Autorité de Régulation des Transports

# PRESS RELEASE

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# Despite a dynamic driven by combined transport , the rail freight market remains stable in 2022 and is characterized by a low level of service quality

***The French Transport Regulatory Authority (ART) publishes a study on the rail freight market in France, incorporating regular thematic analyses carried out by the regulator. While the opening up of the rail freight market to competition has put an end to the decline in the volume of activity in the sector since 2011, ART notes that rail freight is losing its appeal compared with road transport. Today, the rail freight market remains concentrated around SNCF Group companies, including the incumbent operator Fret SNCF, which remains a major actor. While the rail freight market has seen strong growth over the past ten years, driven by combined transport, the attractiveness of this market is affected by a low level of service quality.***

## SINCE 2011, THE OPENING UP OF THE RAIL FREIGHT MARKET TO COMPETITION HAS MADE IT POSSIBLE TO PUT AN END TO THE DECLINE IN THE SECTOR'S ACTIVITY

The opening up of the rail freight market to competition has put an end to the decline in the volume of activity in the sector since 2011, with almost 35 billion tonne-km compared with over 50 billion in the early 2000s. This decline has resulted in a drop in the modal share of rail freight in France, to 11%. This is below the European average of 17% in 2021, while Switzerland, Germany and Italy have maintained or increased their modal share over the period.

Revenues for rail freight companies remain fragile and are down 4% since 2017. Public support is therefore essential to the sector's economic sustainability, and has in particular helped to reduce the tolls borne by rail companies, which in 2022 will account for just 5% of their revenues.

## FRET SNCF REMAINS A MAJOR ACTOR IN THE RAIL FREIGHT MARKET

After more than 15 years of open competition, the rail freight market remains relatively concentrated. In 2022, five rail companies will account for 85% of tonne-km, of which almost 70% will be handled by SNCF Group companies. Fret SNCF remains the only rail company with national geographic coverage. It holds a dominant position in two rail freight segments: combined transport (50% of tonne.km transported) and conventional wagonload transport (83% of tonne.km). However, an investigation launched by the European Commission into government support measures for Fret

SNCF could lead to the implementation of a "discontinuity scenario" based on the incumbent operator selling off around 30% of its business to competing operators.

## RAIL FREIGHT DYNAMIC IS DRIVEN BY COMBINED TRANSPORT

In contrast to conventional freight, combined transport has developed strongly in France, for both domestic and international flows. It appears to be more competitive than other market segments. The dynamic of this activity is driven by the increase in train capacity, as well as by the rise in traffic on rail freeways.

Almost 75% of freight train.km are carried on the 6,500 km of European freight corridors that cross France. These international corridors are also some of the busiest on the national rail network, particularly for passenger traffic.

However, use of the European one-stop shop for ordering train paths, which is designed to facilitate international traffic, remains low, despite its proven potential.

## THE ATTRACTIVENESS OF RAIL FREIGHT IS AFFECTED BY POOR SERVICE QUALITY

The rail freight sector suffers from a low punctuality rate: 8% of freight trains are more than an hour late on arrival, and this rate is even worse for combined transport (19%).

Furthermore, effective rail freight speeds (52 km/h on average on the national rail network) may be deemed insufficient for certain markets, reducing the attractiveness of rail compared with road transport.

### For further details (in French):

- Le bilan sur le marché du transport ferroviaire de fret de 2017 à 2022

### About the French Transport Regulatory Authority (ART)

Since 2010, the French railway sector has had an independent authority to accompany its gradual opening to competition: the Autorité de régulation des activités ferroviaires (Araf). Law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunity extended the regulator's powers to road activities - coach transport and motorways. On 15 October 2015, Araf became the Autorité de régulation des activités ferroviaires et routières (Arafer), with the mission to contribute to the proper functioning of public service and competitive activities for the benefit of rail and road transport customers.

With competence for the regulation of airport charges since 1 October 2019, Arafer became the Transport Regulatory Authority (ART) on that date. Lastly, Law No. 2019-1428 of 24 December 2019 -mobility act- extended ART's powers and missions to the opening up of mobility and ticketing data, as well as to the regulation of infrastructure manager activities and security activities carried out by RATP in Île-de-France. Its opinions and decisions are adopted by a college of five independent members chosen for their economic, legal or technical skills in the field of digital services or transport, or for their expertise in competition matters. It is chaired since 4th August 2022 by Philippe Richert, Vice-President and Acting President.