

Global Rail Freight Conference, 6 July 2010, Saint Petersburg SNCF Geodis' innovations regarding rail freight

Introduction

The so called "*Window to the West*" of Russia is a city full of beauties, which can build upon its very rich past, as a historical, cultural and commercial capital, not only for Russia, but for whole Europe. We foresee a wealthy future for this wonderful city and your dynamic country, and the railway sector is ready to take part in their evolution: we support Mr. Yakunin's willingness to strengthen the gateway to the West thanks to rail.

Our industries have been hit very strongly by the crisis; nevertheless I am convinced that rail freight can find its way to become economically sound. It does have for instance a major role to play in international exchanges, and rail freight offers can be particularly relevant when providing new solutions. In this regard, I am willing to share with you all some innovations SNCF has brought to the rail freight sector.

1. SNCF Geodis: multimodal expertise encompassing the supply chain as a whole

Let me first say a few words about SNCF Geodis. With **7,4 billion euros turnover in 2009**, SNCF Geodis is a **global client focused player on the logistics market**, belonging to the top 10 of worldwide operators. **Fifty thousand employees** are working all around the world, building up a network covering **120 countries**. Through the **winning of the tender launched by IBM for the externalisation of its worldwide logistics**, which adds one billion euro turnover per year to the company, we provide through Geodis Global Solutions a **4PL approach** and a complete range of **customer oriented door-to-door services**, supported by 4 divisions:

- **Geodis**, gathering activities of road transport, groupage & express delivery, sea & air freight forwarding, storage & logistics, as well as 4PL services;
- **Rail Cargo**, providing rail traction, last mile delivery, shunting services and freight forwarding in France but also across Europe towards Asia, thanks to our subsidiaries and our partners;
- **Asset Management** such as wagons (Ermewa, SGW, etc.) and locomotives (Akiem), offering full service (vehicle maintenance and repair shops).
- **Automotive**, specialised for the transportation of cars with STVA.

Regarding cargo transportation per train, **SNCF decided to become a European rail freight service provider**, offering a network of **railway undertakings, combined transport operators and service providers**.

In January 2010, in the aftermath of the acquisition of Veolia Cargo in Germany, in the Benelux States and in Italy, we decided to set up the European brand name "**Captrain**" for our rail freight subsidiaries abroad, demonstrating our capacity to build up an **integrated network** for our customers from the UK to Romania with our own means, and even further thanks to our partners.

This leads me now to present to you 3 specific examples developed by SNCF for the renewal of rail freight.

Let me first introduce to you the example of a successful international partnership with our colleagues from RŽD among others.

2. Innovation in combined transport across Europe: example of French – Russian traffic for Gefco

In March 2010, SNCF launched in partnership with RŽD, Transcontainer, Belarusian Railways and PKP Cargo a train crossing Europe from France to Russia, transporting semi knocked down cars in containers for Gefco, our common customer.

Until June 2012, this block train is going to run nearly everyday (5 to 7 round trips per week), crossing 3 000 km from the East of France (Vesoul) to Kaluga (South West of Moscow) **within 5 days**. This traffic is particularly relevant by rail, since it would take twice as much time by road.

We offer therefore an efficient eco-mobile solution to the customer, avoiding the equivalent of 36 trucks per day on the road in transit between France and Russia. SNCF Geodis provides:

- traction in France and in Germany;
- wagons through Ermewa;
- tracking and tracing until Belarus;
- CIM/SMGS consignment note.

Besides our relationship to the client, the **close cooperation** between the operator Transcontainer and the railway undertakings RŽD, BC, PKP Cargo and SNCF is the **key success factor** of the project.

This topic is going to be further presented to you this afternoon by Mr. Schultze, Rail Director of Gefco.

We do believe that such **transcontinental transports, running on long distances with intermodal systems across Europe and further**, will be flourishing within the next decade. With the constitution of the integrated logistics branch SNCF Geodis, we decided to drive such an evolution all along with our customers.

3. Innovation in rolling highways: development of shuttle trains with high frequency

Let me introduce to you now a highly innovative offer developed by SNCF to provide **flexibility** in logistics. Since 2003, we have set up **rolling highways in order to maximise synergies of rail and road**.

Innovation consists in the following points:

- We load trucks on trains, and thanks to specific wagons, there is **no need modifying the road vehicle** to use the service (Modalohr low floor wagons, horizontal loading and unloading operations);
- We offer shuttle train service both on **short and on long distances**, as well as terminal services for both **accompanied and unaccompanied logistics**;
- Thanks to **high frequency** (up to one departure every 4 hours), we ensure high flexibility to the road customer;
- The system is **highly reliable**, with more than 95% punctuality (+/- 30 minutes), and the market has shown its interest for the product, since our shuttle trains have an average load of 85%.

Today, in regard of the social (less road congestions), environmental (reduction of CO2 emissions) and organisational (integrated transport chain) benefits of this offer, SNCF aims at opening new lines in order to **set up an interconnected network of eco-mobile transport with high flexibility to our customers**.

4. Innovation in fast cargo trains: example of high speed rail freight trains in France

As you all know, SNCF is also a leading company in high speed trains, and we naturally adapted the TGV system to the postal cargo service, we call “*TGV La Poste*”, which could be in Russian “*Potchta TGV*”. **SNCF operates thirty “TGV La Poste” trains per week, running at 270 km/h on high speed lines.**

We also set up **express block trains, running up to 160 km/h on conventional lines**, especially for refrigerated combined transport (FroidCombi) and for conventional parcel services (Sernam). Our ambition is to expand this network of express combined block train, linking Paris to the South of France (Bordeaux, Toulouse, Avignon) by the end of 2011. **SNCF is also considering the deployment of a European “TGV Cargo” network, connecting the European hubs of the international Air Express Carriers.**

These projects do not only allow providing alternatives to road services for parcel and express carriers, but they are also a means of reducing the environmental footprint of transport sector (especially air express services), thanks to reduction of CO2 emissions, of noise, of congestions, etc.

Conclusion

SNCF has always worked on the development of eco-friendly transport modes, both for passenger transportation as well as for logistics. We already started **greening our own business habits**: all our domestic freight trains are running with electronic consignment notes for instance, and we are going to set up tests with DB Schenker for international flows. In addition, it is key to us to **provide green logistics solutions for our customers**. Mr. Samson, CEO of Monoprix Logistics, will explain to you tomorrow morning¹ the urban logistics system we developed together in order to supply Monoprix shops in Paris on an eco-friendly way.

Beyond these few examples, I hope I managed to share with you the message that I am convinced of the sustainability of rail freight offers. **Social, environmental and economic interests can be fulfilled by rail logistics, as long as we manage to be customer focused, to work in cooperation and to deal with flows at continental level.** Innovation is indeed one key axis for recovery in times of crisis like today. In this regard, St Petersburg and Russia play a major role, since it has always been the link between two continents, i.e. Europe and Asia.

I would like to stress that **SNCF Geodis is more than ready to cooperate with Russia, CIS countries and any other partner to build up new solutions for rail freight business**: we can be a strong partner on both continents to help you strengthening the land route between Europe and Asia.

“Spaciba balchoy!”

¹ Wednesday 7 July 2010, Session 6: “Green Logistics – An opportunity for rail”