

# Second Workshop on Transport Economics Competition and Regulation in Railways

Madrid – March 12, 2012

## Round Table: New Perspectives For Spain

Main Conclusions from the  
Recent French Debate on the French Rail Sector  
within  
the EU rail liberalization process

Marc Ivaldi

# The debate

- From September to December
- All rail stakeholders
- 4 commissions (10 members each)
  - The rail industry at the core of Europe
    - i.e., opening of competition
  - The governance of the rail system
    - i.e., separation between infrastructure and operation
  - The rail economics
    - i.e., financing of the rail system
  - The French rail industry
    - i.e., upstream and downstream relationships
    - i.e., the French champion
    - i.e., the rail Airbus

# The state of the French system

- A dying model
  - No more rent from the HST
  - Regular decrease of the rail freight market share
  - Saturation of the regional rail transport systems (Paris)
- A double financial deadlock
  - Annual deficit = 1.5 Billion euros
    - Public subsidy = 13 billion euros
    - Turnover = 20 billion euros
  - Debt = 32 billion euros
    - 61 billion euros by 2025 (including present TGV projects)

# The state of the French system

- A dying model
- A double financial deadlock
- Why?
  - Error on governance
    - Cost of desintegration
    - No gains from competition because no competition
  - Underinvestment on the core of the network
  - Underproductivity of labor and capital

# Recommendations

- Opening the regional service to competition
  - Competition for the market
- Unification of the infrastructure manager
- Investment policy
  - To postpone most HST projects
  - To focus on the renewal of the core of the network
- Rationalisation of the rail supply
  - No more HST on the secondary network
  - Intermodal cooperation
- Pricing closer to real costs
- Further fiscal effort
- Carbon tax