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STUDY OF THE SITUATION OF THE RAILWAYS IN MEMBER COUNTRIES

Addendum 3

Transmitted by the Governments of Belgium, France and Switzerland

Please note that the distribution of documentation for the Working Party on Rail Transport (SC.2) is no longer "restricted". Accordingly, the secretariat has adopted a new numbering system whereby all working documents other than reports and agendas will be numbered as follows: TRANS/SC.2/year/serial number. Reports, agendas, resolutions and major publications will retain their previous numbering system (i.e. TRANS/SC.2/189).

(a) Data on past and future developments of rail passenger and goods traffic

BELGIUM

Traffic products for the year 1997 increased by 6.1% over the previous year, and included 6.2% for passenger traffic and 4.0% for goods traffic in complete wagon-loads and 14.9% in partial loads.

Passenger transport, expressed in numbers of passenger-kilometres, increased by 2.9% compared with 1996. This increase derived both from domestic traffic (2.8%) and its two components (tickets and train cards), and from international traffic (3.3%). In international traffic it was the result of an increase in Eurostar traffic (16.5%) and the major development of Thalys traffic (25% if the last seven months of 1997 and 1996 are compared, bearing in mind that the service started in June 1996), while conventional traffic showed a drop of 22.3% (transfer to Thalys).

Goods traffic in complete wagon-loads recorded an increase of 3.1% overall compared with the previous year. There was a large increase in the transport of metallurgical products (20.4%), intermodal traffic (15.7%) and foodstuffs (12.1%). Some types of traffic decreased, however: solid fuels (-22.6%), ores and scrap for the metallurgical industry (-19.2%), fertilizers (-18.1%) and agricultural products (-10.7%). The increase in overall traffic came basically from intermodal traffic, since transport for heavy industry and for light industry remained relatively stable at -0.6% and -0.3%.

ABX Transport traffic (partial loads) recorded a large increase of 18.3%.

	Units	1997	1996	Difference	Difference %
Number of passengers	millions	143.6	141.7	1.9	1.3
Domestic		133.3	130.8	2.5	2.0
International		10.3	10.9	-0.6	-6.3
Number of passenger-km	millions	6 984	6 788	196	2.9
Domestic		5 837	5 679	158	2.8
International		1 147	1 109	38	3.3
Tariff products	millions F	16 841.3	15 855.0	986.3	6.2
Domestic		12 252.2	11 431.7	820.5	7.2
International		3 479.7	3 282.6	197.1	6.0
Miscellaneous		1 109.4	1 140.7	-31.3	-2.7
Complete wagon-loads					
Tonnage taxed	milliers t	58 849	57 095	1 754	3.1
Number of tonnes-km	millions	7 465	7 244	221	3.1
Tariff products	millions F	11 501.9	11 059.7	442.2	4.0
Partial loads					
Traffic	milliers of consignments	6 605	5 584	1 021	18.3
Product	millions F	2 706.1	2 355.0	351.1	14.9

FRANCE

1.1 Passenger traffic results

The following table gives SNCF passenger traffic since 1990:

of billions of passenger/ kilometres	1990	1991	1992	1993	1994	1995	1996	1997
Main network (including TGV)	53.77 (14.92)	52.35 (17.87)	52.94 (18.96)	48.58 (18.92)	49.46 (20.51)	47.08 (21.43)	50.90 (24.77)	52.86 (27.17)
Ile-de-France	9.97	10.02	10.06	9.85	9.48	8.48	8.87	9.05
All passenger traffic	63.74	62.37	63.00	58.43	58.93	55.57	59.77	61.91

SNCF traffic, which had been stable or had varied only slightly from one year to another since 1989, dropped sharply in 1993 as a result of a difficult economic situation in that year and problems with the entry into service of the new ticket distribution system on the main lines.

In 1994, the situation improved very slightly with a traffic increase of 0.9%; main-line traffic improved by 1.8% while traffic in the Ile-de-France region fell by 3.8%, giving a significant decrease for the second year running.

In 1995, the situation deteriorated overall because of the three-week railway workers' strike from the end of November to mid-December.

In 1996, there was a slight improvement. In fact, traffic remained stable compared with traffic data for 1995 after correction for the strikes.

In 1997, the improvement was definitely confirmed, as main-line traffic increased by 3.8% and Ile-de-France traffic by 2%.

Overall, TGV traffic performed positively during this period.

