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## **Eurotunnel: new pricing structure to re-launch rail freight**

- **A single pricing structure for all rail-freight operators (existing and new entrants)**
- **A simplified structure (pricing per train, irrespective of load)**
- **A competitive price: £3,000 toll per train**

Eurotunnel has introduced a new rail-freight pricing structure for 2008\*, with a significant reduction compared to the pricing in 2007, and including measures to ensure cross-Channel open access for all rail operators. These new conditions aim to implement real and efficient Open Access to infrastructure in line with European directives.

This Eurotunnel initiative aims to re-launch rail-freight through the Channel Tunnel by encouraging the transfer of freight transport to rail, in line with the environmental protection objectives put in place by the governments on either side of the Channel.

### **A vicious circle for cross-Channel rail-freight**

Since the opening of the Channel Tunnel in 1994, freight traffic grew to three million tonnes in 1997 and then stagnated until 2000, before declining to just over a million tonnes in 2007. These figures should be compared to the original design capacity of c10 million tonnes.

The main reason for this was the growing lack of competitiveness relative to road transport, as a result of the impact of the fixed costs of frontier infrastructure (including security constraints) which were steadily leading to its complete disappearance.

### **Efforts on all sides**

In this context, Eurotunnel met with all of the cross-Channel rail-freight partners (freight operators, contract partners, governments) to study the conditions for the survival and development of this activity in an Open Access environment. The efforts made by all partners, strengthened by the establishment of a support mechanism by the British government, enable Eurotunnel to launch a comprehensive, competitive strategy.

### **The new pricing structure\***

The new railway pricing structure announced by Eurotunnel, applicable from today is intended to re-launch cross-Channel rail-freight, according to European directives, within an Open Access framework.

- Average toll of £3,000/€4,500 per train\*\* representing a reduction of 50% compared to the 2007 average price (£5,300/€8,000);

- Simplified pricing structure (toll per train, taking account of speed and peak or off peak transit) allowing operators to optimise their trainloads, replacing an obsolete pricing structure (toll per tonne depending on commodity types)
- Guarantee to all operators of an equitable and efficient open access to cross-Channel freight facilities thanks to a capping on essential services costs of £400/€600 (frontier security controls, specialised “Class 92” locomotives);
- Total cost competitive compared to road transport\*\*\* to encourage rail freight development and modal transfer to rail, which is less polluting.

### **An opportunity for Eurotunnel**

For Eurotunnel, this development represents an opportunity to tap into new markets with considerable potential (notably through intermodal and trainload services). These new conditions should lead to a reversal of the downward trend in cross-Channel rail-freight followed by a rapid return to 1997 levels (3 million tonnes), with a development target of 6 million tonnes thereafter.

It will also lead to an increase in freight on the British and French national rail networks, which will equally improve their revenues.

### **A major opportunity for the environment**

This new freight strategy, which relates to long distance international traffic, is an opportunity for modal switch for more than 4 billion tonne.kilometres of freight per year in France alone, the equivalent of an 8% growth in rail-freight, representing over a quarter of the French government's objective.

Jacques Gounon, Chairman and Chief Executive of Groupe Eurotunnel SA declared *“This voluntary and pragmatic strategy, which is backed by our existing railway partners and by the British government, shows that Eurotunnel is strongly committed to the re-launch of cross-Channel rail-freight”*.

\* The 2007 Network Statement, which details the general, technical and financial terms for access to the Channel Tunnel for rail-freight operators, was published in December 2006. The pricing included in that document is therefore modified as a consequence.

\*\* For a train transiting at 120kph during periods of medium traffic density.

\*\*\* One train transports between 600 and 1,000 tonnes of freight.