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## PRESS RELEASE

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### Export credit agencies urged to extend Cape Town discount to rail under the Luxembourg Rail Protocol



Export Credit Agencies (ECAs) from OECD States, at their annual CSO consultation meeting in Paris, were today strongly urged to extend to railway rolling stock the risk premium discount of up to 10% they already provide in relation to aircraft finance where the Cape Town Convention (CTC) applies, as momentum grows behind the Luxembourg Rail Protocol as a tool to support more competitive financing for rail exports.

The Rail Working Group is a not-for-profit association constituted under Swiss law representing a broad cross section of the global railway community.

For a complete list of our members and more about us, please visit our website at [www.railworkinggroup.org](http://www.railworkinggroup.org)

EU Transparency Register ID: 958065448312-61.



The issue was raised at the OECD in a presentation by **Howard Rosen, Chairman of the Rail Working Group**, on the role of the Luxembourg Rail Protocol in export credit policy.

The presentation also drew attention to an open letter from leading rolling stock manufacturer **Stadler** to OECD ECAs, pressing them to apply a risk premium discount for rail export finance where the CTC applies to rolling stock through the Luxembourg Rail Protocol. Stadler points out that “even a small change in the effective cost of finance can be the difference between whether or not we secure an order” whilst stressing that the Luxembourg Rail Protocol provides additional legal security for creditors and underwriters.

In his intervention, Rosen also drew attention to the recent policy announcement by the Export Credit Insurance Corporation of South Africa (ECIC), which stated that where the Luxembourg Rail Protocol is in force in the debtor or lessee’s state, it will apply a discount of up to 20% to its risk premium when underwriting qualifying rolling stock financings, subject to local content requirements, compliance with the Protocol and other underwriting conditions. It was time, he said, to follow their example and offer a 20% discount also to rolling stock exporters from OECD states.

“How can it be”, said Rosen, “that ECAs state that they ‘encourage the use of stringent international standards and good international industry practices ... contributing to sustainable development’ and then reduce their premiums on aircraft exports when the CTC applies but do not apply the same system for rolling stock?” “It makes no sense taking into account that railways are a key tool in achieving sustainable development” he added.

## NOTES FOR EDITORS

[The Luxembourg Rail Protocol](#) to the [Cape Town Convention on International Interests in Mobile Equipment](#) is a new global treaty under the auspices of UNIDROIT, the International Institute for the Unification of Private Law. The Protocol will make it much easier and cheaper for the private sector to finance all types of railway rolling stock. It sets up a new system for recognition, priorities and enforcement of creditor and lessor rights, which will be registered in an [international registry](#) based in Luxembourg, accessible to everyone over the internet 24/7 and introduces, for the first time a new global unique permanent identification system (URVIS) for rolling stock. The United Nations has adopted global [Model Rules on the Permanent Identification of Railway Rolling Stock](#) setting out minimum standards for the permanent marking of railway rolling stock with URVIS numbers. The upgrading of the Model Rules to include digital platforms will create [significant additional benefits](#) for the industry.

The Protocol entered into force in contracting states on **8<sup>th</sup> March 2024**. The European Union (in respect of its competences), the Democratic Republic of Congo, Gabon, Luxembourg, Paraguay, South Africa, Spain, and Sweden are parties to the Protocol. France, Germany, Switzerland, Mozambique, Italy, and the UK have already signed the Protocol but have not yet



acceded to it. Many other states, including Saudi Arabia, Kenya, Eswatini, Namibia, Zimbabwe, Ethiopia and Mauritius, are actively looking at accession to the Protocol and it is endorsed by many international rail organisations, (including the African Rail Industry Association, CIT, UIC, UIP, ERFA, ALLRAIL, UITP, CER and Eurofima, and actively supported by OTIF, the African Union and the UN Economic Commissions for Africa and Europe.

**The Rail Working Group** is a Swiss-based global not-for-profit association focused on the adoption and implementation of the Luxembourg Rail Protocol. It has about 60 direct members and hundreds of additional rail stakeholders represented indirectly by 20 various industry organisations that belong to, and support the objectives of, the RWG. Its presentation to the OECD today may be found [here](#), the supporting letter from Stadler is [here](#) and the ECIC announcement may be found [here](#).

For more on the Luxembourg Rail Protocol and the Rail Working Group visit [www.railworkinggroup.org](http://www.railworkinggroup.org). Further information from the Rail Working Group:

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