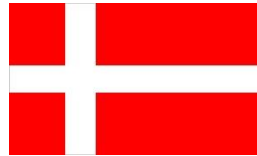




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## Why Denmark should adopt the Luxembourg Rail Protocol

The Luxembourg Protocol to the Cape Town Convention is a new global legal framework for the recognition and prioritisation of security interests held by creditors lending on or leasing all types of rolling stock, from conventional passenger and freight railcars and locomotives to light rail units, metro trains, trams and cable cars. These interests will be perfected by making registrations in a new international registry, in Luxembourg, which will be searchable online by the public 24/7. In addition, the Protocol will provide uniform rules on creditor remedies on debtor default or insolvency and will introduce a new global unique numbering system for rolling stock. **This will open the way to more private rolling stock finance, without the need for state guarantees, at cheaper rates, easier documentation and a more competitive and economically sustainable rail sector at a time when the railways will have a major role to play in delivering on government net zero emission targets.**

The Luxembourg Rail Protocol is expected to come into operation at the end of 2022 and will be effective in jurisdictions where it has been ratified. The EU has acceded to the Protocol in respect of its competences and, within the EU, Luxembourg and Sweden have already ratified the Protocol. France, Spain, Italy, Germany, the UK, and Switzerland have all signed the Protocol and are expected to ratify it in the near future. **Denmark has already adopted the Cape Town Convention and the comparable aviation protocol.**

Adoption of the Luxembourg Rail Protocol will deliver benefits to the various stakeholders in the Danish rail and finance community as well as to the Danish government directly. It will:

1. increase the availability, and reduce the cost, of private finance for railway equipment for Danish operators, as lenders and lessors take into account lower capital and documentation costs and lower risk, at a time when liberalisation of the railways under the EU 4<sup>th</sup> Railway Package will inevitably lead to the need for more private rolling stock finance and Denmark as set ambitious targets for a major renewal of its rolling stock. **In a recent study by independent consultants Oxera, the cost saving benefits of the Protocol just in Denmark were estimated at €113 mio.**

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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2. remove the need for the state to finance or underwrite rolling stock procurement and opening up the possibility to DSB and municipal operators of financing their existing, or already ordered, fleets at attractive rates.
3. enable within Denmark, through leasing programmes, new innovative entrepreneurs entering the market without the need for heavy capital and creating opportunities for DSB to monetise excess capacity.
4. introduce a common and easily understandable security system operating across different jurisdictions, thereby securing Danish operated rolling stock running in other parts of Europe (particularly into Sweden where the Protocol has already been ratified) and increasingly important once the Fehmarn Belt Fixed Link opens, further integrating Denmark into the European rail network – and facilitating foreign investment into Denmark in the rail sector.
5. by introducing a new global unique numbering system for rolling stock, make it simpler for lenders and lessors to monitor their assets, as well as improve the ability for manufacturers, operators, traffic managers, regulators insurers, maintenance providers and financiers to track the location and status of the rolling stock in which they have an interest, making the railways safer and more efficient.
6. improve the environment for operating leasing of rolling stock throughout the Nordic and Baltic region, thereby giving shippers, rail operators and lessors more flexibility in how they utilise and finance rolling stock, in turn creating a greater secondary market for rolling stock, and economic catalyst for standardisation equipment with the consequent economies of scale.

The costs of the Luxembourg Rail Protocol 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](#).