

TRANSPORT MARKET STUDY OF THE ATLANTIC CORRIDOR



3rd March 2021



Table of contents

1. Introduction
2. Presentation of potential corridor extensions
3. Integration of current economic crisis
4. Evolutions on the Atlantic Corridor (2010-2018)
5. Traffic forecasts

1 Introduction

Aim of the transport market study

- Analyse Corridor's strengths, weaknesses, opportunities and threats
 - Identify the need for improvements along the corridor
 - Update database and knowledge: demand (main clients), supply, context
 - Focus on possible extensions and their interest to relate them concretely to the RFC
 - Demand forecasts on freight flows (2030)
- End of this TMS: expected between end of March 2021

Geographic scope of RFC Atlantic and extensions

3 functions to the possible extensions:

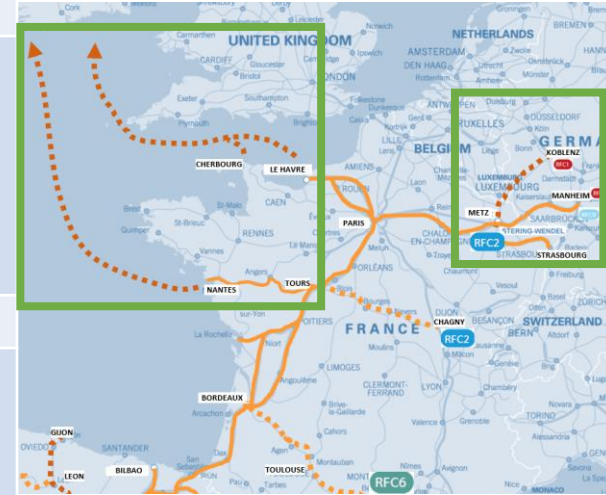
- IC** International connection to markets
- NC** National connection to international market
- DR** Diversionary rail routes



2 Relevance of extensions

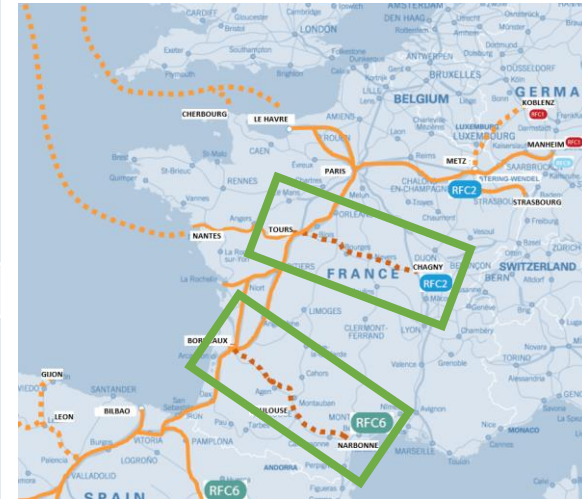
Relevance of extensions

To Irish ports	Metz-Trier-Koblenz
Benefits <ul style="list-style-type: none">■ Direct Connexion between continental Europe and Ireland after the Brexit (in order to avoid landbridge through Great Britain following Brexit)	<ul style="list-style-type: none">■ Intermodal connections between Mediterranean and North European countries■ 250 kilometers saved with this alternative route■ Connection to industrial areas and their transport logistics nodes and inland ports
Limits <ul style="list-style-type: none">■ Development of sea-rail logistics chains to be confirmed (example: rolling motorway project between Cherbourg and Bayonne)■ Weather conditions affecting regularly the shipping travel time and by the way the rail connection.	<ul style="list-style-type: none">■ The potential for new markets for the RFC Atlantic itself seems limited■ The current rail traffic along this potential extension does not yet match the Atlantic corridor alignment■ Current traffic runs South on the North-Sea Mediterranean corridor towards Lyon and further



Relevance of extensions

Tours-Chagny	Bordeaux-Narbonne
Benefits <ul style="list-style-type: none">■ Alternative itinerary with a low level of traffic for international traffic SP/DE in case of Ile-de-France congestion (especially in rush hours)■ To connect the Western and Eastern parts of France■ To develop the rail modal share of Nantes-Saint-Nazaire seaport	<ul style="list-style-type: none">■ To connect logistic nodes (Toulouse)■ To take into account a significant international demand■ To connect the two main freight corridors in France (RFC Atlantic and RFC MED) already used for the International Contingency Management of both RFCs
Limits <ul style="list-style-type: none">■ Rail infrastructures characteristics are not aligned with the RFC Atlantic technical requirement (partly missing electrification and GSMR, tunnel gauge)■ Economies of the territories between Tours and Chagny are limited (low potential of international rail freight traffic)	<ul style="list-style-type: none">■ Important urban passenger train traffic development forecasted in both cities of Bordeaux and Toulouse in the next years by the regional authorities



