Wagonload freight in France: – beginning of the end or new beginning?

OFP before its time – CFD was a local railway operator with lower costs than SNCF but was gobbled up by SNCF subsidiary VFLI in 2000. Since then the former BR Class 20s have disappeared and trains are worked by ex SNCF Class BB 66000. This is 2001 with empty timber wagons at Autun in September 1997.

by David Haydock

All photos by the author except where shown otherwise

Open up any half dozen copies of **Today's Railways Europe** *over the past ten years and you are likely to find news of French National Railways freight services, particularly wagonload services, being in crisis. Fret SNCF has lost a great deal of money over the past decade – possibly up to €4 billion – and wagonload is usually blamed for the majority of this. Yet the "action plans" introduced by SNCF over this period to stem the losses have had no effect, except to drive away traffic. In the meantime, competition has intensified and Fret SNCF is also losing large amounts of traffic to other operators. Will the latest plan, to restructure wagonload services and slough off branch line services to new "short line" operators at last have an effect?*

Background

The French government has often said in the past decade that it wishes to see more freight going by rail but the amount of money invested and where it has been spent has had little effect. Indeed, the terms of competition for rail (as a whole) have severely deteriorated. France has 11 000 km of motorways (there were none in 1960) and, despite the continuing promise to transfer freight from road to rail, the list of planned extensions is very long.

At the same time, rail freight's potential is shrinking in France. It only takes a few hours of travel around France to realise that industrial units and "logistics parks" are sprouting all over the country and almost all of them are not rail connected. Worse, factories which should be potential gold mines to the railways are tearing up their tracks. Ten minutes from my house is a paper plant owned by Scandinavian group Stora Enso. A decade ago this plant generated a whole train of (wagonload) freight per day as it took in timber, wood chips and paper pulp, kaolin and chemicals whilst shipping out heavy rolls of magazine-quality paper. Traffic was and still is, potentially, handled by the SNCF station at Corbehem which also handles traffic to and from a Renault car plant. However, the only rail traffic remaining is a few tank loads of kaolin from time to time.

Why is this happening? As well as the investment in competing modes mentioned above, the answer is contained in SNCF's study of the rail market which it issued in 2009. Service quality is appalling. SNCF's own report stated that one-third of all wagonloads did not arrive on the day programmed. Wagons arriving within 24 hours of schedule were only 68% in 2007 and 2008 but dropped to 59% in the first part of 2009. Half of the delays were Fret SNCF's direct responsibility and half were put down to "network" problems in 2008 and most of these to "traffic control".

SNCF's latest plans

In autumn 2009, SNCF issued a few details of its latest plans to "reconquer" the freight market (we shall not go into most of the detail in this) and restructure wagonload services. There are two main aspects to the latter. A report commissioned by SNCF showed that its current wagonload services were not, and could not be made to be, profitable. But the company is still hoping to hold on to 50% of its traffic. SNCF says the wagonload network costs €650 million each year to operate of which €400 million are fixed costs and reckons that 800 000 wagonloads would be needed for the current network to break even. Only recently, Fret SNCF was moving 700 000 wagonloads per year. This dropped to 380 000 in 2009 and Fret SNCF expects traffic of 300 000 in 2010. The new network launched at the end of this year is forecast to move 210 000 wagons per year.

SNCF's latest answer to the problem is not to drop wagonload completely but to reorganise the network as "multi block, multi customer" services. This sounds exactly like wagonload has always been but the catch is that there will be a minimum number of wagons to be picked up and/or set down, or the customer will not be served. In addition, customers will have to do more to allow SNCF to predict future traffic levels. Initially, a customer will give SNCF a forecast of traffic for the year to come, then in the quarter before trains are supposed to run, give firm engagements for each month to come – a sort of reservation on certain trains. SNCF will then charge a price based on volume forecast but will charge more for any wagons over and above the forecast. The remodelling is expected to cut fixed costs by a half. "Several thousand" jobs will be cut, although nobody at SNCF will lose their job.

