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## **Why the Republic of South Africa should adopt the Luxembourg Rail Protocol**

The Luxembourg Protocol to the Cape Town Convention is a new global legal system for the recognition and prioritisation of security interests held by creditors lending on or leasing all types of railway equipment. This security will be registered in a new international registry, in Luxembourg, which is searchable by the public 24/7. South Africa has already adopted the Convention and the aviation protocol.

Adoption of the Protocol will have a positive impact on South Africa. It will:

1. increase the availability of private finance for railway equipment, and make it cheaper as lenders and lessors take into account lower capital costs and lower risk
2. enable within South Africa, through leasing programmes, new SME and BEE entrepreneurs entering the market without the need for heavy capital and creating opportunities for parastatals to delegate or franchise out parts of their operations where this will be more efficient.
3. remove the need for the state or its parastatals to finance rolling stock procurement, releasing needed re-equipment programmes from state budgetary constraints and creating resources for other priorities.
4. facilitate discounted Western ECA funding support for the financing of imported rolling stock.
5. underwrite operating leasing outside of South Africa, thereby opening up new markets for South African manufacturers and lessors where customers will not have the resources to buy, creating new development solutions for sister countries across Africa, supporting the African sustainable growth agenda and leading to more jobs in South Africa.
6. by introducing a new global unique numbering system for rolling stock, give increased security to lenders and lessors, as well as the ability for manufacturers, operators, maintainers and financiers to track the location and status of the equipment, wherever it is, thereby making the railways safer and more efficient as maintenance is scheduled when needed.

The costs of the new system will be minimal. The advantages and opportunities will be tremendous.

For more on the Luxembourg Rail Protocol, visit [www.railworkinggroup.org](http://www.railworkinggroup.org), or contact us at [info@railworkinggroup.org](mailto:info@railworkinggroup.org). Keep up to date with all the latest developments via the Rail Working Group's [LinkedIn group page](#).

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

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