

## MEDIA FILE

### VINGT ANNÉES SOUS LA MANCHE, ET AU-DELÀ ? La Liaison ferroviaire trans-Manche dans l'Europe du Brexit

Colloque de clôture placé sous le haut parrainage de l'Ambassade de France en Belgique et accueilli par Train World Bruxelles

### TWENTY YEARS UNDER THE CHUNNEL, AND BEYOND? The cross-Channel railway link in a post-Brexit Europe Final Summit under the sponsorship of the French Embassy in Belgium held in Train World Brussels

Train World Brussels, 24<sup>th</sup> May 2018

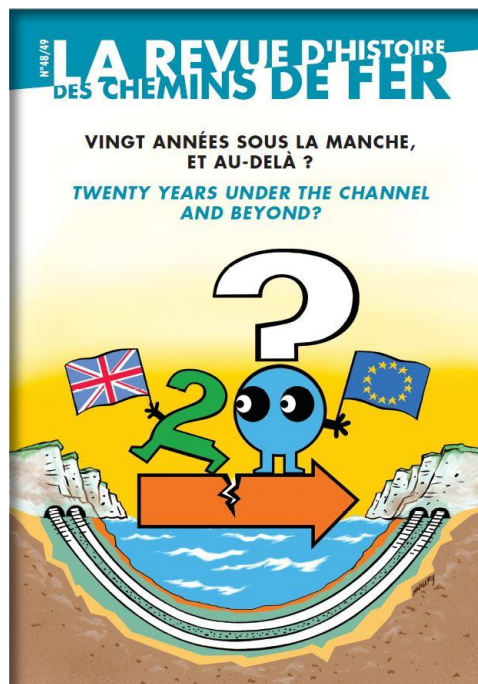
Rail & histoire held a conference about the most important infrastructure link between Great Britain and the European continent: the Channel Tunnel and its associated transport network. A timely event in the context of Brexit negotiations.

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In 2014, the French railway historical society launched a research programme to celebrate 20 years of cross-Channel railway link's operations: **Twenty years under the Channel, and beyond?** Its main objectives are to ascertain the knowledge available about the railway link, to gauge its achievements at regional, national and European level and to draw conclusions for future major transport systems.

The Brussels Final Summit presented the programme's main results to an audience of academics, railway professionals and policy makers. It highlighted the role of the Belgian railways in the system. Last, it gave insights on the significance of the Channel rail link in the context of Brexit

A special issue of the *Revue d'histoire des chemins de fer* dedicated to the four international conferences which took place in 2015 and 2016 was launched at this occasion.



## The cross-Channel railway link in a post-Brexit Europe

Train World Brussels, 24<sup>th</sup> May 2018

The Final Summit of **Twenty years under the Channel, and beyond?**, a research programme by Rails & histoire, took place at Train World, the Belgian railway museum staged by artist François Schuiten, which attracted more than 375 000 visitors since its opening in September 2015.

Keynote speakers: **Ricard ANGUERA CAMÓS**, Senior Manager, **ALG** ; **David AZÉMA**, Chairman, **Rails & histoire**; **Laurent BONNAUD**, Coordinateur du programme **Vingt années sous la Manche, et au-delà ?**; **Helen DRAKE**, Professor of French and European Studies, **Loughborough University London**; **Louis GILLIEAUX**, ancien responsable du patrimoine historique des chemins de fer belges; **Michel JADOT**, Director International Alliances & Partnerships, **SNCF Strategy & Legal**; **Piet JONCKERS**, Director, **Train World**; **Emile QUINET**, Professeur émérite, **Ecole d'économie de Paris - Ecole des Ponts Paris-Tech**; **Pauline SCHNAPPER**, Professeur de civilisation britannique contemporaine, **Université de Sorbonne nouvelle - Paris 3**; **Roger VICKERMAN**, Emeritus Professor of European Economics, **University of Kent**; **Pierre VIGNES**, ancien directeur facteurs humains, direction de la sécurité des chemins de fer français.

**Laurent BONNAUD** read a communication by **Terence GOURVISH**, Visiting Professor in Economic history, **London School of Economics**.

**Elisabeth WERNER**, Director for rail and road transport, **Directorate General for Mobility and Transport, European Commission**, gave the closing address.



