BRIEFING - July 2026

Position Paper on the Connecting Europe through High-Speed Rail Own-Initiative Report

Summary

In November 2025 the European Commission presented its High-Speed Rail Plan, aiming to accelerate the development of high-speed rail across the European Union. The European Parliament then presented its own initiative report (INI report) to further strengthen the proposal by the Commission. This opens up an opportunity to enhance the ambition of the implementation of the plan, but some additional risks that are presented in the report need to be addressed.

T&E's recommendations are the following:

- End the VAT exemptions for aviation and passenger shipping and instead set an exemption for international passenger rail.
- Include climate conditionalities to airport expansion plans and slot allocation rules on any air to rail modal shift target to avoid unintended emission increases resulting from the replacement of short haul flights with long haul flights.
- Set out a series of measures to accelerate the manufacturing process of rolling stock and increase its availability through the presentation of a European Railway Industrial Strategy.
- Bring new long distance passenger links between major European cities through an expansion of the European Commission's cross-border pilot project program.
- Set a mandate for rail to be included in national e-credits systems
- Ensure National and Regional Partnership Plans properly prioritise national TEN-T network investments.

1. Introduction: Creating the blueprint for a strong rail strategy

The Trans-European Transport Network (TEN-T) is the clearest roadmap for Europe's railway infrastructure. But a strategy is needed to ensure that new and existing services can make the best possible use of that infrastructure to create frequent and competitive railway connections across the EU. The High-Speed Rail Plan was conceived to both accelerate the very delayed TEN-T network and provide solutions to current issues such as the insufficient financing tools for rolling stock purchases or the interoperability problems that impede the creation of an interconnected network throughout the whole continent.

Since the European Parliament is now working on its position to strengthen the High-Speed Rail Plan, this position paper sets out recommendations to maximise the effectiveness of the plan, delivering for passengers and for the 2040 climate target.

2. General recommendations

2.1 Set a European exemption of VAT for international passenger rail

In its 2021 Action plan to boost long distance and cross-border rail the European Commission stated it would assess the need for an EU-wide exemption of international rail tickets from VAT. However in the recent High-Speed Rail plan it failed to progress in this regard, simply expressing that Member States should create a level playing field in transport under the principle of fiscal neutrality. The European Parliament should push the European Commission to use the upcoming revision on VAT rules for Travel and Tourism as an opportunity to deliver this exemption. T&E calculated that removing VAT from international passenger rail would only cost between €106 million and €117 million/year, whereas it could gain billions of euros by ending the exemptions in aviation and passenger shipping.

2.2 Avoid a modal shift model that indirectly leads to higher carbon emissions

Establishing a binding 2040 modal shift target that covers intra EU short haul flights can backfire if it is not accompanied by measures destined at aligning airport capacity and slot allocation with climate objectives. If the slots for short haul flights that are freed by the expansion of rail end up being replaced by long haul flights the overall emissions will be higher than before. Modal shift cannot be just an objective by itself, it needs to ensure that emissions are being effectively reduced.

2.3 Launch a European railway industrial strategy

Europe's automotive sector should serve as a lesson for what Europe's rail industry could become if we don't take measures to protect it. Made-in-China cars swiftly started to take over the EU's automotive market in the last years, reaching a peak of 22% in 2024 before the EU retaliated through tariffs. Rail's EU market is still mostly European but third countries like China are becoming more competitive in price and production scale, in great part due to how fragmented the rolling stock market is in Europe. A European railway industrial strategy is needed to speed up the harmonisation process, simplify national rules, improve production capacity and boost the availability of rolling stock, including second-hand trains.

2.4 Update the EU cross-border pilot project program

A High-Speed Rail Plan to connect large European cities through infrastructure works that may take decades to be completed is not enough for citizens. They need to see that those links are starting to become a reality on the ground, even before travel times are competitive with other modes of transport. The Commission's cross-border pilot project program was successful in this regard, aiding rail operators in the creation of new long routes such as Prague-Copenhagen or Naples-Berlin. But it was only a partial accomplishment as certain routes in the program have been abandoned or remain stalled due to existing barriers to rolling stock acquisition. An extension of the pilot project program to 2035 in line with the next MFF, with the addition of financial guarantees for the procurement of rolling stock, would create a true "Trans-European Railway Network".

2.5 Include rail in the electricity credit mechanisms

The Renewable Energy Directive mandates that Member States have to incorporate e-credit systems to move from a structure where fuel producers were only incentivised to meet their CO2 reduction goals in transport through biofuels to a new scope that includes electricity. However Member States are focusing on the automotive sector and not yet expanding this system to include rail. This is a missed opportunity that can still be corrected with a clear mandate in the upcoming RED IV revision to include rail, and the High-Speed Rail Plan should reflect this new financing opportunity.

2.6 Reinforce the MFF's cross-border focus

Limiting the CEF to cross-border sections is a positive development to accelerate key missing links, but the success of these connections will depend on the national TEN-T network being advanced in a coordinated manner. Failing to accomplish this will result in bottlenecks along the way that will undermine the effectiveness of the network. Strengthening the ties between the National and Regional Partnership Plans and the TEN-T corridor work plans and implementing decisions is particularly important to avoid a situation where Member States prioritise projects that lack a clear EU added value instead of the identified priorities.

Further information

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