

TRANSPORT MARKET STUDY OF THE ATLANTIC CORRIDOR



3rd March 2021



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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:

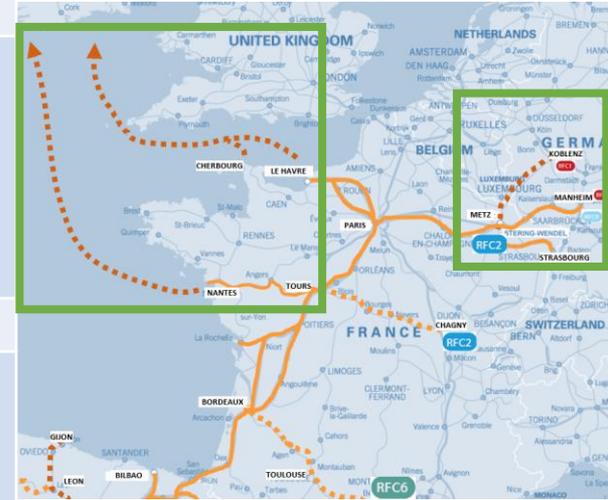
- IC** International connection to markets
- NC** National connection to international market
- DR** Diversionary rail routes



2 Relevance of extensions

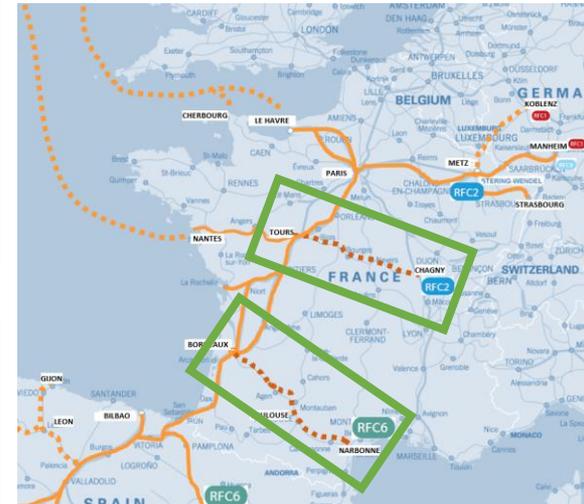
Relevance of extensions

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
<p>Benefits</p> <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
<p>Limits</p> <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) 	



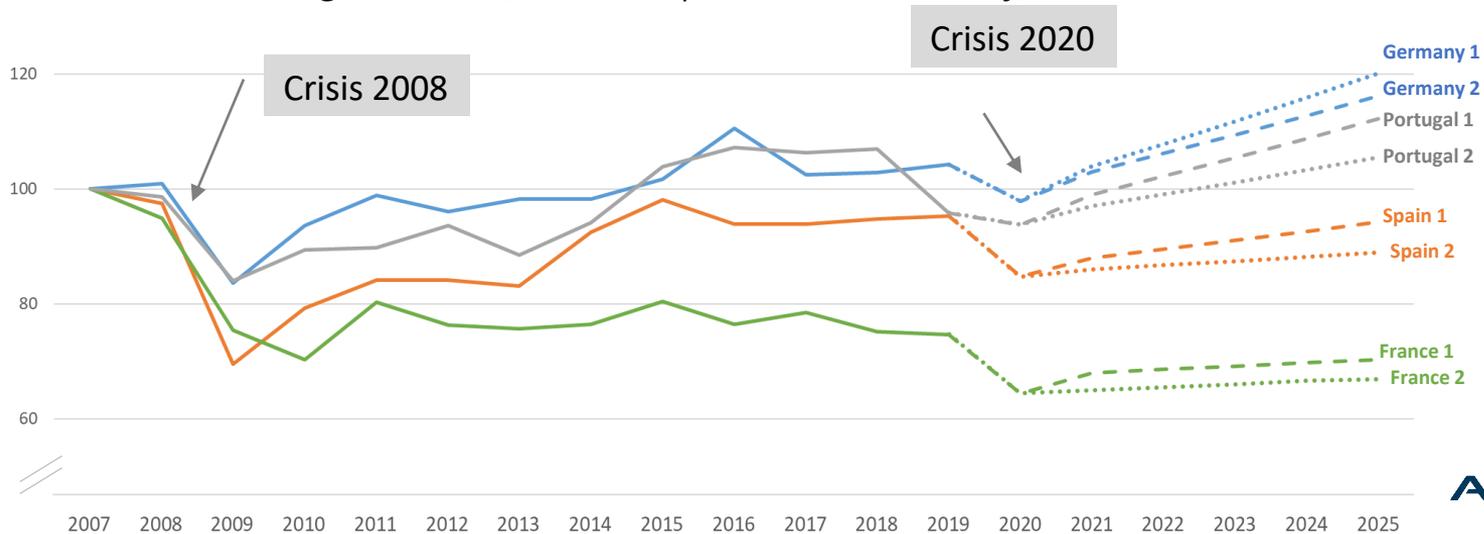
3 Integration of economic crisis (pandemic scenarios)

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)