Relevance of extensions

Asturias – Northwest of Iberian Peninsula	Northwest of Iberian Peninsula
<p>Benefits</p> <ul style="list-style-type: none"> ■ Opportunity to offer an international connection to markets (Steel industry in the Asturias) → Would improve the regional economy ■ Connection with the Port of Gijón (the first one in freight railway transport in Spain) 	<ul style="list-style-type: none"> ■ To connect the most important ports in the North of Spain and Portugal to the RFC Atlantic → Would favor the connection to international markets and the efficiency of the international trade ■ To provide an Atlantic RFC connection through the North border between Spain and Portugal for the significant demand between the two countries → Providing Portugal more connections to the European markets ■ To connect industries (wood, metal, textile and automotive) to the RFC <p>→ Develop the regional economy and increase the trade to/from the Northwest of the Iberian Peninsula</p>
<p>Limits</p> <ul style="list-style-type: none"> ■ Freight rail traffic is mainly national 	<ul style="list-style-type: none"> ■ Rail infrastructures characteristics are not aligned with the RFC Atlantic, especially in Portugal



Relevance of extensions

Madrid – Southwest of Iberian Peninsula extension	Southwest of Iberian Peninsula extension
Benefits	
<ul style="list-style-type: none"> ■ To connect Madrid and Lisbon areas, the engine of their national economies where the demand is significant ■ To bring Portugal closer to other European markets ■ To attract new markets and increase the flow of goods on the Corridor ➔ To consolidate the economic position of these South European countries 	<ul style="list-style-type: none"> ■ To connect the ports of Huelva and Sevilla with the current Atlantic RFC ■ To improve the connections between the South-West areas of the Iberian Peninsula with the ports of Lisbon, Sines, Huelva and Sevilla, which could increase the trade of the Atlantic ■ To connect to the international railway network important industries such as chemistry and agri-food ones
Limits	
<ul style="list-style-type: none"> ■ Rail infrastructures characteristics are not aligned with the RFC Atlantic, but it will be the case at medium term (2030) 	



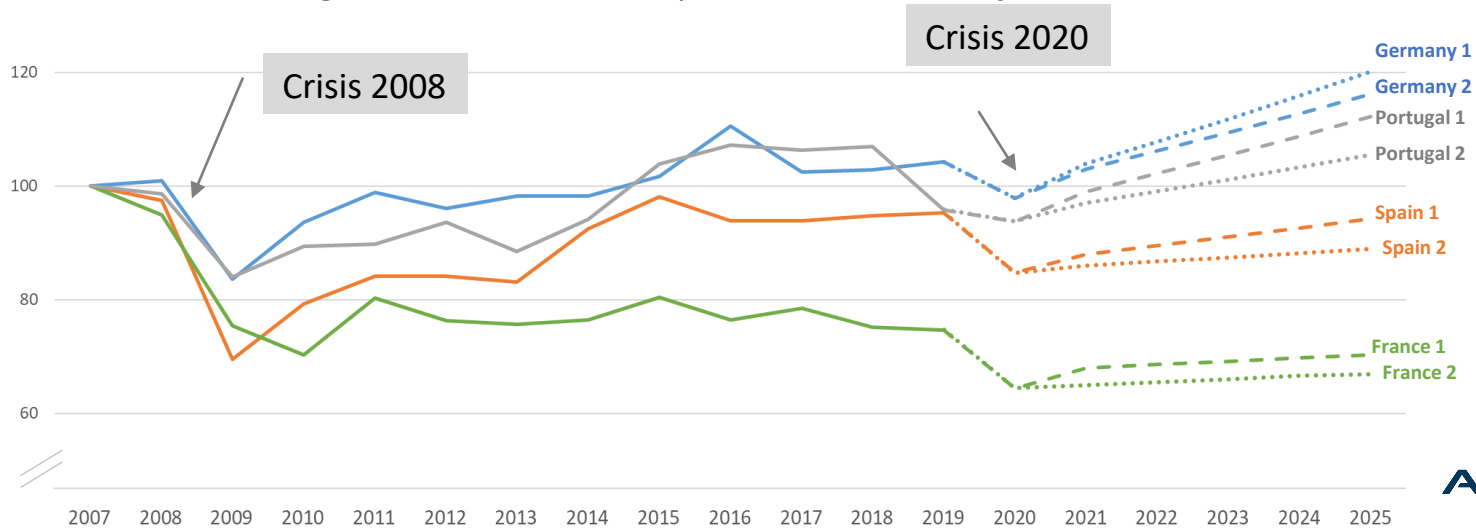
3 Integration of economic crisis (pandemic scenarios)