1.2 Development prospects in passenger traffic

SNCF passenger traffic is linked to overall economic activity but it also depends on the success of the company's commercial efforts.

The upturn in traffic registered in mid-1994 continued and improved even further during 1995, but was halted by the strikes at the end of November and December 1995.

After a stable year in 1996, 1997 showed positive progress in traffic.

For 1998, the SNCF Budget anticipates an increase in passenger traffic of approximately 1.7% compared with 1997.

2. Goods traffic

2.1 Development of goods traffic during the period 1991-1997

in billion of tonnes/km	1991	1992	1993	1994	1995	1996	1997
Complete train load	24.4	23.8	22.4	23.7	22.8	23.2	24.8
Combined transport	7.7	8.3	8.4	10.2	10.8	12.2	13.9
Grouping	17.2	16.1	12.8	13.3	12.8	12.9	13.8
TOTAL	49.3	48.2	43.6	47.2	46.4	48.3	52.5

The development of goods traffic derives both from competition from the roads and an economic context which, while improving, continues to be difficult, and from the need for SNCF to improve the quality of its services in order to meet customer demand more satisfactorily. The results obtained over the past two years reveal a definite improvement.

2.2 A new approach

In view of the problematical development of rail freight, SNCF has given in-depth consideration to rail transport in general.

In the context of its industrial project it has defined the main lines for recapturing the freight market.

Quality of service must be improved for "complete train-loads" (TENOR project) and, for individual wagons, progress from "at latest" delivery to a firm commitment to delivery times (RESOLIS project), and the efficiency and cost of terminal services must be improved (COLLECTION/DISTRIBUTION project).

Other activities are aimed at developing resources for goods traffic (freight locomotives for the future, specialized freight lines) so as to increase the productivity of the production system.

For combined transport, efforts should involve an increase in marshalling capacity with shorter times and lower costs.

In all, SNCF believes that by the year 2000 it can slightly increase traffic on complete train-loads, stop the deterioration in individual wagon traffic and enable a considerable increase to be made in combined traffic.

SWITZERLAND

Passenger traffic, like goods traffic, on the Federal Railways (CFF) has become a matter of great concern because of the erosion in passenger-kilometre revenue. Although the 1997 figure of 12.4 billion passenger-kilometres, with an increase of 6.2%, constituted an absolute record, rail products declined by 20 million francs compared with the previous year. This development is due in part to the transfer of earnings to new operators (Cisalpino SA, for example)

and to the price reductions resulting from special offers (day cards for the 150th anniversary of the Swiss railways, two-year half-price season tickets, etc.). Passenger traffic products amounted to 1,555.3 million francs.

In goods traffic, for the first time in four years during which the turnover declined constantly, it was possible to stabilize revenue. The volumes carried increased by 7.7% and tonnes-kilometre by 10.6%. Products amounted to 943.1 million francs. It is interesting to note that transit traffic with individual complete wagon-loads performed better than combined transport. It may be mentioned here that an absolute record for the Saint-Gothard was achieved in December 1997 with 147,608 gross tonnes of goods in one day.

Future developments in passenger traffic comprise several parts, including improvement of regional traffic services, increased revenue from passenger-kilometres, continuation of the timetable improvements programme (Rail 2000) and introduction of new ideas in distribution.

In goods traffic, stress will be laid on capturing new markets, making available global logistical solutions, improving transport quality and increasing productivity. Aware of their position as a key network for transit traffic, the CFF intend to ally themselves with the Italian State Railways with a view to a joint improvement in the quality of international transport and marketing which targets the economic sectors. The CFF are also participating in the development of European goods transit corridors.

For fuller information on the figures mentioned above, statistical documentation on the transport of passengers and goods has been submitted to the secretariat and can be consulted there.

- (b) New developments to be observed subsequent to the reorganization of the rail sector and the experience gained with these new organizational arrangements

BELGIUM

The detailed studies preparatory to setting up the new structure, initiated on 1 September 1996, continued in 1997. The new structure became operational on 1 January 1998. The principles underlying the new company concept and the structure in terms of the centres and units among which activities are distributed were defined in the "Objective 2005" plan, adopted in 1996.

These principles involve maintaining the unity of the company and the powers of SNCB's legal management bodies and ensuring that budgetary, material and human resources are established and used as efficiently as possible.

The railway company's main activities are entrusted to and managed by activity centres (CA) and supply and support functions are organized by service centres (CS). All the centres operate under the direct authority of the Board of Management assisted by central coordination units (UCC).

