

# **PERES Promoting European Rail Excellence outside EU**

## **CALL FOR INTEREST**

### **ACCELERATION PROGRAM & INTERNATIONALISATION STUDY MISSION TO USA 2019**

**Open from: December 19<sup>th</sup> 2018**  
**Deadline: January 20<sup>th</sup> 2019 at 23.59 CET**

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## 1. INTRODUCTION

### 1.1. About PERES project

PERES is the ESCP-4i (European Strategic Cluster Partnership) through which the 5 European Railway Clusters of Italy (DITECFER), France (i-Trans), Germany (BTS), United Kingdom (The Rail Alliance) and South-Eastern Europe (RCSEE) are developing preparatory actions to draft a joint internationalisation strategy and roadmap and concrete tools and services to support their SMEs of the Rail Supply Chain to go international beyond EU. The SMEs represented by the PERES project are >500.

 <small>DISTRICT FOR RAIL TECHNOLOGIES HIGH SPEED SAFETY &amp; SECURITY</small>		Pistoia	<a href="http://www.ditecfer.eu">www.ditecfer.eu</a> <a href="http://www.ditecfer.partners">www.ditecfer.partners</a>
 <small>CATALYSEUR D'INNOVATION</small>		Valenciennes	<a href="http://www.i-trans.org">www.i-trans.org</a>
		Dresden	<a href="https://bts-sachsen.de">https://bts-sachsen.de</a>
		Stratford on Avon	<a href="http://www.railalliance.co.uk">www.railalliance.co.uk</a>
 <small>RAIL CLUSTER FOR SOUTH-EAST EUROPE</small>		Belgrade	<a href="http://www.rcsee.org">www.rcsee.org</a>

The project runs from January 1<sup>st</sup>, 2018 to June 30<sup>th</sup>, 2019 and is co-funded by the COSME Program of the European Union.

Our members SMEs will benefit from a Joint Internationalization Strategy starting from their wishes and capabilities (e.g. technical, quality standards, IPs, readiness to go international) and taking into account the most attractive markets worldwide according to railway investments and markets, tariffs, IP protection, technical requirements, etc.. The strategy implementation will be accompanied by tailor-made services helping SMEs to be ready for the target markets and to take the most from a cluster-based group promotion. On medium term, the support provided by the PERES project will aim to become a stable action and service delivered by a stable legal entity created by our clusters.

### 1.1. Rail Supply Chain focus

PERES project focuses, for the USA market, on the promotion of the following fields / products / services / competences:

- ✓ High Speed
- ✓ Urban Mobility
- ✓ Conventional – Passengers
- ✓ Conventional - Freight
- ✓ Safety
- ✓ Security
- ✓ Cybersecurity
- ✓ Environmental Sustainability
- ✓ Energy Efficiency
- ✓ CBM-Predictive Maintenance
- ✓ Railway Digitalization
- ✓ Autonomous & Connected Vehicles
- ✓ Mechatronics
- ✓ Advanced Materials
- ✓ Advanced Manufacturing/Construction & Processing Technologies
- ✓ R&D and Transfer of Technology

### 1.2. The PERES project approach

PERES project aims at supporting the development of European SMEs' and start-ups' internationalisation strategy through concrete potential technological and business partnerships and opportunities. In specific by:

#### Creating innovative European Value chains

PERES partners believe that to operate at an international level it is necessary to work on innovation, diversity and complementarity. For such reason the PERES project will support the emerging of such aspects in order to build European Value Chains in the Railway sector for the target world markets identified as priorities for our members: USA and India. This Call relates to USA.

#### Creating a Joint Internationalisation Strategy for our Value Chains

PERES partners believe that a strategic and coordinated effort to promote the capabilities of European SMEs of the Rail Supply Chain is the best way to build long-lasting opportunities. For such reason, after months of analysis, the PERES project is drafting a Joint Internationalization Strategy tailor made on the capabilities of our SMEs and on the concrete opportunities offered by countries worldwide.