SNCF says that pairs of hub yards will be linked at least three times a week (otherwise not worth it) and up to twice a day for the busiest routes. This reverses the policy, announced in 2007, of routing all traffic through a very small number of major yards – Woippy, Sibelin, Villeneuve Saint Georges (Paris) and, in some cases, Dijon, but with trains every few hours!

Could anyone else "do wagonload"?

In **TR EU 155**, Laurent Charlier explained how Veolia Cargo had set up a hub at Lérouville in eastern France in order to join and separate blocks of wagons for both itself and CFL Cargo (Luxembourg Railways). This operation is now part of Europorte's operations after its takeover of Veolia Cargo. Although minor, it is clear that this sort of operation could become the model for further hubs around the country to allow a limited wagonload network.

The decision taken by SNCF not to be part of the recently-announced X-rail European wagonload network (although SNCF will continue to run cross-border wagonload services) has put DB Schenker in something of a quandary. The company has an extensive wagonload network in Germany and many customers who rely on a decent wagonload service to neighbouring countries. Having asked DB S about the matter, it is clear that the company intends to set up some sort of hub system as an alternative to SNCF, starting from December 2010 when SNCF intends to remodel its network. No details are available however. Indeed, all of the railways concerned by SNCF's decision (not mentioned so far are SNCB, CFL, SBB and Trenitalia, which all feed wagons into SNCF's network) are considering their positions but until exact details of what traffic will be carried and what will not, it is difficult for them to organise alternatives. SNCF itself is still finalising its offer after consultation with customers and will not be able to announce its plans until late June. The network will, as before, be based on three hubs – at Woippy, Sibelin and in the Paris region.

Why not subsidise wagonload?

SNCF's grand plan to rescue freight, presented on 18 September 2009, is titled the "Strategic plan for the ***ecological*** transport of freight" (my italics). In addition to the restructuring of wagonload (which was qualified as "ecological" by SNCF Geodis head Pierre Blayau, because it avoids the haulage of small numbers of wagons over long distances down country branches), the plan involves:

- development of block trains on a European scale (SNCF expands through Captrain)
- expansion of intermodal services (doubling traffic in ten years)
- developing Modalohr services carrying lorries and their trailers
- developing high speed trains carrying freight, Europe-wide
- seek new ways of delivering goods in major urban areas
- creation of more intermodal terminals
- creation of OFPs to operate branch lines at lower cost (see section below)

Although intermodal can also mean transfers between rail and ship, it is clear that most of the above involve transfers between rail and lorries thus encouraging road haulage for at least part of the journey. It is no surprise that this comes from SNCF Geodis which is already the biggest road haulier in France and still expanding.

But what of wagonload? If this mode is properly managed, it involves picking up a wagon from within a factory and delivering it into another plant – no road transport involved at all. However, it has been decided that wagonload is supposed to pay its way, the only subsidies possible in France being those to pay for linking factories to the national network.

Decline and fall

Early 2001 "Doubling freight by 2010"

In **Today's Railways** issue 63 of March 2001, I wrote "SNCF has the distinction of having the largest market share in freight transport of any railway in Western Europe (25%).... the French Transport Minister has declared he wants to see SNCF double freight traffic by 2010.... This figure... means simply that rail will soak up all growth in forecast traffic over the decade..."

19 November 2003 "Fret 2006"

SNCF announces a "rescue plan" for freight traffic under a new boss for Fret SNCF, Marc Veron. Fret SNCF was expected to make a loss of €492 million in 2003, over 20% of turnover. By 2006, Fret SNCF would return to profit thanks to a 20% increase in productivity through concentrating traffic on five main corridors. €600 million would be invested, mainly on new locomotives. The fleet would be divided into locos to be used on the main trunk routes (*Grandes Axes*) and those used for local services (*Zones Locales*).