Methodology for forecasts on 2025 (shock period)

Rail traffic forecasts (index 100)

Principles:

- Analogy with the economic crisis 2008: The impact of the economic crisis on rail traffic follows the trend observed on 2007-2018 crisis in each country (same relation between GDP and rail freight evolutions)
- 2 GDP scenarios for each country (based on national forecasts)
- the drop in 2020 is smaller than the drop observed in 2009 because the application of the constant elasticity 2007-2018 attenuates the strong variations (smaller drop and weaker recovery)



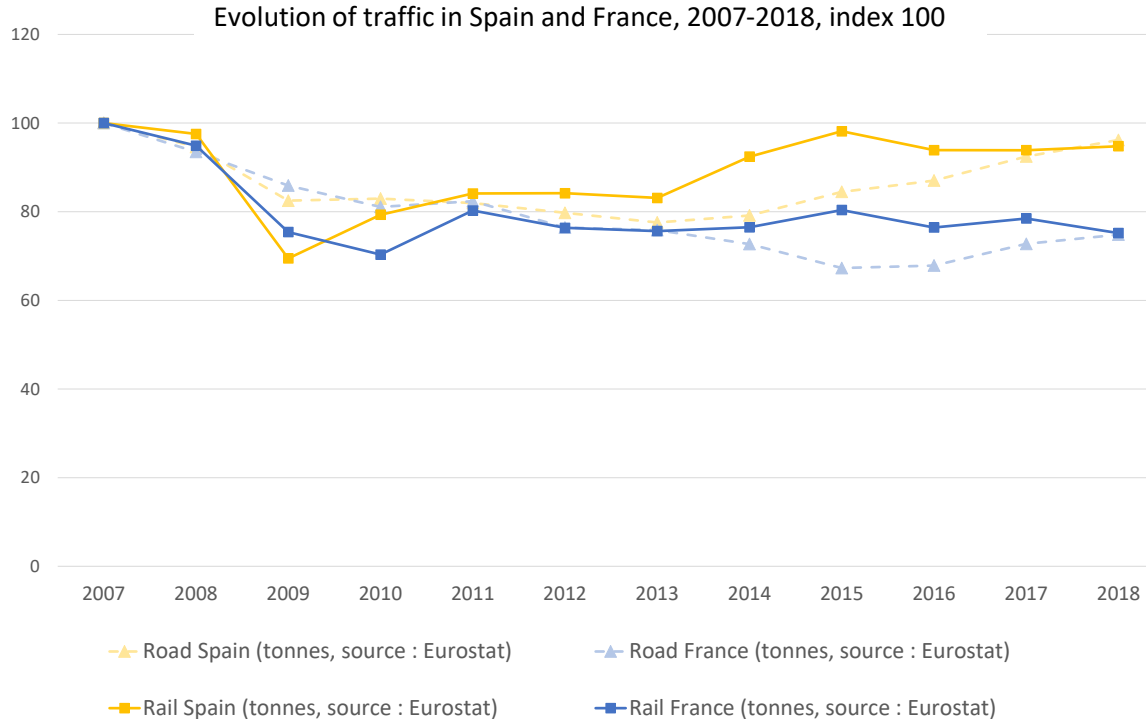
4 Evolution on the Atlantic Corridor (2010-2018)

Declining rail traffic on the corridor

- The previous transport market study from 2012-2013 forecasted a strong increase in rail traffic between 2010 and 2020
- But in reality, even before the covid19 recession, rail traffic has been declining steadily on the RFC Atlantic whereas road traffic has been increasing
- This is explained by several main factors :
 - Key infrastructure projects were not carried out as planned (in particular Y Basque and the Atlantic rolling motorway)
 - Persistent works on the main lines, in particular in Aquitaine in France, with a negative impact on reliability of train paths
 - Recurring rail strikes in France (2010, 2014, 2016, 2018, 2019, 2020)