### Creating a Joint Communication and Marketing Strategy

The preparatory activities will also include a Joint Communication and Branding / Marketing Strategy, helping the better market positioning of the European Rail Value Chains that the PERES project is going to build.

### Preparing and training companies

PERES partners believe that no serious international activity can be fulfilled without an appropriate training activity. For such reason the PERES project supports companies by offering an Acceleration Programme, which consists in a portfolio of support services and activities aimed at preparing SMEs to approach an international (extra-EU) market; for this specific Call, the USA market. The content of these services will be tailored according to the profile of the companies participating in the Acceleration Programme.

### Developing strategic partnership in new third markets

Taking advantage of strategic partners located both in Europe and the targeted third countries (for this Call: USA), the PERES project promotes SMEs' solutions, expertise and competences at international level; companies will participate to a tailored international mission that will facilitate the contacts and dialogues with new international commercial and technological partners.

## 1.3. Market opportunities in USA

### Current Market

Rail transportation in the United States consists primarily of freight shipments, while passenger service, once a large and vital part of the nation's passenger transportation network, plays a limited role as compared to transportation patterns in many other countries. Many Canadian and U.S. railroads originally used various broad gauges, but most were converted to 4 ft 8 1/2 in (1,435 mm).

**Freight railroads** play an important role in the U.S. economy, especially for moving imports and exports using containers, and for shipments of coal and oil. There are four different classes of freight railroads: Class I, regional, local line haul, and switching & terminal.

1) Class I railroads are defined as those with revenue of at least \$346.8 million. They comprise just one percent of the number of freight railroads, but account for 67 percent of the industry's mileage, 90 percent of its employees, and 93 percent of its freight revenue.

2) A regional railroad is a line haul railroad with at least 350 miles (560 km) and/or revenue between \$40 million and the Class I threshold. There were 33 regional railroads in 2006.

3) Local line haul railroads operate less than 350 miles (560 km) and earn less than \$40 million per year (most earn less than \$5 million per year). In 2006, there were 323 local line haul railroads.

4) Switching and terminal (S&T) carriers are railroads that primarily provide switching and/or terminal services, regardless of revenue. They perform pick up and delivery services within a certain area.

North American railroads operate 1,471,736 freight cars and 31,875 locomotives, with 215,985 employees. They originated 39.53 million carloads (averaging 63 tons each) and generated \$81.7 billion in freight revenue of present 2014.

The fastest growing rail traffic segment is currently **intermodal**. Intermodal is the movement of shipping containers or truck trailers by rail and at least one other mode of transportation, usually trucks or ocean-going vessels. Intermodal combines the door-to-door convenience of trucks with the long-haul economy of railroads. Rail intermodal has tripled in the last 25 years.

The sole **intercity passenger railroad** in the continental U.S. is Amtrak. Commuter (Suburban) rail systems exist in more than a dozen metropolitan areas, but these systems are not extensively interconnected, so commuter rail cannot be used alone to traverse the country. New York City itself is noteworthy for high usage of passenger rail transport, both subway and commuter rail. The subway system is used by one third of all U.S. mass transit users. Other major cities with substantial rail infrastructure include Boston's MBTA, Philadelphia's SEPTA, and Chicago's elevated system and commuter rail system Metra.