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The opening address by **Piet JONCKERS** and **David AZÉMA** recalled that Belgian railways are part of the Channel Tunnel story. It was hence full of meaning that Rails & histoire, the railway history association, presented the results of its research programme in this emblematic venue in Brussels, while opening the discussion to new questions raised by Brexit.

**Laurent BONNAUD** explained how the cross-Channel rail link is a unique technical system. Its history goes back to the rise of the railways in the first half of the 19th century. The current system, a multi-purpose railway infrastructure, is part of trans-European networks. Bi-national, it is governed and supervised by *ad hoc* texts and institutions.

To study this unique object since its opening in 1994, Rails & histoire has favoured an international and multidisciplinary approach, as well as the exchange of points of view between researchers, professionals and key actors. The use of oral archive interviews has filled gaps in written sources and contributed to the preservation of an intangible heritage.

In parallel with the organization of international conferences, a review of the knowledge relating to the cross-Channel rail link has been initiated: bibliography, inventory of archives and interviews. It has raised awareness of the exceptional heritage value of this European achievement.

### WHAT WE LEARNED WITH THE RESEARCH PROGRAMME **Twenty years under the Channel, and beyond?**

The history of the fixed link provides many lessons for the financing and governance of major infrastructure projects. The differences between traffic forecasts and achievements, modal shifts and economic impacts were also analysed and explained to improve our understanding of the complex phenomena generated by major projects.

By comparing two tunnel projects a century apart, **Terence GOURVISH's** paper explained why Eurotunnel's private financing in the 1980s benefited from an exceptional window of opportunity. It is an exception in the history of cross-Channel fixed link projects, as in that of major infrastructure projects, because the amount of capital needed, the long latency period before return on investment and the risks involved have long deterred investors. However, the French and British governments, after having financed most of the accompanying infrastructure, were also forced to intervene to ensure the continuity of the cross-Channel concession: the challenges of project financing and governance, long underestimated, were no less than those of its construction. Beyond the field of large projects, the lessons of this experience extend to all long-term investments and have improved the understanding of public-private partnerships.

From the very first years of operation, the differences between traffic forecasts and realisation were the subject of heated debate. The complete series of forecasts since the 1980s has been reconstructed by **Ricard ANGUERA CAMÓS** and these discrepancies analysed systematically.

The traffic forecasts, especially for passengers, were much lower than the actual figures. In contrast, the market shares of the fixed link were often underestimated. In 2017, they amounted to 52% for passengers (20.6 million) and 45% for goods (22.5 million tons). However, account must be taken of the different definitions of the cross-Channel market, its evolution over time and, sometimes, a decoupling between traffic growth and GDP growth.

The modal shift and concentration of passenger flows in favour of the cross-Channel rail link, analysed by **Roger VICKERMAN**, are spectacular in the case of short sea crossings (Strait of Dover and surroundings) and for air links between England and the near continent: sea passengers via Ramsgate, Folkestone, Boulogne, Ostend and air passengers between London, Paris and Brussels now almost all pass through the tunnel. On the other hand, the rise of low-cost / no-frills airlines since the end of the 1990s has limited the modal shift from plane to train for services from remote provinces. It partly explains the growth of the cross-Channel market, even if the impact of low-cost airlines is very localized and often limited in time. Long sea crossings (Portsmouth, Hull, Brittany ports, Rotterdam) have held up better and the maritime mode has even regained some market share points in recent years.

For goods, the success of the rail shuttle system is indisputable. The Channel Tunnel has become the world's leading intermodal infrastructure with 1.6 million heavy goods vehicles transported in 2017 (and 2.6 million cars). However, direct rail freight traffic remains marginal (around 5% of the tonnage transported).

Changes in air transport supply and post-Brexit border controls could lead to disruptions in these trends, even if the effects of the referendum of 23 June 2016 are not yet perceptible in traffic, which broke records in 2017.

The cross-Channel fixed link is a valuable reference for ex-post evaluation of the macroeconomic impact of infrastructures, although the methodological challenges are significant. It is difficult to isolate the new infrastructure among the growth factors of the territories concerned since the 1980s. Technology, people's taste, macro-economic, regulatory and competitive environment change considerably over 30 years. And the first question is: what to measure?