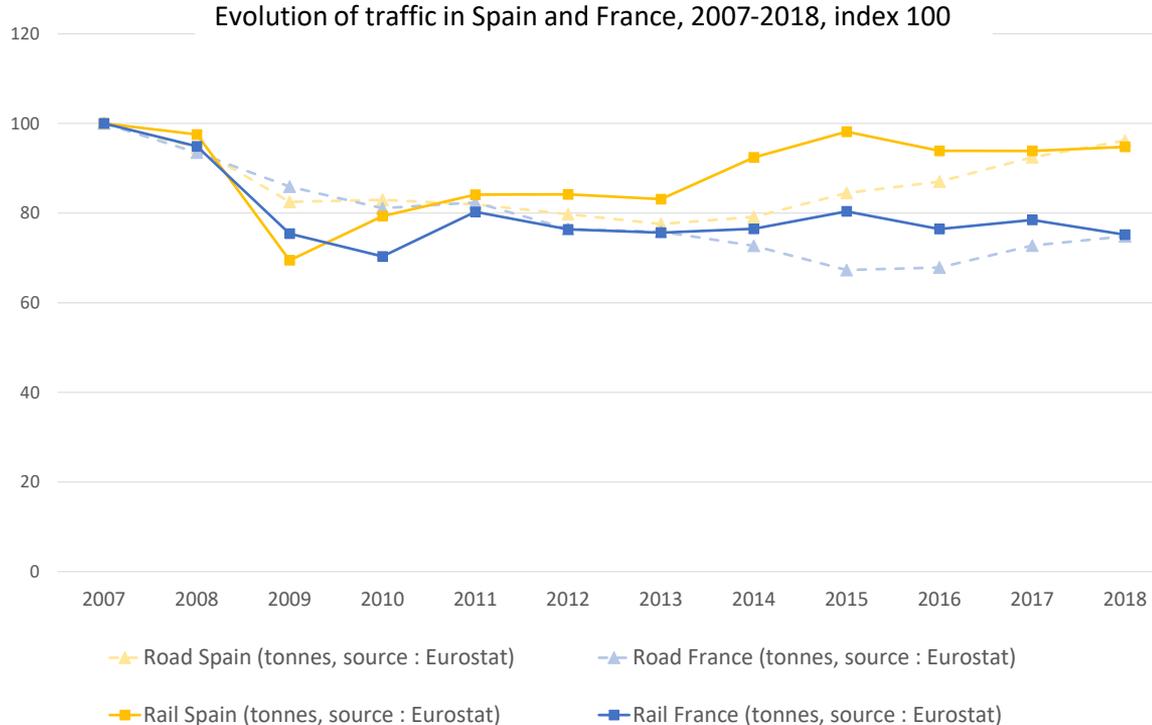
4 Evolution on the Atlantic Corridor (2010-2018)

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

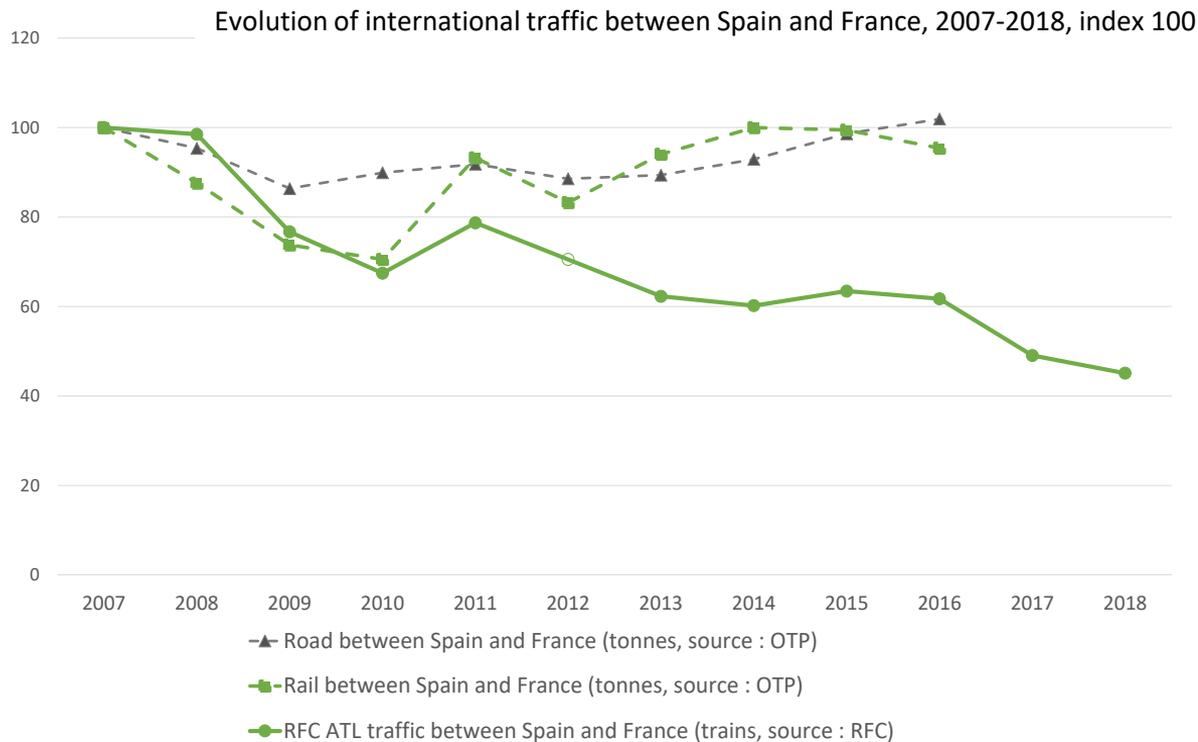
Evolution of traffic in Spain and France



- 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