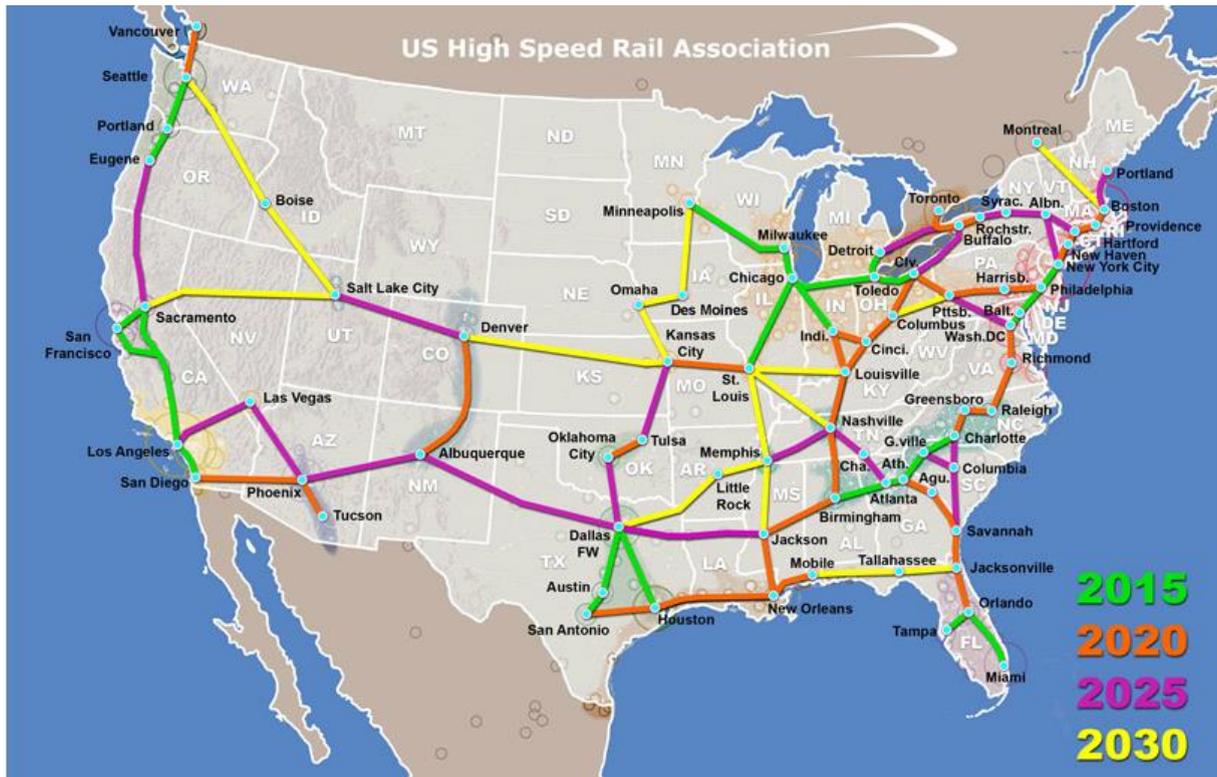
Privately run new inter-city passenger rail operations are under development. Brightline is a higher-speed rail train, run by All Aboard Florida. It began service in January 2018 between Fort Lauderdale and West Palm Beach, with eventual connections to Miami and Orlando. Iowa Pacific is seeking to operate Eastern Flyer, a passenger train between Oklahoma City and Tulsa. Iowa Pacific operated test runs on the route in 2014.

#### New investments

There are 3 state programs for allocation of transport investments:

- a) The "21st Century Clean Transportation System" Plan includes investments of USD 20 billion to reduce traffic and create new routes to increase access and stipulates the extension of the transit systems in the cities, suburbs and rural areas, the construction of **new high-speed railway networks** and the allocation of investments in new technologies (such as **maglev**) and the **modernisation of the freight transport system**. The total estimated budget for projects within this strategy is USD 320 billion for the next decade.
- b) The "Grow America Act" is a USD 478 billion proposal in six years focused on increasing and stabilising the financing of road, rail and transit transport infrastructure projects. The Grow America Act supports estimates investments including USD 29 billion for **improving safety and investments in a performing railway system**.
- c) "Fixing America's Surface Transportation Act (FAST Act)" authorises the allocation of USD 305 billion for 2016-2020 to road, railway, public, transport safety projects, research, technology and programmes.

#### High-speed rail development in USA to 2030:



**High-speed rail USA-Canada:** There is an idea of building a high-speed rail between the United States of America and Canada. The line would run between Vancouver, Seattle and Portland, in the cross-border area called Cascadia. The route could be covered in one hour, at a speed of 400 km/h. The whole cost of the high-speed rail project linking the USA and Canada was estimated at between 18 and 22 billion dollars.