The French government granted Fret SNCF a subsidy of €800 million which was agreed as "last and final" under an agreement with the EU which contained the condition that France open its network to competition.

18 June 2007 "Haut débit ferroviaire"

SNCF announces its latest plan to revive its freight activity (details in **TR EU 140**, August 2007). The network will be restructured around three main marshalling yards – Villeneuve Saint Georges, Woippy, and Sibelin, with Dijon Perrigny as overflow yard, to be fed from 30 smaller yards. The three main yards will operate 24 hours a day, six days a week with trunk hauls between them running very frequently – as often as every three hours. This is nicknamed the Haut Débit Ferroviaire – supposedly as fast as broadband internet. SNCF moves 800 000 loaded wagons a year in its wagonload network. Total traffic is 40 billion tonne-km a year, about half of this wagonload.

16 September 2009 "Engagement nationale pour le fret ferroviaire"

The government announces a package of €7 billion to be invested in rail freight (full details in **TR EU 167**, November 2009), the principle innovations being:

- more autoroutes ferroviaires (RoLa services) carrying complete lorries or trailers over long distances
- more intermodal services, carrying containers and swap bodies, train lengths to be raised to 750 m, the maximum allowed on the French network, then 1000 m.
- high speed freight services carrying high value goods using the TGV network, mainly at night
- constitution of a freight network including reopening of some lines and electrification of lines forming an orbital avoiding Paris, elimination of bottlenecks and improved access to ports.
- a new law to allow the creation of OFPs.

The following week, SNCF announced that its wagonload services were "totally uncompetitive" and that the network would be severely pruned in December 2010, only half of the current network being "pertinent".

More reading on this subject: **TR 63** (March 2001) "Fret SNCF plans for future"; **TR 87** (March 2003) "Marshalling yards – asset or liability"; **TR 93** (September 2003) "The tiddlers in SNCF's pond"; **TR 95** (November 2003); CFTA – a sleeping giant?" and "RDT13 – hanging on by a thread"; **TR 96** December 2003 "Lorries on trains – why do it?"; **TR EU 155** "Veolia's wagonload network".

In contrast, €7 billion has been promised for the government plan which corresponds to SNCF's project mentioned above and the government has recently increased a subsidy to container transport by 30% to €15.6 per transhipment. Will all the new container services and Modalohr trains actually make money? RoLa services operate across much of Europe, but as far as we know they are all subsidised. So will the net result of all this investment be more reliance on road transport and continuing deficits? Only time will tell. Large sums have already been spent over the past decade and the wagonload network remodelled twice – with no real effect.

The Chauvineau report

Jacques Chauvineau is a former SNCF manager who is now feted in France as the man who saved local passenger train services. He was the person behind the push to hand over the responsibility for local services (and the decision to cut services and close lines) to regional government. The result was the invention of the acronym TER (*Train Express Régional*) for SNCF regional services, the commitment of large sums from the regions to modernising rolling stock, rail lines and boosting service frequency and a resulting boom in usage.

The constant decline in wagonload services in France over the past decade has led to fears in the rural areas of France that SNCF would pull out to concentrate on trunk routes and that there would, in future, be no alternative to heavy lorries. The government responded by calling in the now retired Chauvineau to make proposals based on discussions with the many bodies concerned. There was clearly a hope that Mr Chauvineau could come up with a freight equivalent of the TER.

The main conclusions of his report were that, if branch lines were to be saved, new local operators would need to be created to take the place of SNCF, and that the lines themselves would need to be maintained more cheaply than previously. As well as the German MORA C example (see box), Chauvineau often cites US short lines as an example to follow. Following the Staggers report leading to the deregulation of rail freight in the USA, the big railroad companies (known as Class 1s) were allowed to concentrate on heavy trunk hauls and sold off many "short lines" to small companies with low costs, local knowledge and greater motivation. The short lines (with the US being such a big country, some cover territories as big as EU countries) now feed their traffic into the main network, working hand-in-hand with one or more of the Class 1s.

