

Worry for iconic French trains under German merger

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France was a pioneer in high-speed rail travel

The maker of France's iconic TGV trains is set to announce a merger with German industrial leader Siemens as early as Tuesday in a giant and politically tricky deal that would create a new European rail champion.

The board of partly state-controlled Alstom, the manufacturer of French high-speed trains which are a source of national pride, is set to meet on

Tuesday to discuss the tie-up with its German competitor.

Takeovers of major industrial companies are extremely sensitive in France, where successive governments have sought to protect the country's manufacturing capacity and avoid major job losses.

"It's a huge rip-off organised by the state which will place Alstom Transports, one of the French industrial jewels, under complete domination by Siemens," said the hard-right nationalist Nicolas Dupont-Aignan.

"It will allow Siemens, without spending a cent, to become the owner of our technology, our trademarks," added the former presidential candidate.

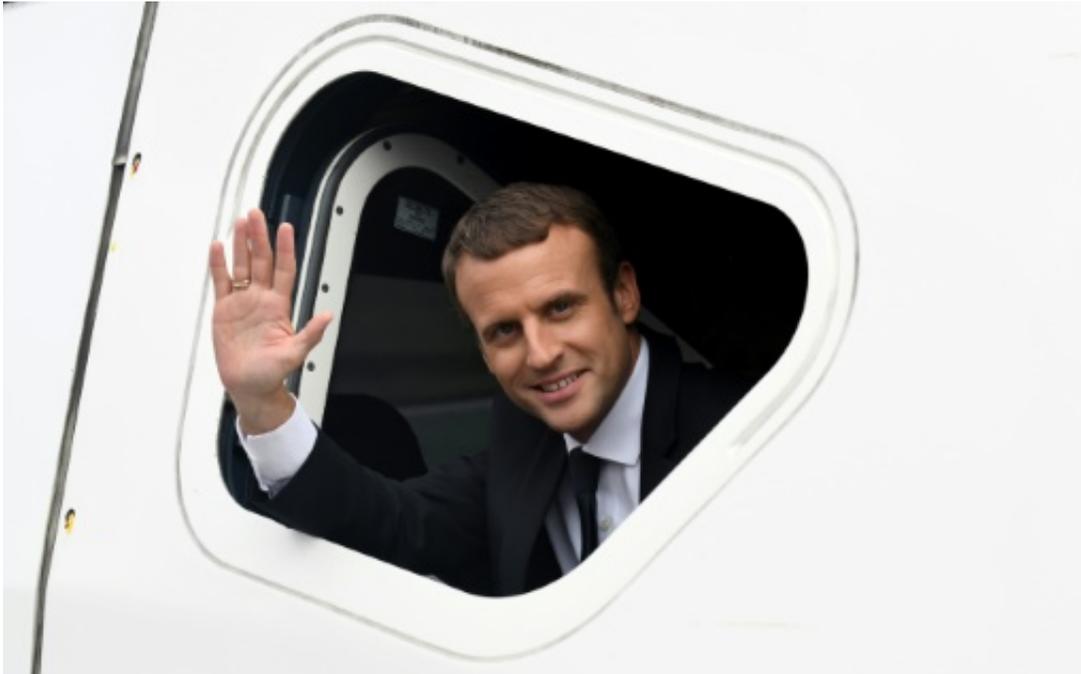
The supervisory board of Munich-based Siemens is also meeting Tuesday to discuss a potential deal, as well as further ventures with Canada's Bombardier group whose European [rail](#) operations are based in Germany.

The Alstom-Siemens merger has been mooted for years and would complete the transformation of the French group which sold off its energy business to American rival General Electric in 2015 for 9.5 billion euros (\$11.3 billion).

The structuring of the tie up—including the future management and final ownership—is being worked out, media reports say, but the French state is expected to have no stake in the new company.

Les Echos business newspaper said current Alstom chief executive Henri Poupart-Lafarge would head the new group which would promise to maintain the same number of staff in France for four years.

"The merger is necessary to challenge the Chinese mastodon (CRRC Corp) which is two to three times bigger than we are," said Claude Mandart, head of the biggest Alstom trade union, the CFE-CGC.



The rail tie-up between Alstom and Germany's Siemens would boost President Emmanuel Macron's pro-business credentials

"At the same time we're worried because we're in direct competition with Siemens in all areas: very high speed trains, signalling, regional trains, metros, trams," he added.

France was a pioneer in high-speed rail travel which saw its widely admired trains—which became known as TGVs, for "Trains a Grande Vitesse"—frequently smash world records in the post-war era.

But Alstom and Siemens have since been eclipsed in size by China's

CRRC Corp, which was formed via a merger of two state-owned firms in 2014 with the aim of producing a national champion able to compete internationally.

Political opposition

The French government is believed to have pushed Alstom and Siemens together to create an "Airbus for rail"—a reference to the successful European aircraft maker—which would have combined annual sales of around 15 billion euros.

New centrist President Emmanuel Macron blocked a takeover of a strategic shipyard in eastern France by the Italian group Fincantieri in July, raising hackles in Rome where his move was viewed as protectionist.

The rail tie-up would underline his pro-business credentials and his desire for a new Franco-German partnership at the heart of a more integrated European Union as it prepares for Britain's departure.

Backers believe the new European rail giant would be more able to challenge China's CRRC, which is eyeing Skoda Transportation in the Czech Republic as a potential foothold in Europe.

It could also leave Bombardier out in the cold, but some press reports have suggested the Canadian group would seek to sell its rail operations to Alstom-Siemens at a later stage.

"I obviously hope... that this 'Airbus for rail', which is not a bad idea, is not created to the detriment of France," said the right-wing head of the Paris region, Valerie Pecresse.

"I hope that Alstom respects its undertakings on manufacturing in

France which were made at the time new orders were placed by the Paris region," she added.

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