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# ‘Change has been beneficial, but not *fast* enough.’

**A**fter decades of stability that allowed France to become a leading nation in rail transport, deregulation has begun with the creation of Réseau Ferré de France, the launch of transformation projects by the major players and the arrival of tough, new competitors.

**Jacques Gounon, Chairman and Chief Executive of Eurotunnel, looks at the challenges this presents for his company.**



*Jacques Gounon began his career with France's Ministry of Infrastructure. After covering the City of Paris, the creation of a maintenance company and Eiffage, he joined the Ministry of Labour as a Ministerial Advisor. He then became a Private Secretary to the State Secretariat for Transport. From 1996 to 2000 he was Chairman France of Alstom and he followed that by becoming Vice-Chairman & Chief Executive of CEGELEC. In 2005 he was appointed Chairman & Chief Executive of Eurotunnel and in 2009 received the Revelation of the Year Award at the BFM Awards.*

## How do you view the rail sector in France?

It's changed enormously since the mid '90s. The deployment of the rail packages and modernisation programmes has had a huge impact on both goods and passenger transport. Deregulation has really prompted incumbent operators to change. That's what happens when you introduce competition. Guillaume Pepy, Chairman and Chief Executive of SNCF, was first to say that the introduction of competition was an excellent stimulant. So change has been beneficial, but not fast enough.

The rail sector is a very constrained world, even conservative in some organisations. So having a strictly administrative vision can hinder the development of the whole sector - including the arrival of new entrants. But many players are now changing to counter this inheritance. Here I must pay particular tribute to the creation of Opérateurs Ferroviaires de Proximité - or

Local Rail Operators. Their flexibility and an innovative approach based on staff versatility means they're one step ahead. They are really meeting the expectations of everyone who is concerned about the decline of rail transport compared to road transport.

When we talk about administrative constraint, it shouldn't be confused with safety, which is of course, a core concern. Eurotunnel is the busiest line in the world and it's located 40 metres below sea level, so safety is our absolute priority. Having said that, shortly after the start-up of our first rail freight subsidiary, Europorte 2, we were scrutinised by the regulators as though we'd never even driven a train. So we sometimes wonder whether too many controls might hinder the sector's development, without really making a tangible contribution towards improving safety.

I'm convinced that rail freight is a sector that can only get bigger and better in the future. Proof of that is the aggressive competition waged by SNCF Geodis and ECR and interna-

tional competitors such as B Cargo and CFL. In the freight sector, road and rail complement one another to a certain extent, particularly over short distances. In European freight corridors, suitable infrastructures must be put in place and new freight-dedicated lines opened. You can see exactly why when you look at the saturated Lyon transport slot, for example. It creates real

make planning decisions. In France, we must advocate these lines. Let's follow the example of our neighbours, who have deployed effective freight aid policies: In Germany through aid for the creation of industrial branch lines, and in Great Britain where the freight market is showing an annual growth of 4%, through substantial aid for mixed transport.

**You have one foot on either side of the Channel. What are the differences between the two rail systems?**

The fundamental difference relates to geography.

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bottlenecks and this restricts any possibility of expansion for the entire sector.

## What are the major challenges for Eurotunnel?

As I said, Eurotunnel is the busiest rail line in the world. In just over 15 years, we have transported 250 million passengers and 50 million vehicles - including 15 million heavy goods vehicles. What's our next challenge? We have an ambitious strategy in both rail operations and infrastructure management, so we want to increase traffic between mainland Europe and Great Britain. We also want to grow our freight traffic by increasing the number of freight trains and piggybacking over long distances to reduce pollution and relieve motorway congestion.

Great Britain is certain of the future of rail. There is real public will to back freight, but we must go beyond that declaration of will and

## Will development involve a European-scale policy?

Yes, European rail traffic has tremendous potential and creating rail corridors would help increase traffic and promote a genuine European rail freight network. Transport would then be more efficient in terms of journey times and capacity. The problem is that there's a real lack of ambition regarding rail freight in Europe. Up until now, every country has had its own technology, related to its geography and history. So it would be good to standardise the system, particularly with regard to regulations.

Developing rail freight should be a major priority for Europe. All the players recognise this in principle and an infrastructure identification programme has been launched. The real question is whether or not there's a common political will, with strong involvement and financing from every state? This has to be a task for the European Commission.

In Great Britain, transport works on a north-south basis, while in France it's more difficult to establish direct links because of the hexagonal topography of the country. So you get a more complicated system. In addition, Great Britain has always made great use of its ports, while France has favoured its very efficient road network.

Politically, the British are aware of the challenges of expanding rail freight and as a binational group, we're also aware of this at Eurotunnel. That's why we bought the French operations of Veolia Cargo, now rechristened Europorte. It gives us much greater strike power in the French rail freight market. Last year in Great Britain, we also acquired GBRF, so our French and British business activities are highly complementary. ■