Is there really any hope for Fret SNCF?

Unfortunately I hear stories every month which suggest that the answer is no. During the writing of this article I read in the magazine *Connaissance du Rail* how SNCF lost salt traffic in the Nîmes area which it has had years to perfect. Euro Cargo Rail was able to offer more suitable wagons. And, unlike SNCF, does not send them some 700 km to the Paris region to be maintained!

Worse still, Fret SNCF was asked for an estimate for new traffic in the same area and lost out because the ignorant soul who worked out the costings routed the train via Paris – over 1400 km instead of the 400 km direct route!

OFPs

The new companies have now become known as OFPs (*Opérateur Ferroviaire de Proximité*, literally local rail operator) and their creation has been written into law by the French government. The first companies started to emerge in 2009 and virtually every region of France may eventually be concerned. So where are these OFPs appearing from? There seem to be several real and potential sources:

- SNCF itself. At a recent Paris conference on logistics, several speakers complained that SNCF is getting involved in the creation of OFPs, despite having a truly dreadful reputation with many industries. One of the very first OFPs to be announced was **NaviRail Atlantique** which is to take over operation of the La Rochelle port network and has plans to eventually expand across the whole of Poitou-Charentes region. The company is owned by the port authority (51%) and SNCF (49%).

- VFLI. SNCF's low cost subsidiary has taken over several marginal operations from SNCF plus Voies Ferrées des Landes, HBL and CFD, the latter in the Morvan area of central France. VFLI is already interested in having the line from Mézy-Moulins reopened to its Montmirail workshops and operating trains itself. The line is currently open to Artonges, to serve a cereals silo. VFLI is also well-placed to expand from its traditional bases at Autun, Morcenx and Petite Rosselle.

Facing page: Typical of the present problem – Fret SNCF BB 27138, a 4200 kW electric loco, hauls a pathetic six wagons of steel away from Valenciennes on 6 February 2009.

Above: The line from Longueville to Villiers Saint Georges is a possible candidate for OFP operation. Until recently it was operated by CFTA under contract to SNCF but is now run by SNCF itself. On 17 March this year, new locos BB 60061 and 60119 pick up a train of cereals at Beauchery.

Wagonload can be profitable

The Americans who have studied the European freight scene look on bemused at the problems with wagonload freight in Europe. This is probably because the two main planks of success in the US and Canada, where wagonload is profitable, are total management commitment and tight cost control. These are too often lacking in Europe where the incumbent railways have often argued that wagonload cannot make money and that it should be gradually be replaced with containerised freight.

The most eloquent promoter of wagonload is Henry Posner III, boss of Railroad Development Corporation, a company which specialises in rescuing ailing railway companies then selling them on when returned to profit. Mr. Posner recently spoke to a conference in Paris, pointing how wagonload could be profitable in Europe, and France in particular, also explaining why concentration on block trains and intermodal was "the road to ruin". British readers will be interested in Posner's conclusions that the lack of wagonload in Britain is a serious weakness and that the trumpeted "60% growth since privatisation" is an illusion. Posner points out that almost all this growth has simply come from moving the same traffic (coal) greater distances, and that the competition for this traffic is gradually eroding margins. Posner calls this the "race to the bottom" as is the case in the USA where margins are very tight on such traffic as 15000 tonne trains of coal.

On the other hand, wagonload traffic commands much higher prices and margins although those prices are dictated by road competition. It is up to the railway company to operate efficiently and flexibly to capture this traffic. Flexibility is perhaps the key word – with a host of customers with a wide range of needs, changes to services need to be very frequent. This is one area where SNCF has enormous problems. Flexibility is a very dirty word to French trade unions and I suspect the hierarchy of management at SNCF is not exactly "nimble" either.

