

SNCF's plans threaten to derail freight initiative

By Robert Wright in London

Published: April 5, 2010

A plan to introduce a key cost-saving method from the North American railways in France looks doomed after the main state-owned train operator in the country insisted it was determined to stop serving customers with only small quantities of goods to move.

Pittsburgh-based **Railroad Development Corporation** signed a contract last April with Réseau Ferré de France, owner of France's rail infrastructure, and Caisse des Dépôts, France's development bank, to develop local, shortline rail freight operations.

The move was intended to save freight services in rural France where high costs threaten their future.

RDC planned to introduce some of the techniques that have allowed small, locally-owned companies to revive local rail freight services in the US and Canada since deregulation in 1980.

Shortline operators have taken over many lightly-used lines from Class I railroads - the biggest operators - and cut costs by running lighter trains at lower speeds with less onerous union agreements than those at the big operators. The shortline operators deliver wagons to the large, long-distance operators to be moved onward.

RDC hoped to involve local governments and businesses in schemes, as happened with its revival of the once-closed Iowa Interstate Railroad between Council Bluffs, Iowa and Chicago.

But RDC is unlikely to pursue wide-ranging efforts to introduce the scheme in France if SNCF, the state-owned train operator, goes ahead with plans to abandon the wagonload freight service RDC believes is vital to its success.

Wagonload trains - services that collect individual wagons from factories or distribution centres and form them into whole trains - were responsible for a large proportion of the €367m (\$495m) SNCF's freight services lost in 2009.

RDC believes that, with some efficiency improvements, wagonload freight could become more profitable than the block train traffic SNCF plans to retain. Block trains are made up of whole trains of freight - often of a single commodity - being carried for a single customer.

Most of the shortline operations RDC envisaged when it signed the RFF accord would need a long-distance operator to take wagons on the long-distance legs of the journeys.

Henry Posner, president of RDC, said it was difficult to imagine how a shortline rail industry could exist in an environment where there was no long-distance operator. The only shortline operations under development were around ports and other areas where there was block train traffic.