**Émile QUINET** and **Roger VICKERMAN** analyze agglomeration effects, according to which the productivity of economic agents increases when they come nearer to each other. As is common with interurban infrastructure, they have been limited. The metropolitan regions of London, Paris and Brussels are the main beneficiaries, East Kent the last, with growth in all regions close to the Tunnel

remaining below the EU average. In Kent, measures of gross value added by district confirm this distribution. Better accessibility can improve a territory's growth and wage levels, but is not always significant.

Structural analysis by sector allows the diagnosis to be refined. Tunbridge Wells, a territory far away from the railway link, is enjoying strong growth as the local economy is heavily dependent on new information technologies. Canterbury also benefits from its renowned university. The reasoned analysis of local data, particularly for areas close to the fixed link, on both sides of the Strait of Dover, combines the use of models and traffic statistics. It produces contrasting results, but makes it possible to argue that the economic profitability of large infrastructures and their structural effects are usually only achieved over the long term. The fixed cross-Channel link can thus be compared to the construction of Paris or London metros, or rail networks without which the economy of the territories concerned would be quite different.

The cost-benefit analysis of the project, conducted since 2006 by **Ricard ANGUERA CAMÓS**, uses data related to the transport of people and goods, excluding wider economic effects and externalities. It takes into account the financial point of view of the infrastructure managers (tunnel and high-speed line) and British operators (shuttles, passengers and direct freight trains), that of the user in terms of time savings and tariff reductions and a residual value is applied to the assets. The shortfall for the maritime sector is also accounted for. Cost overruns, materialized at the beginning of the 1990s, the tariff war with maritime operators in the first years of operation, lower than expected rail traffic and journey times explain the negative result of the analysis. However, the latter is improving over time, with the net present value 2018 increasing from £ - 14.3 billion after 10 years of operation to £ - 5.4 billion after 23 years for the tunnel concessionary alone. The result is an internal financial rate of return of -3.8%, illustrated by the 2007 restructuring. The need to convince financial markets to continue the project may also explain why forecasts in the 1990s are much higher than in the previous decade.

Research conducted under the programme **Twenty years under the Channel, and beyond?** provide insight into these 23 years of operations, marked above all by the 2008 crisis. Their complementarity, their overlaps and their limits have been evaluated and ways suggested to better take into account all the impacts. By providing a predictable and continuous service for both passengers and goods, the cross-Channel rail link fulfils a strategic economic function. It is both a competitor of the seaway, which has made it possible to reduce tariffs, and a complement, reinforcing the resilience of trade between the British Isles and the European continent. By reducing the load break for heavy goods vehicles, cross-Channel shuttles contribute to a high degree of integration of logistics chains. Clearly, its existence as a missing link of a very

complex European multimodal network, and its additional capacity have facilitated a massive growth in trade and in business interactions. We need to remember this when trying to provide an evaluation. While the success of the cross-Channel rail link can be questioned from the investor's point of view, it is indisputable from the consumer's point of view. Finally, Brexit constitutes a new rupture and even, for economic analysis, "a nearby experimentation".



## SHAPING THE EXPERIENCE OF HISTORY AND ACROSS BORDERS

**Louis GILLIEAUX** and **Michel JADOT**'s speeches helped to understand how the cross-Channel fixed link has contributed to a real revolution in Belgian railways, the first set up on the continent and designing railway networks. Intermodal relations with the United Kingdom, through the North Sea ports, were long established. The Schaerbeek station, which today hosts the conference, was designed as a major international station at the beginning of the 20th century. The organisation of rail transport in Europe has also undergone deep changes with the rise of the fixed cross-Channel link, marked by the commissioning of the French (1993), Belgian (1997) and English (2003 and 2007) high-speed lines.

