise a high load factor;
- Reduce rail tolls for **night trains and cross-border trains**;

The alliance also calls upon the European Commission to:

- **Revise the *Single European Railway Area Directive (2012/34/EU)* to set incentives for lower rail tolls for the segments mentioned above.** The upcoming guidelines<sup>4</sup> will not be sufficient to achieve change. Legislative action is needed to stop excessive tolls.

Rail is often more expensive than flying which means that passengers don't always choose rail. *Greenpeace* found out that on average rail trips were twice as expensive as flying<sup>5</sup>. Those high costs are directly linked to the high rail tolls (known in the rail sector as 'track access charges' or 'TACs'). Rail tolls are the fees rail operators must pay to rail infrastructure managers to use their tracks. The fees paid go towards the maintenance of the network as well as covering the

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<sup>1</sup> T&E (2023). *Tax gap report*. [Link](#). Planes are exempt from paying taxes on kerosene and the VAT for international trips is 0. Road users benefit from a very broad road infrastructure network in large parts without a road toll.

<sup>2</sup> Travel Smart Campaign. [Link](#).

<sup>3</sup> McKinsey (2022). *Boosting passenger preference for rail*. [Link](#).

<sup>4</sup> The EC is expected to publish guidelines in 2024 to clarify rules on setting rail tolls at national level.

<sup>5</sup> Greenpeace (2023) *Ticket Prices of Trains vs Planes - A Europe wide Analysis*. [Link](#).

operational costs. Those tolls are made up of direct costs<sup>6</sup> and mark-ups<sup>7</sup>. They are defined in the *Single European Railway Area Directive* and the European Commission is planning to present guidelines this year to clarify some of the rules set in the Directive.

Rail tolls make up between 12% and 40% of the total costs of railway operators according to findings of the European Commission. Those tolls are in many Member States the largest lever to make more affordable long-distance and cross-border services.

Zooming in on Germany, mark-ups make up a large share of the rail tolls (up to 80%) hence presenting a significant market entry barrier. High rail tolls also make it difficult for rail operators to launch new services. Reducing those tolls to direct cost on specific rail segments would have an immediate and significant effect on the amount of services offered making rail more attractive for passengers. This has notably been the case in Italy, whereby TACs were reduced and in turn, more services were offered meaning that there was more traffic on the network, so it was a win-win situation for operators, infrastructure managers and passengers.

Reducing rail tolls would probably require compensation from states budgets at least for an interim period until new services are launched and bring in additional revenue to the infrastructure managers<sup>8</sup>. As shown by the *Back-on-Track* report, the support needed will be minimal<sup>9</sup>. In another recent study, *Back-on-Track and Transport & Environment* also found<sup>10</sup> that reducing rail tolls (and VAT) for night trains could reduce the ticket price by 15%.

In order to reduce the carbon emissions of the transport sector and support the shift to rail, EU legislation should ensure that rail tolls are set at a reasonable level. Excessive rail tolls have a direct negative impact on the price and the quality of the rail services, making rail less attractive for passengers.

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<sup>6</sup> The direct cost is the fee that the rail operators pay to compensate the infrastructure manager for the cost caused by the rail operator (mainly maintenance and operation of the infrastructure). They may include surcharges or environmental damage (noise) or use of congested lines

<sup>7</sup> Mark-ups come on top of the direct cost. They shall help the infrastructure manager refinancing the original construction cost of the existing infrastructure. However these market markups must be charged impartially and anticipate the market segment's ability to pay these markups

<sup>8</sup> Sia Partners (2023). *Etude sia partners pour l'afra sur le prix des péages des lignes à grande vitesse (LGV)*. [Link](#)

<sup>9</sup> Back on Track (2023). *Paving the way for more night trains with fair track access charges*. [Link](#)

<sup>10</sup> T&E and Back on Track (2023). *All aboard - travelling Europe by night* [Link](#)

**Co-signed by:**



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New Entrants in Europe



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