The activity centres are organized around three areas: production, management and operation. The four production centres handle infrastructure maintenance and the long-term, medium-term and short-term maintenance of goods and passenger rolling stock. The mission of the three management centres is the enhancement of the value of company property, management of the network and management of motive power and passenger equipment. The four operating centres define and market domestic passenger offers, international travel, B-Cargo (complete wagon-loads) and ABX (partial loads).

The modernization of the structures is aimed at ensuring that the operating centres have a competitive presence in the market. All the centres and units have contractual-type relations which specify the transfer costs, volumes and quality level of the services requested.

The service centres ensure support services in the areas of personnel administration and the management of social affairs, computerization, facility management, purchases and telecommunications.

The functions of the central coordination units concern the general strategy and development of the company, finance, safety and the environment, human resources and social relations policy, internal and external communication, legal affairs and the general secretariat.

FRANCE

In 1997 the railway sector underwent its most important reorganization since the establishment of the SNCF in 1937.

Act No. 97-135 of 15 February 1997, establishing the French Rail Network as a public corporation with a view to the renewal of rail transport established on 1 January 1997 a public industrial and commercial corporation responsible on behalf of the State for the rail infrastructures owned by it.

This reform was a response to the crisis in the French railways caused by the decline in traffic and in their share in the market compared with other transport modes and the constantly growing debts and deficits requiring increasingly higher public contributions.

The debts of the SNCF, which were over 200 billion francs at the end of 1996, meant that any attempt to rectify the company's accounts were doomed to failure.

The solution could only be a structural reform which would clarify the responsibilities of the State and the SNCF with reference to infrastructures and relieve the SNCF of a large part of its debt.

Tracks, marshalling yards, signalling equipment and points were therefore transferred to the RFF, while the SNCF kept the equipment needed for transport services and stations where there was direct contact with the users. The detailed specification of the various assets and their assessment in accounting terms were validated by an international firm of auditors.

In exchange for taking over the assets constituting the infrastructure, the RFF accepted the 134.2 billion franc debt contracted by the SNCF for the financing of this infrastructure.

The new public corporation's mission is to improve, develop and exploit the national rail network.

In view of SNCF's recognized know-how and the resources available to it, it has been entrusted with the management of the infrastructure, i.e. the maintenance of the technical facilities and the management of traffic and traffic operation.

Three decrees for the implementation of the Act were signed on 5 May 1997 and published in the Journal Officiel on 7 May 1997.

The first concerned the missions and the status of the RFF and established the main principles governing its relations with SNCF for the management of the infrastructure, and listed the respective missions and obligations of the two corporations. A convention was drawn up between them in order to define this framework in operational terms. The second established the means of determining the property coming under the full ownership of the RFF and the third set out the rules for determining the charges linked to the use of the national rail network which include "tolls".

The revenue of the RFF comes from traffic charges for traffic on the national rail network and financial contributions from the State, in particular the contribution to infrastructure charges previously paid to SNCF and grants which will enable the transferred debt to be covered.

For 1997, the capital contributed to the RFF amounted to 8 billion francs. The RFF may also receive contributions from territorial bodies, such as, for example, subsidies for network investments in the context of the State-Regions development contract.

Its expenses are constituted for the most part by compensation from the SNCF for infrastructure management, by investments for the development of the network and by the burden of the debt taken over from SNCF.

This reform enables SNCF to devote itself fully to its company objectives. It has outlined an industrial project predicated on winning back its passenger and freight customers, returning to a sustainable balance in each of its activities as a rail carrier and constantly improving the infrastructure management it performs for the RFF.

The Act also includes a section concerning experiments in regionalizing passenger services in six volunteer regions.

All in all, this reform has led to a major change in rail transport capable of ensuring a renewal in a transport mode the collective advantages of which are obvious.

It is still too soon to be able to answer the second part of the question, concerning the experience gained with these new organizational arrangements.

SWITZERLAND

On 20 March 1998, the Swiss Parliament adopted a new law on the reform of the railways, scheduled to come into force on 1 January 1999.

In April 1997, the CFF carried out the most important restructuring since their establishment. Under the heading of "company reform" they split infrastructure and transport into two, giving each sector its own balance sheet and its own result account in the context of an integrated company. At the same time, they redefined the notion of "infrastructure" which henceforth includes the installations and the personnel to operate them and responsibility for the overall timetable. These changes have enabled the CFF to respond to the requirements of the European Union as regards right of access and right of transit, as specified in Directive 91/440.