Declining rail traffic on the corridor

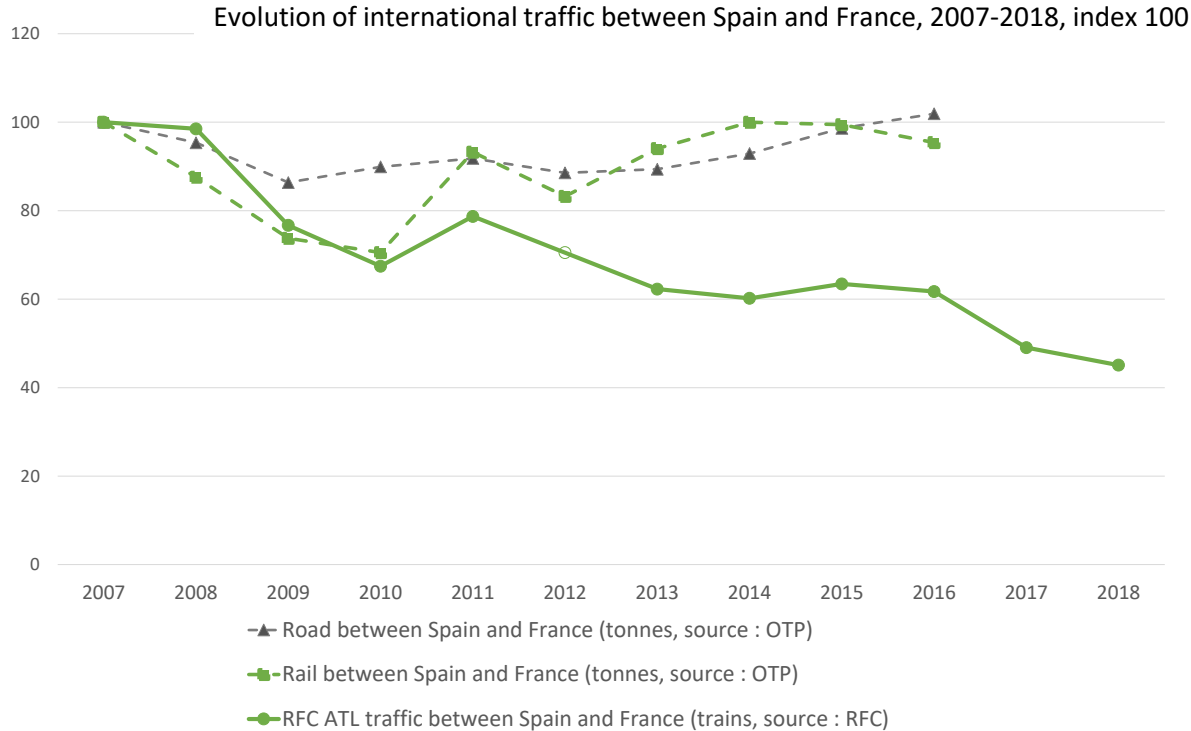
Evolution of traffic in Spain and France



- Rail and road traffic in each country follow similar patterns
- Rail modal share of total land traffic therefore appears to be stable over the 2007-2018 time period

Declining rail traffic on the corridor

Evolution of traffic between Spain and France



- In 2018 total cross-Pyrenean flows came back to their 2007 level with similar modal shares
- But rail traffic on the Atlantic corridor displays a clear downward trend over this time period

5 Traffic forecasts

Methodology for traffic forecasting

- Traffic forecasting is carried out with a model where demand (multimodal traffic flows) meets supply (multimodal network)
- This type of model considers for each origin-destination and type of merchandise the time and cost of the different modes of transport (road, rail and short sea shipping) and estimates on this basis the modal split
- Starting point: 2018 base year for which we adjust the model to fit the transport networks and traffic flows observed (model calibration)
- Forecasts to 2030 then account for changes in:
 - Supply: the multimodal transport networks (infrastructure projects) and services (cost evolution)
 - Demand: estimation based on official GDP forecasts
- The modal choice is then estimated again with those new assumptions for supply and demand
- Considering the circumstances (declining rail traffic and covid19 recession), specific methodologies were also developed to take those factors into account as much as possible
- Two different economic scenarios are taken into account

Thanks for your attention

