

Siemens and Alstom on brink of rail merger: report

September 25 2017



The world-famous French TGV would be part of an Alstom-Siemens merger

France's Alstom and Germany's Siemens have a deal ready to sign that would merge their rail businesses in the face of Chinese competition, German business daily Handelsblatt reported Monday.

Alstom, which makes the French TGV high-speed train, confirmed Friday that it was talking to Siemens about a possible railway tie-up, but

said no decision had been taken.

Handelsblatt however, citing "insiders" familiar with the deal, said Monday the two groups have overcome past reservations about a joint venture with a "balanced agreement acceptable to both sides.

But Siemens has also been courting Canadian firm Bombardier, whose European operations are based in Berlin, and the two companies have their own detailed plan for two joint ventures covering rolling stock and signalling.

The Munich-based group's supervisory board is set to meet Tuesday to discuss the two options, Handelsblatt reported, while Alstom's executive board will also meet.

Waiting for board meetings

Both companies declined to comment on the report when contacted by AFP, but a source familiar with the talks backed it up, adding that the firms would make a statement on their plans once the boards have met.

Siemens and Alstom discussed a [rail](#) tie-up in 2014-15, but the French firm decided in the end to partner with General Electric, selling its energy division for 9.5 billion euros (\$11.3 billion) to become a rail specialist.

A [joint venture](#) would bring together the engineering giants that make their countries' flagship high-speed trains, including the world-famous TGV.

Siemens would hold the presidency of the supervisory board under the plans, leaving Alstom chief Henri Poupart-Lafarge in place as chief executive.

The German firm brings in 7.8 billion euros of revenue annually from rail, while Paris-based Alstom boasts sales of 7.3 billion euros.

Combined, they would be more of a match for the 18.1 billion euros in revenue at Chinese giant CRRC, which is eyeing Skoda Transportation in the Czech Republic as a potential foothold in Europe.

Handelsblatt reported that European authorities were expected to smile on the deal as it would create an EU-based champion on global markets.

French government officials under President Emmanuel Macron are especially keen on creating an "Airbus for rail", and according to media reports have pushed for the idea in talks with their opposite numbers in Berlin.

French business daily Les Echos reported last week that Paris recently sent an envoy to meet with Chancellor Angela Merkel.

Before winning a fourth term in office Sunday, Merkel gave her "green light" to deepen the discussions, the French daily reported.

A Franco-German deal would limit competition concerns in Germany compared with a Siemens-Bombardier tie-up—and mean fewer politically difficult job cuts, according to Handelsblatt.

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Citation: Siemens and Alstom on brink of rail merger: report (2017, September 25) retrieved 18 April 2024 from <https://phys.org/news/2017-09-siemens-alstom-brink-rail-merger.html>

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