Scramble to rescue troubled railfreight

For a variety of reasons French railfreight has not enjoyed the renaissance witnessed in many neighbouring countries over the last decade. But as the economic crisis begins to take effect, operators, the infrastructure manager and the government are exploring new ways to revive the sector's fortunes, as **Keith Barrow** explains.

FRENCH National Railways' (SNCF) railfreight subsidiary Fret SNCF reported on March 11 that its losses had reached €332.7 million in 2008, compared with €253.7 million the previous year. Volumes slumped by 25% in December alone, and the decline continued into January and February.

But even before the effects of the current economic crisis began to show on the Fret SNCF balance sheet, French railfreight was in trouble. Between 1990 and 2006, volumes slid by nearly a fifth from 50.7 billion tonne-km to 40.9 million tonnes at a time when the overall freight market enjoyed a period of sustained growth.

Crippled by restrictive working practices, frequent strikes, poor productivity of drivers and rolling stock, and intensifying competition from road hauliers, Fret SNCF has spent the last decade sliding from one crisis to the next. A succession of rescue plans has come and gone, making little impact on the continuing decline in volumes.

Fret SNCF has also suffered as a result of liberalisation in 2006, and open-access operators have quickly made an impression on the railfreight landscape, increasing their share of the market from 5.5% in 2007 to 8.7% last year. These companies have fared much better than Fret SNCF since the start of the financial crisis, and French Railway Network (RFF) has reported only a 9% drop in open-access freight traffic. On average, open-access operators offer rates 10% below those of SNCF.

Despite the success of these new entrants, SNCF still dominates the wagonload market, and although volumes have been eroded considerably over the last 20 years, it is keen to develop the traffic that remains.

In December a revised wagonload network was launched with the aim of drastically improving the efficiency of these operations. The new generation wagonload network (Swing) is based on three hub marshalling yards - Villeneuve near Paris, Woippy near Metz, and Lyon Sibelin. Each hub is fed by 30 smaller yards around the country which are served at least twice a day. Local freight trips serve around 900 terminals from these yards. Trunk services operate between the hubs at three or four-hour intervals, meaning that if a wagon misses its connection, it is simply added to the next available train. The trunk services are operated by a dedicated fleet of locomotives, and drivers on these routes have volunteered to work longer journeys to reduce the need for time-consuming crew changes.

This streamlined system replaced a network based on eight hubs, with many of the routes between the key yards

Photo: SNCF/Ludovic Gra

seeing no more than one train a day. This meant that wagons were often left standing in yards for more than 24 hours.

Fret SNCF has invested €20 million in Swing, including new computer systems which allow customers to track their wagons in real-time, and it is working with operators in neighbouring countries to improve the efficiency of international wagonload operations. A further €50 million is being made available through SNCF's Destination 2012 strategic plan to initiate an emergency decongestion programme on principal freight routes in partnership with RFF and the national government. These improvements will be completed by next year.

On March 31 the government unveiled plans to create a company that will oversee the development of freight-only branch lines on the successful North American short line model. The company will be a partnership between RFF, development bank CDC, and Railroad Development Corporation (RDC), United States, and will provide planning, financial and operational assistance to companies looking to establish local freight services.

The decline in freight traffic in recent months has hit the revenues of infrastructure manager RFF, whose operating loss reached €397 million last year. RFF is currently developing its own strategy, which is expected to draw on successful practices observed in Germany and the United States. "We are finding all the means we can to breathe life back into railfreight," says Mrs Veronique Wallon, strategy and sustainable development manager for RFF. "We have to come up with better paths for freight operators and provide better customer service. RFF is in a unique position because it is the only stakeholder that can take a neutral overall view of the freight landscape."

The Grenelle Environment bill passed by the government requires the market share for non-road freight transport to increase from 14% to 25% by 2012 - an ambitious target, particularly in the current economic climate. Nonetheless, significant changes are occurring in French railfreight that could contribute towards this goal. The acquisition of Geodis and German railfreight operator ITL by SNCF last year will help it to become a complete logistics provider, a strategy that has proved hugely successful for German Rail (DB). The arrival of open-access operators is already bringing new ways of working and driving down prices, while the policies for developing wagonload both nationally and locally could offer a brighter future to a long-troubled sector of the industry. **IRJ**