


Arafer, the multimodal transport regulator

| Areas of competence and key figures |



Arafer
is an independent public
authority created in 2009 as the
French rail regulatory body (Araf).

Its areas of competence were extended
in 2015 to include the Channel Tunnel,
intercity coach transport and motorways
concessions, resulting in Arafer
becoming a

**multimodal transport
regulator.**





To ensure the efficient operation of rail transport

Since its creation in 2009, Arafer has overseen the progressive opening up to competition of the railway market. It guarantees that all operators have fair access to the French national rail network and the Channel Tunnel.

Arafer guarantees all rail transport companies fair and non discriminatory access to the French rail network and its service facilities:

- it issues opinions on access conditions to the rail network and service facilities detailed in the Network Statement drawn up by the infrastructure manager, SNCF Réseau (legally binding opinions on charges and advisory opinions on non-pricing conditions),
- it verifies the accounting separation rules of rail transport companies to guarantee that there is no discrimination, cross-subsidization or distortion of competition,
- it settles any disputes between rail companies, transport authorities and infrastructure managers,
- it can initiate a sanction procedure for non-compliance with the rules of access to or use of the rail network or the service facilities. This procedure is implemented by a sanction commission independent from Arafer's Board. Fines can amount up to 3% of the company's annual turnover, 5% in the event of a repeated infringement.

Arafer monitors the financial trajectory of SNCF Réseau (French infrastructure manager):

- opinion about the proposed annual budget of SNCF Réseau,
- opinion about the proposed performance contract between the French State and SNCF Réseau,
- opinion about the State subsidies granted to SNCF Réseau for investments exceeding €200M.

Arafer regulates international passenger rail transport (cabotage)

Trains which stop in France in the course of an international rail journey are subject to the assessment of Arafer upon request from a transport authority. In this context, the regulator must ensure that new services proposed by rail companies are mainly international and assess their economic impact on public services (regional and intercity train services).

Arafer verifies the access conditions to the Channel Tunnel

Arafer and the Office of Rail & Road (ORR) are responsible for the economic regulation of the Channel Tunnel, a responsibility previously held by the Intergovernmental Commission. Both regulators check that Getlink's network statement (previously Eurotunnel) does not contain any discriminatory clauses and allows fair access to the cross-border rail infrastructure.

Arafer monitors the competition in rail transport

- it is entitled to get an access to the relevant information and data,
- it ensures market transparency thanks to data collection and analysis,
- it promotes the success of the opening up of domestic passengers rail services.

KEY FIGURES

Almost
29,000 km:
Length of the French rail network (2,800 km of high speed lines at the end of 2017)

3,000
passenger rail stations

31 years old
Railway tracks average age (high speed lines: 19.4 years old)

€5.7bn
Access charges paid to SNCF Réseau in 2016 + €600 million paid to SNCF Gares & Connexions

29
companies operate on the French rail network in 2015 (24 freight companies, 4 passenger companies, 1 does both)
(source IRG-Rail)

1.2 billion
passengers in 2016 (88% for regional train services)

€13.4bn
Railway companies incomes in 2015 (62% are commercial revenues, 38% are public subsidies)

32.6 billion
tons.km of freight in 2016 (25% multimodal transport)

30%
of freights were operated by new entrants in 2015
(In Trains.km. source IRG Rail)



To regulate the intercity coach market



The “Macron” act of August 6, 2015 liberalized intercity coach services.

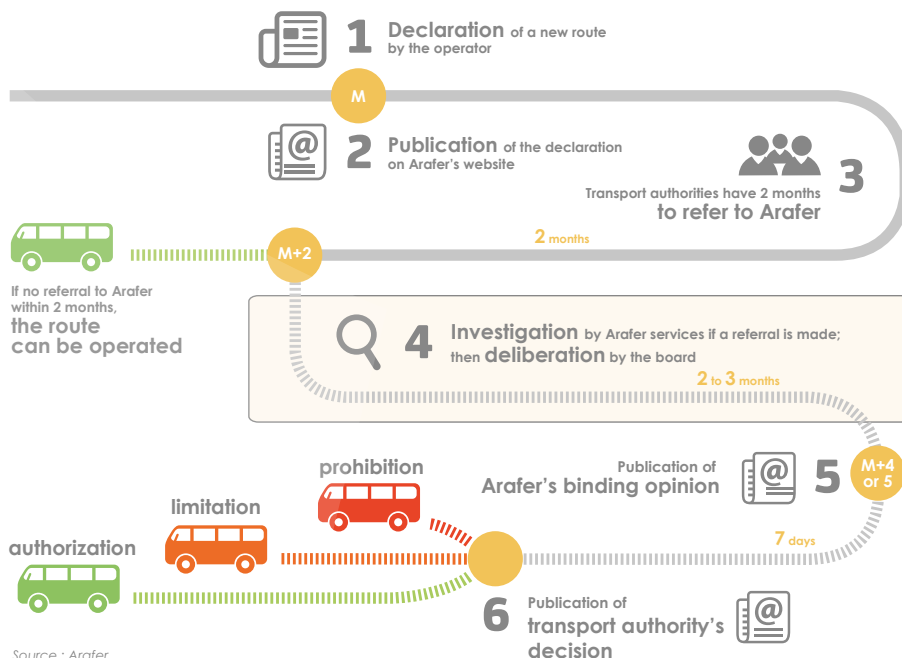
Since October 15, 2015, Arafer has been involved in the efficient functioning of this new market and regulates intercity routes of less than 100 km:

