

# The Luxembourg Rail Protocol

## Mobilizing More Private Capital for the Environmental Transport Transition

To create a climate-friendly and future-proof transport system, the efficiency of low-emission and energy-efficient rail transport must be significantly increased. The need for financing is enormous. However, one crucial aspect is often overlooked: achieving this goal requires more than just public investment. While infrastructure expansion is typically a government responsibility, everything that runs on the rails – such as locomotives, passenger trains, and freight wagons – could be procured, modernized, and financed privately. Despite strong interest from the capital markets, the potential for private investment in rail transport remains largely untapped. One key reason for this is the absence of an international registration system for ownership and security rights in railway rolling stock.

### The Problem

Rail transport, especially in the freight sector, operates on an international level: wagons and locomotives travel across Europe, ensuring resilient supply chains. The cross-border use of these vehicles requires a standardized international legal framework for ownership and security rights. However, such a framework has been missing so far. If a freight wagon or locomotive is stranded abroad – for example, due to the insolvency of a lessee – the owner cannot automatically enforce its rights. In many cases, the vehicle can only be repossessed with considerable legal measures and costs in the respective country. The consequence: as long as investments in wagons and locomotives are not internationally protected, their financing remains unnecessarily risky and unattractive for private investors.

### The Solution

Since March 2024, a globally accessible online registry has been available to record ownership and security rights in railway rolling stock, making them traceable worldwide. After many years of preparation, a simple system has now been established, similar to the one successfully implemented in global aviation. This system has significantly simplified, and in many cases even facilitated, aircraft financing. However, the new registry for railway rolling stock remains largely ineffective in many cases because one final crucial step is missing: only through the national ratification of the underlying international treaty – the so-called Luxembourg Rail Protocol – does the global registry, along with its associated ownership and security rights, have full legal effect in the respective contracting state. While some countries have already ratified the Luxembourg Rail Protocol, many key States have yet to follow suit. Germany signed the treaty in 2012, but ratification is still pending.

### What Needs to Happen Now?

The overdue ratification of the Luxembourg Rail Protocol should be prioritized and finalized by the responsible competent ministry, the Federal Ministry of Justice (BMJ). By doing so, Germany, as a leading market, would take on an international pioneering role and also encourage other countries to implement the treaty as well.

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