The Chicago Transit Board awarded a contract for the **newest generation of CTA rail cars**, the 7000-series, the largest rail car order in CTA history - for 846 railcars. The new 7000-series rail cars will be built by CSR Sifang America JV.

USD 550 billion have been planned for **infrastructure investment** in next 10 years. To encourage investors to commit large amounts, and to reduce the cost of the financing, the government would provide a tax credit equal to 82% of the equity amount. This would lower the cost of financing the project by 18% to 20%.

Organisations call on railway investment. Association of American Railroads (AAR) proposed policies for tax reform, Infrastructure investments, Comprehensive Energy Plan, Fair and open trade.

Facts about USA

<b>OVERVIEW USA</b>	<i>FTA-Free Trade Agreement with EU</i>	Ongoing negotiations but trade barriers on Aluminum and Steel apply
	<i>World Bank Doing Business Index Ranking</i>	6
	<i>Business environment</i>	Register a company: 6 days
		Obtain a judgment: 420 days
	<i>Trade barriers</i>	FDI Limitations, Anti-dumping measures, Government Procurement, Problems on cross-border tax evasion, New tariffs for Aluminum and Steel
	<i>Forecasts for Railway investments next years (bln \$)</i>	1,653
	<i>Approx. number of actual big railway projects</i>	5
	<i>Railway sector projects opportunities</i>	High-speed railways, infrastructure; modernization of freight system & technologies
<i>Tenders / PPP investments in 2017 (bln \$)</i>	4,8	

## 2. CALL FOR INTEREST

### 2.1. Eligible Companies

The call is open to the European SMEs members of the 5 Railway Clusters Partners of PERES (DITECFER, Italy; i-Trans, France; BTS, Germany; Rail Alliance, United Kingdom; RCSEE, South-Eastern Europe) interested in internationalisation opportunities in USA.

The Call is also open to SMEs not-members of the 5 Clusters wishing to engage in the activities and with the Clusters on a collaborative and value-chain basis.

According to the European Commission Recommendation 2003/361/EC and the SME user, SMEs are the following:

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

## 2.2. Part A - Acceleration Program for USA

- ✓ TRAINING
- ✓ COACHING
- ✓ EUROPEAN MATCHMAKING EVENT AND FOLLOW UP
- ✓ CREATION OF VALUE CHAINS
- ✓ CATALOGUE OF THE COMPANIES

The companies expressing their interest will participate in a series of Training, Coaching and Networking activities aimed at:

- A. preparing them to approach the target market
- B. providing internationalisation competences and skills, market trends analysis, local players, information about market entry and how to better approach a potential buyer/partner
- C. connecting the European companies in person in order to support the integration of their competences, the creation of business opportunities, the creation and consolidation of a European Rail Supply Value Chain.

The acceleration activities will last about 2 months and will consist of:

- **TRAINING AND COACHING:** from January 30<sup>th</sup> to March 22<sup>nd</sup>, delivered by the PERES project (directly or through experts) via webinars, workshops and via local support from each Cluster of membership. The dates of these activities will be communicated to the companies participating in the PERES Acceleration Program;
- **EUROPEAN MATCHMAKING EVENT, NETWORKING EVENT, STRATEGY TO USA PRESENTATION, PRE-DEPARTURE MEETING EVENT:** Belgrade, January 30<sup>th</sup>;
- **COMPANIES CATALOGUE:** an online / soft-copy / hard-copy catalogue of the main competences of the participating companies will be created and published allowing foreign entities, companies, potential customers and investors to find out the best solutions offered by the PERES Value Chains for USA.

## 2.3. Part B – Internationalisation Study Mission to USA

- ✓ ORGANISATION OF THE STUDY MISSION
- ✓ BUSINESS VISITS
- ✓ BUSINESS MEETINGS
- ✓ TECHNOLOGICAL VISITS
- ✓ CREATION OF EU-USA MATCHMAKING PLATFORM
- ✓ LOGISTICS SUPPORT FOR USA

The companies expressing their interest and having followed the Acceleration Programme will participate in the Internationalisation Study Mission to USA the PERES project will organise from March 31<sup>st</sup> to April 6<sup>th</sup> (main target US States: New York State, Pennsylvania, Ohio, Illinois, Indiana).