The decision to build a Belgian high-speed line was taken at the end of 1987, in parallel with the decision to modernise the domestic network. For this cross-border infrastructure, the railways faced a multitude of technical and operational challenges: long interoperability under a single brand (Eurostar); construction of specific maintenance workshops; implementation of yield management and partnerships; use of languages between driving and ground staff on both sides of the Strait of Dover. **Pierre VIGNES** testified on this subject. The implementation of the "Channel link" indeed confronted the SNCF and the BRs at the time with a problem that had hitherto only been tackled at the margin: how to master a language when driving abroad? It was an opportunity to develop a common, original, innovative and, on the whole, effective approach that met the challenge and served as an example for many other interoperability operations. The Belgian railways have also experimented with the temporary use of conventional tracks by Ath and Tournai for the new TMST high-speed trains, pending the completion of the high-speed line between Hal and the French border. The stations terminals for high-speed services are adapted on the model of airports: the Brussels-Midi terminal will be operational from the inauguration of the tunnel on 6 May 1994. Port infrastructures and maritime operators must be restructured, too. Intermodal initiatives have experienced ephemeral success,

such as the service Cologne-London in 7 h 20, opened in 1984 via Ostend and Dover by jetfoil, compared to 4 h 20 today, with high speed. However, the last international rail services via Ostend were discontinued in 2002, the year before the opening of the first section of high-speed line between the tunnel and London. The last cross-Channel operator in Ostend ceased operations in 2013. Zeebrugge diversified its activities, in reaction to the concentration of traffic to England on the Strait of Dover.

New categories of passengers have emerged with shorter journey times, such as commuters between London, Paris and Brussels. In 2010, Eurostar became the first integrated international rail operator. The increase in supply, with the introduction of the Siemens e320 train sets and the extension of the service to Amsterdam, since 4 March 2018, represent growth opportunities for cross-Channel passenger traffic, as do long-distance services between the United Kingdom and Central and Eastern Europe for direct freight traffic. However, the terms of Brexit, which remain to be defined, may alter this dynamic. Eurostar, a British company licensed in the UK, may have to take another license on the mainland, and drivers pass an equivalency of patents. Juxtaposed controls can also be affected. Everyone is striving to find the best solutions to these issues, as has always been the case in the young history of the cross-Channel rail link.



## HAS THE CHANNEL TUNNEL CHANGED THE BRITISH ATTITUDE TOWARDS EUROPE?

**Pauline SCHNAPPER** returned to the origins of the fixed cross-Channel link, which was supposed to physically and economically bring the British Isles and the European mainland closer together and thus promote their integration. However, despite the increase in traffic, expatriations and transfers of all kinds between the United Kingdom, France, Belgium and beyond, British Euroscepticism has developed since the 1990s and the Maastricht Treaty, until David Cameron promised to organise a referendum on Brexit, with the result that we know, on 23 June 2016. Geographical rapprochement and political distance have been concomitant: this is the paradox of the Tunnel.

It is important to distinguish between bilateral relations, Franco-British in particular, and relations between the United Kingdom and the European Union. The former have been successful and have



increased since the opening of the tunnel, although the causal relationship is not certain. The rapprochement is political, diplomatic and military: Bosnia, UN, Lancaster House agreements in 2010. Parallel to the increase in trade, it is unprecedented between the two countries and raises the question of its post-Brexit continuity.

On the other hand, the British institutional link with the EU is more complex. The ideological evolution of the Conservative Party is very important in this context: it first supported the fixed link project to facilitate increased trade with the EU, and then the referendum on leaving the EU. Margaret Thatcher's support for the project was part of a neo-liberal conception of an open economy with the continent. She was the main supporter of both the Single Market and the Single Act (1985) and its four freedoms of movement. After the opening of the Tunnel, trade with the EU accounted for up to 55% of UK external trade and still accounts for more than a half.

On the other hand, the political and symbolic dimension associated, in France, with the Tunnel as with the European project, is not very perceivable on the British side. The tunnel was a tool for trade, not a political symbol. That is why the Maastricht Treaty marks the progressive development of Euroscepticism within the Conservative Party and then beyond. This dichotomy is reflected in the June 2016 debate. Eurosceptic Boris Johnson even proposes a second fixed link, which may seem contradictory. For the Brexiteers, free trade is global and disconnected from belonging - or not - to the European Union.

The tunnel was therefore a lost opportunity for a real political rapprochement between the United Kingdom and the continent. The continent remains the other one, incompatible with maintaining British sovereignty, and the tunnel has not reduced this difference. British exceptionalism remains stronger than had been measured on the continent.