A new development, also inspired by the above Directive, is the financial stabilization of the network. This is crucial for ensuring the competitiveness of the company vis-à-vis the competition emerging particularly in the goods sector. Both the liabilities inherited from the past and those linked to the CFF's pension and assistance fund will be eliminated in the context of the reform of the railways.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stock

BELGIUM

1. Preamble

The 1997 financial year was part of a ten-year investment plan covering the period 1996-2005, with five main objectives:

Construction and bringing into operation on Belgian territory of the high-speed railway network linking Paris (Lille), Brussels, Amsterdam and Cologne;

Purchase of rolling stock for high-speed traffic;

Renovation and modernization of the infrastructure of the conventional rail network, for domestic passenger transport and for goods transport;

Purchase of modern rolling stock principally intended to increase passenger comfort.

The overall investments programmed for the period of the 10-year plan amount to BF 370 billion (at 1994 prices).

2. Investments in 1997

Total investments amount to BF 45.4 billion at 1997 prices. They can be broken down under the following investment headings.

2.1 TGV

Infrastructure	:	BF 9.2 billion
Rolling stock	:	BF 2.3 billion
Total	:	BF 11.5 billion

2.2 Domestic network

2.2.1 Infrastructure

The total amounts to BF 13.5 billion, assigned to the main objectives:

Modernization of the railway junctions of Brussels, Anvers, Ghent, Liège and Charleroi and improvement of Brussels-Zaventem Airport services: 1.4;

Modernization of the main railway lines principally used for domestic passenger transport: 4.2;

Modernization of the additional lines used to carry both passengers and goods: 1.2;

Modernization of secondary tracks in stations: 0.3;

Modernization of lines intended for the transport of goods and the railway installations serving the main Belgian ports (Anvers, Ghent, Zeebrugge): 1.9;

Renovation and modernization of safety equipment on lines and in stations: 0.8;

Modernization of passenger buildings and facilities: 1.5;

Adaptation of production tools: 2.2.

2.2.2 Rolling stock

Total investments amount to BF 18 billion and have for the most part been allocated to the purchase of:

Multiple-voltage electric locomotives (3kV direct, 25 kV alternating);

Diesel-electric shunting locomotives;

Electric power cars;

Diesel power cars;

Coaches for domestic passenger transport;

Goods wagons;

and the transformation of coaches and wagons to adapt them to the demands of the customers.

FRANCE

(i) Infrastructure of the national rail network (RFF perimeter):

Millions of FF at current prices	1995	1996	1997
Main network	7 201	10 222	11 269
- including TGV development	1 844	4 633	5 602
Ile-de-France network	2 597	1 976	2 013
Total	9 798	12 198	13 282

(ii) Rolling stock, stations, vehicle maintenance shops (SNCF perimeter):

Millions of FF at current prices	1995	1996	1997
Main network	6 288	6 244	5 795
- including TGV development	2 499	2 617	1 490
Ile-de-France network	2 205	2 291	2 465
Total	8 493	8 535	8 260

SWITZERLAND

Infrastructure investment: CHF 1 683 million

Rolling stock investment: CHF 467 million

The project to create piggyback corridors across the Alps may be considered to have been completed as far as the lines in Switzerland are concerned. On the Italian side, work is proceeding well on the Iselle-Domodossola section. The implementation of the Rail 2000 project is advancing rapidly. The widening of the Aarau-Rupperswil line to four tracks, the upgrading of many stations and the bringing into service of new signal boxes have contributed considerably to increasing capacities and freeing traffic flow.

Important decisions are to be taken concerning the new Alpine crossings and exploratory galleries are currently under construction. In order to make a clear separation of areas of competence, Alp Transit Gotthard has been transferred to an independent branch, Alp Transit SA, which will be operational as from May 1998.

In the rolling stock sector, the conversion of InterCity trainsets and through trains run on a reversible basis with the addition of a driving-control trailer should be mentioned. This system enables savings to be made both in respect of the rolling stock and the production staff and contributes to improving timetable stability.

The bringing into service of the new double-decker air-conditioned IC 2000 coaches has enabled a considerable improvement to be made in the passenger transport offer. The trainsets are initially being run on the Interlaken Ost-Bern-Zürich-St.Gall lines and between Basel and Coire. A second series of 144 coaches will supplement the 58 coaches delivered in late 1997.
