

The role of rail operators in the PPPs

Summary of the statement of 2 September 2024

Gilles Mugnier

Secretary General of the CIT

September 2024

Preamble : the CIT

The **International Rail Transport Committee** (CIT) is an international association of more than 130 rail and maritime companies involved in cross-border passenger and/or freight transport.

Created in 1902, the CIT's head office is now located in Berne (CH).

Since 1902, the CIT has been implementing international transport law for railway undertakings.

CIT standardises contractual relations, ensures legal certainty, reduces costs and supports its members' activities.

Initially focused on the implementation of the COTIF Convention, the CIT is now working on more areas of international railway laws.

The role of rail operators in the PPPs

In the rail sector, PPPs are mainly focused on the infrastructure and/or the rolling stock : which leads to a different assessment for fixed assets and mobile assets

A successful project is often based on efficient rolling stock, operated and maintained in good condition throughout the project duration.

Profitability is based on long-term operation leading to regular reimbursement of project debt.

As a manufacturer or a contractor has short term interests in a PPP project (to deliver and get paid), the rail operator has same interest as financiers : to ensure a long-term operation with regular benefits for the project

The role of rail operators in the PPPs

In the risks assessments, most PPPs require :

- A financial guarantee
- A technical/operational guarantee

Rail operators should be involved at a early stage in the negotiation, to participate in the technical/operational guarantee package.

But not all rail operators are the same : some are private, others state-owned and their constraints and governance may differ.

The role of rail operators in the PPPs

RAIL MARKET NEEDS IN THE NEAR FUTURE


Investments needs could gradually increase as digitization or safety systems are developed or imposed by laws and regulations.

The rail sector should also introduce and develop harmonised contracts to take full account of these needs.

Conclusion

The O&M constraints should be integrated at a early stage in each PPP project.

As the rail sector is mainly governed by national standards, more international norms should be necessary to support the development of the PPPs and rail investments in general (as the Luxembourg Rail Protocole or the consignement notes)



Gilles Mugnier

CIT

WELTPOSTSTRASSE 20

CH - 3015 BERN

info@cit-rail.org