In Europe, the importance of wagonload traffic was recently underlined by the formation of X-rail, a partnership of incumbent freight operators with the aim of streamlining exchanges of single wagons. However, the two operators which have not yet mastered the modernisation of wagonload – France and Italy – did not join this partnership. This may be temporary – in France, SNCF certainly has a lot on its plate in returning wagonload to break even, let alone profit. SNCF has argued itself over the past decade that international services are essential as they involve half all freight traffic in the country and have the greatest potential for development.

How the others streamlined

SNCF seems to see DB's reorganisation of wagonload a decade ago, known as MORA C, as the example to follow. DB Cargo, as it was, had a similar, but less serious, problem of profitability about a decade ago and set about cutting out the dead wood. This mainly meant shedding services on minor branch lines. One of the most important aspects of MORA C was the willingness of DB to cede traffic to smaller operators, with the overall aim of keeping the traffic on the railway. This was made possible in Germany by the plethora of small operators with local knowledge which already existed, and by the opening up of the market which allowed new operators to set up. Another advantage Germany had was a post-unification body devoted to taking care of any railway staff rendered surplus by the profound reorganisations necessary when DB and DR merged.

The result of MORA C seems to have been the stabilisation of wagonload in Germany. Traffic is holding up and the massive marshalling yards at Maschen, Mannheim and Seelze have all been modernised recently.

The problems in France applying the German model are that there has been no tradition of small train operators owned by towns or département since nationalisation in 1938, that competition within EU rules is still strongly contested by the SNCF trade unions and not really supported by French politicians, and that some of the few remaining small railways (for example CFD) have recently been gobbled up by SNCF's own "low cost" subsidiary VFLI.

Top: Freight in the far south of France – Fret SNCF 69198 picks up wagons from the quarry at Saint Paul de Fenouilledes on 18 July 2007. This traffic was lost to rail in August 2009.

Above: Future traction for TPCF Fret – former SNCF BB 63226 in its unique TER livery moves ballast hoppers near Axat on 19 January 2008. TPCF was already responsible for maintaining the line from Saint Paul (exclusive) to Saint Martin Lys. **Guillaume Pourageaux (2)**

Below: Yes we can! Veolia started operating wagonload services in 2008 (see **TR EU 155**) using a hub in Lérouville. This is the service from there to le Boulou on the border with Spain, seen behind E 37506, at Braisey-la-Côte on the Toul–Chalindrey line. **Laurent Charlier**

- Disenchanted SNCF staff. There are many very professional staff in SNCF's freight departments who have the experience to run trains but are not happy with the way the national company is run. It seems that the OFP **Compagnie Ferroviaire Régionale** (CFR), set up to operate freights on the 40 km Corbigny–Cercy-la-Tour line, east of Nevers in central France, is a case in point. CFR is expected to start operations with two Vossloh G1000 diesels in the next couple of months, serving quarries run by Eiffage and Lafarge.

- Other existing large operators in France. So far Euro Cargo Rail has shown no interest in forming OFPs, but will certainly be ready to provide technical support to any OFP which intends to hand over traffic for an ECR trunk haul.

  In contrast, Eurotunnel subsidiary Europorte is hoping to set up half a dozen OFPs. Indeed, by taking over Veolia Cargo and its subsidiary CFTA Cargo, Europorte is already an OFP and has, indeed, renamed CFTA Cargo Europorte Proximités. CFTA once had agencies in several rural parts of France and provided a low-cost service under contract to SNCF. The incumbent has since taken back control of several agencies covering the Longueville–Villiers St Georges, Corbigny–Cercy-la-Tour (now to be run by CFR, see above), Troyes–Polisot, Esternay–Fère Champenoise whilst Veolia has retained control of lines from Guingamp to Carhaix and Paimpol which have little or no freight. Europorte still operates the Châtillon-sur-Seine to Nuit-sous-Ravières line (timber) and maintains the line from Villers-les-Pots to Gray where the company has a small workshop. Europorte is also already present in the ports of Le Havre, Marseille and Lyon where the port authorities are likely to contract operations to an OFP in future. Eurotunnel president Jacques Gounon is extremely critical of SNCF for trying to set up OFPs.