**Helen DRAKE** related what cross-Channel travel, a *chassé-croisé*, tells us about the Franco-British relations and Brexit significance for the crossings and those relations. She also explained why the Tunnel and the Channel are significant for her personal discovery as an Anglo-Saxon.

The Channel including the Tunnel is both real and symbolic. It's been described as a shared space, a dividing line, creating categories of belonging. Geographical features are always social and human constructions, malleable constructs. Proximity is not only physical but it's a matter of perception. Paradox of the Chunnel: it's a physically fixed link in time and place but its meaning and its significance and purpose will continue to change over time and has always done.

Secondly, the Channel means different things on either side and the Tunnel is no exception to this. It is part of a "complex multimodal transportation network linking the UK and continental Europe". This is how it was seen in France – UK did not have high speed for the first years. But in the UK initial

representations of the Tunnel have more to do with rabid foxes, perhaps a metaphor for illegal immigrants. The notion of invasion on the UK side is nothing new. This is two-way traffic and France has also been invaded by second-homers, Brits seeking to change their lifestyle in France. The point is what the tunnel has meant and represented. Christine FINN (BBC Radio 4's, *The Channel (Making the Crossing)*) spoke on 30 March 2018 of local reactions in Kent to the opening of the tunnel which 'revealed an island population, out of conceptual kilter with the continental one'. Nothing is static. Crossings today are just as much characterized as they were in 18<sup>th</sup>-19<sup>th</sup> century by different purposes and styles. There is glamour, business class, Adrian Favell's Eurostars. There is the Easy Jet generation, more basic, but there is also the swallow, yesterday's emigrates, escapees, today's irregular migrants. And there is the trivia as well, the pleasure and leisure.

For refugees the maritime border is still "a lived reality". Activity across the Channel has never quite been contained by the States. Channel travel tells about dynamism of Franco-British relationship and the Chunnel is just one fact shaping it. Brexit has brought borders back in the discussion: between Ireland and Northern Ireland, England and France, England and Scotland. Even if the UK is not in Schengen, the Channel Tunnel crossings did break down the sense of the Channel border as a barrier. This could all change. The Franco-British bilateral relationship is under sharp focus. Brexit is a disrupted development in terms of traffic, which has not been affected so far because it has not begun. Brexit is what we don't know. But we do know that EU membership and the tunnel has brought the UE into the lived reality of British as consumers, travellers, bosses, parents, etc. It has far-reaching implications for the governance of the sea and significance for those who cross it in both directions.





In her closing address, **Elisabeth WERNER** stressed the various perspectives presented: historians economists, policy-makers. There is indeed a historical, political and economical significance of the single most important project of the 20<sup>th</sup> century. It's a technological achievement, but not just that piece of engineering. It is also a pioneer for other major infrastructure project, the first rail project of this magnitude entirely privately financed. We have learnt from the difficulties of forecasting and shifting mobility patterns. But the link works. It is resilient and can bring long-term benefits. It is important for the co-funding of European projects like Connecting Europe and the European Investment Fund, since it shows that leveraging is possible. It also has an intermodal dimension and 2018 is the year of multimodality for the European Commission, with the will to better integrate different modes. Channel Tunnel is intermodal from the

beginning, using complementarity instead of competition to solve environmental and capacity constraints challenges. It is a critical infrastructure with safety aspects, too; a train station, airport and freight terminal in the same place and functioning; an example of joint governance which succeeded in smoothing cooperation and found pragmatic solutions for problems unsolved during years. Cooperation has worked really well. Last, it has a geopolitical significance with land border between the France and the UK and even Belgium. The cross-Channel railway link is here to stay and to continue showing examples for others.



All the work of the programme *Twenty Years under the Channel, and beyond?* is available at [www.ahicf.com](http://www.ahicf.com) and in the special issue of the Revue d'histoire des chemins de fer devoted to the programme.

The proceedings of the Final Summit will be published on the [www.ahicf.com](http://www.ahicf.com) website.

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### Partner for the Final Summit



[www.trainworld.be](http://www.trainworld.be)

*Train World presents the past, present and future of the Belgian railways. There was once an important railway collection which craved for a public to appreciate it and investigators to discover hidden treasures. Then one day the Belgian artist, François Schuiten, was commissioned by the Belgian National Railways (SNCB/NMBS) to devise a concept for this to happen. Train world was born.*

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