

# PRESS RELEASE

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## **FRANCE: Deep concerns about the proposed re-organisation of the rail incumbent SNCF Group**

It is with great alarm that we notice how the French Transport Regulator ART has expressed concerns<sup>1</sup> about the proposed re-organisation of the state-owned rail incumbent SNCF Group.

This has led to the railway operators that belong to ALLRAIL being very worried about the consequences upon any new competitive tendering for rail 'PSO' (Public Service Obligations) in the regions as well as the planned market opening for commercially driven, profit-orientated long distance passenger services within France.

So what does ART say? At a high level, it expresses doubt regarding the publication of a new French law concerning the conversion of SNCF Group subsidiaries from public bodies into limited companies.

After all, any such conversion should ideally bring benefits in terms of financial transparency prohibiting cross-financing from those parts of the group that are directly taxpayer subsidised to those that are profit-orientated and face competition.

However, the French Regulator ART indicates the opposite:

- The independence of infrastructure manager SNCF Réseau will no longer be guaranteed partly because of its governance and because its financing will be supplied through the holding structure - which is the only entity able to secure debt.
- The neutrality of essential facilities for rolling stock maintenance will also not be guaranteed, because they will not be part of an independent subsidiary.
- The independence of the station manager will not be secured because of lack of clarity in the rules related to the staff of the incumbent operator SNCF Voyageurs also working for the station manager in those stations with multiple operators.
- The holding structure will have far too much power, especially in providing services to the whole group, such as HR and financing.

Indeed: ART's new document is in line with its statement from May 2019 in which it expressed its deep regret about the lack of a progressive vision for the rail system as well as its worries regarding fair competition in the new era of EU market opening.

ALLRAIL Secretary General Nick Brooks states: "it is not by reverting back to the 1938 model of SNCF that France will strengthen the competitiveness of railways versus road and air, particularly when trying to achieve its ambitious climate change goals".

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<sup>1</sup> <https://www.arafer.fr/communiqués/communiqué-avis-decrets-statutaires-de-sncf/>