The Internationalisation Study Mission to USA will last about 1 week (target dates: **March 31<sup>st</sup> – April 6<sup>th</sup>**) and will consist of a program of visits and meetings organized by the PERES partners, including:

- **BUSINESS VISITS TO OEM, TRANSPORT OPERATORS, INFRASTRUCTURE MANAGERS**
- **BUSINESS MEETINGS WITH US RAIL SUPPLY CHAIN COMPANIES**
- **TECHNOLOGICAL VISITS TO UNIVERSITY, RESEARCH CENTERS, TECH CLUSTERS DEVELOPING TECHNOLOGIES/SOLUTIONS USEFUL TO THE EUROPEAN RAIL SUPPLY CHAIN FOR THE USA MARKET AND FURTHER**
- **INFORMATION MEETINGS ABOUT DOING BUSINESS IN USA, PARTNERSHIPS, "SOFT LANDING" AND LOCAL INVESTMENTS.**

The 1<sup>st</sup> Tentative Agenda will be released by End January. Updates on the Agenda will be released by Mid February. The Final Agenda will be released by End February.

#### 2.4. Costs

##### ✓ **SMEs Members of the PERES Partners Clusters**

The participation to the Acceleration Program is free of charge. Companies only will have to cover their living expenses (flight, hotel, restaurant) for the Event in Belgrade.

The possibility to participate to the Internationalisation Study Mission to USA is free of charge. Companies only will have to cover their living expenses (flights/transportation, hotels, restaurants).

##### ✓ **SMEs not Members of the PERES Partners Clusters**

The participation fee for applying is 890,00 € + VAT (where applicable).

Companies will have to cover their living expenses (flight, hotel, restaurant) for the Event in Belgrade.

Companies will have to cover their living expenses (flights/transportation, hotels, restaurants) for the Internationalisation Study Mission to USA.

#### 2.5. Expression of interest

Companies interested to these activities have to **apply mandatorily online** through this link:

<https://goo.gl/forms/v1BneAWu6ZdsHi9s2>

A fac-simile application form is provided attached for the only purpose to help the preparation of the online answers.

**Only applications filled online as requested will be considered eligible.**

The application process will allow the profiling and mapping of the company and its solution(s) in order to have a better knowledge and understanding of its offering and competences for the USA market.

The provided information will help the creation of the PERES European Railway Value Chain for USA and the definition of the PERES "value proposal".

The application form is divided in 5 sections, addressing different aspects of the company:

- Section 2: Company general information
- Section 3: Company profile
- Section 4: Railway solution(s) / competences
- Section 5: International perspectives - Going international to USA
- Section 6: Declaration on Costs
- Section 7: Commitment to the Acceleration Program and Internationalisation Study Mission to USA 2019.

Applicants have to provide the description of the Railway solution(s) they're going to propose to the USA market. Up to 3 solutions can be submitted.

## 2.5. Language

The application must be filled **in English**. Applications received in other languages won't be taken into consideration.

## 2.6. Deadline

The application form duly filled and signed has to be uploaded online **by January 20<sup>th</sup> 2019 at 23.59 CET**.

## 2.7. Contact points

For any information please refer to your Cluster or send an email to the following contacts, specifying the topic of the request and the question/doubt/information needed.

 DITECFER DIGITALISATION TECHNOLOGICAL HIGH SPEED SAFETY & SECURITY	peres@ditecfer.partners
 i-trans CATALYSEUR D'INNOVATION	annabelle.sion@i-trans.org
 BT/S Rail Saxony	mareike.walter@bts-sachsen.de
 railalliance	eli.rees-king@railalliance.co.uk
 KLASTER ŽELEZNICA ZA JUŽIŠTOČNU EVROPU RAIL CLUSTER FOR SOUTH-EAST EUROPE	welcome@rcsee.org