- Existing smaller operators in France, including:

RDT13 – this company, which is owned by the Bouches-du-Rhône département (Marseille, Aix-en-Provence), won a contract to operate the Colombiers–Cazouls line near Béziers a few years ago and has been trying to gain new contracts in its traditional home area. RDT13 might want to soak up anything SNCF wishes to drop along the Mediterranean coast (Toulon, Marseille, Nîmes, Montpellier) and already works with Euro Cargo Rail for trunk hauls.

Colas Rail – may be interested in creating OFPs. The company expanded from the supply of track maintenance trains by buying a fleet of diesels to haul trains of stone from quarries around Saint Varent, near the Loire valley, and Anor on the Belgian border. Both points are sparsely populated rural areas where SNCF may wish to drop traffic. Colas Rail also has a contract to shunt a major container terminal at Dourges, south of Lille, and could use that as a basis for expansion.

E-Genie – there are several other major (ETF and TSO) and minor track maintenance companies around France which have bases from which they might like to expand. A very small company – E-Genie, based at Saint Sulpice near Toulouse, is putting together plans to operate freight trains, although this will initially be from the Marseille area to Paris.

Above: CFTA locos BB 4810 and 4817 arrive at Sézanne with a train of cereals from Esternay on 16 September 2003. This operation has since been taken over by Fret SNCF.

Below: AGRIVAP already runs a freight service between paper plants at Giroux and Courpière which has recently been boosted to from three to five days a week. The train is currently hauled by 1956-vintage "sous marin" CC 65005. The loco is seen on 12 March 2007 at Courpière. Finished paper rolls are hauled the 8 km to Giroux and scrap paper on the return journey. **J P Francon**

- Preservation groups. In Germany, the many groups involved in preserving trains and running tourist services gradually became involved in open access freight operations. The trend started with the spot hire of locos capable of running on the main line then developed further. Owners of factories along preserved lines asked to be served, this becoming possible thanks to liberalisation, and under the MORA C plan, DB encouraged some preservation groups to run services on marginal branch lines, feeding into trunk services on the main line. Preservation groups usually have a large proportion of members who still work or have worked for the railway, and therefore with experience of running trains.

In France, the preservation group **TPCF**, which runs tourist services on the Rivesaltes–Axat line in the south-west, has created an OFP (TPCF Fret) which is to serve the quarries along the line. This follows production of a 42-page report on the OFP's prospects. TPCF will use its existing BB 63000 locos to reach the main line but has not yet announced which company will carry out the trunk haul.

Based on the author's personal knowledge, here are other preservation groups which may eventually form OFPs:

AGRIVAP – currently runs a thrice-weekly freight service between two paper factories at Giroux and Courpière on the Thiers–Ambert line with loco CC65005. In April it was reported that the restoration of a connection to the national network, at Pont-de-Dore, is under consideration. The group runs tourist trains over the 85 km Courpière–Ambert–Sembadel line and at Sembadel connects with the **Chemin de Fer du Haut-Forez** which runs trains over the 36 km from there to Estivareilles. The area is heavily forested and could generate timber traffic.

Train Touristique de Blaise et Der – although the tourist service from Eclaron-Braucourt to Doulevent-le-Château is currently moribund after a spate of vandalism, the company already provides its locos for shunting and operates a trip freight for a steel company in Saint Dizier.

Chemin de Fer Touristique de la Vallée de l'Aa – this group operates tourist services on the Arques–Lumbres line which is also used by SNCF to serve a cement plant. Other factories on the line might have traffic potential. The CFTVA already has one BB 63500 diesel.

AJECTA – France's biggest private collection of preserved locos is based at Longueville, from where CFTA operated the line to Provins and Villiers Saint Georges until recently. Plenty of rail operating experience, plus clay and cereals traffic, in an area where SNCF has difficulty operating economically.