- if a transport authority intends to limit or prohibit the opening of a regular coach route of less than 100 km, it refers to Arafer which appraises the impact of this new coach service on the economic equilibrium of public services contracts and issues a legally binding opinion,
- it ensures compliance with clear, objective and fair conditions of access to coach terminals and, when required, settles any disputes between coach operators and coach terminal managers,
- it collects data about the coach transport market to report on its progress.

Sanction:

The sanction commission can trigger a sanction for non-compliance with the rules of access to coach terminals. Fines can amount up to 3% of the operator annual turnover, 5% in the event of a repeated infringement.

The regulation procedure for regular coach routes (≤ 100 km)



Source : Arafer

KEY FIGURES

450 routes of less than 100 km declared to Arafer since the market has been liberalized (mid-2015)

Almost **130** referrals to Arafer since the market has been liberalized (mid-2015)

128 routes of less than 100 km put into operation (Sept 2017)

5.16 million passengers during the first 9 months of the year 2017 (6.1 million in 2016)

270 towns served in September 2017

Almost **€5** (before tax) average price paid per passenger for 100 km in 2017 (€4 in 2016)

€78.8M turnover achieved by the 3 main operators on the French market during the first 9 months of the year 2017 (€83M in 2016)

10 operators in 2017, 3 of which are the main ones (Ouibus, FlixBus, Eurolines/Isilines)

2,282 jobs (Sept 2017)

Top 5 routes (Sept 2017)
Paris-Lille, Lyon airport-Grenoble, Lyon-Paris, Paris-Rouen, Grenoble-Lyon (both ways).

(source : Arafer's transport Observatory)



To supervise motorway companies

The “Macron” act of August 6, 2015 vested Arafer with the mission to ensure the economic monitoring of motorway concessions and to oversee the contracts.

Economic monitoring of highway concessions

- Arafer is consulted about any new project of concession contract between the French State and a motorway company,
- Arafer is consulted about any proposed amendment to a concession contract if it impacts toll prices or the concession’s duration. It analyzes the arguments presented in favor of higher prices and/or extension of the concession’s duration,
- Arafer publishes an annual report on the internal rate of return of each concession and, every 5 years, a report on the general economy of the concession contracts.

Control of the award procedures

Arafer ensures that fair competition is genuinely exercised in the award of public works, supply or services contracts and contracts for operating restaurants, fuel distribution stations, etc. on motorway service areas:

- it issues legally binding opinions on the composition of the committees competent for controlling the award procedures,
- it publishes an annual report on the award of the contracts and their performance,
- it can initiate judicial reviews in case of breach in public procurement rules.

Sanction

The sanction commission can trigger a sanction for non-compliance with the rules. Fines can amount up to 3% of the company annual turnover, 5% in the event of a repeated infringement.

KEY FIGURES

More than **9,000 km:**
length of the motorway concessions network

€9.8bn
total annual turnover of the 18 motorway concessions in 2016

18
motorway concessions in 2016

Traffic
Light vehicles:
79.5 billion veh.km in 2016 (+3.3%)
Lorries and coaches:
13.2 billion veh.km in 2016 (+4.2%)

Tolls (per km)
from €0.029/km to €0.26/km in 2016



Motorway concessions network

Credits : Asfa

— Unconceded motorways

— Motorways

Operational motorways and structures in 2016

Who we are

Arafer is composed of a Board and a sanction commission.

The Board defines Arafer's main objectives and adopts opinions and decisions – except for sanction decisions. Decisions and opinions may be subject to judicial review of the Council of State, except for decisions settling disputes, which are submitted to the control of the Paris Court of Appeal.

The 7 members of the Board are appointed for a non-revocable and non-renewable 6-year term. They cannot hold any interest in a company in the sectors regulated by Arafer, or deliberate in a matter in which they have had an interest in the preceding three years.

The sanction commission rules upon referral from the Board and can, after an adversarial procedure, sanction regulated companies for failure to comply with their obligations. It is composed of 3 members from the Council of State, the French Supreme Civil Court and the Court of Audit.

Investigation services

Placed under the management of the secretary general, the investigation services are organized in sector-relevant units (rail transport division, passenger road transport and motorway division) and in cross-sector units (legal affairs division, financial affairs division, market monitoring and international affairs departments).

The general affairs division is the support division.

Who is the Board?

There are
7 members
on the Board

2

full-time members (3 by mid-2018)

The Chairman who is appointed by the Head of State. The Vice-Chairman who is appointed by the President of the National Assembly. Mid-2018: a second Vice-Chairman will be appointed by the President of the Senate.

5

temporary members (4 by mid-2018)

appointed by the Government or Parliament.

2018 Budget

€12.3 M



for the three sectors under Arafer's supervision.

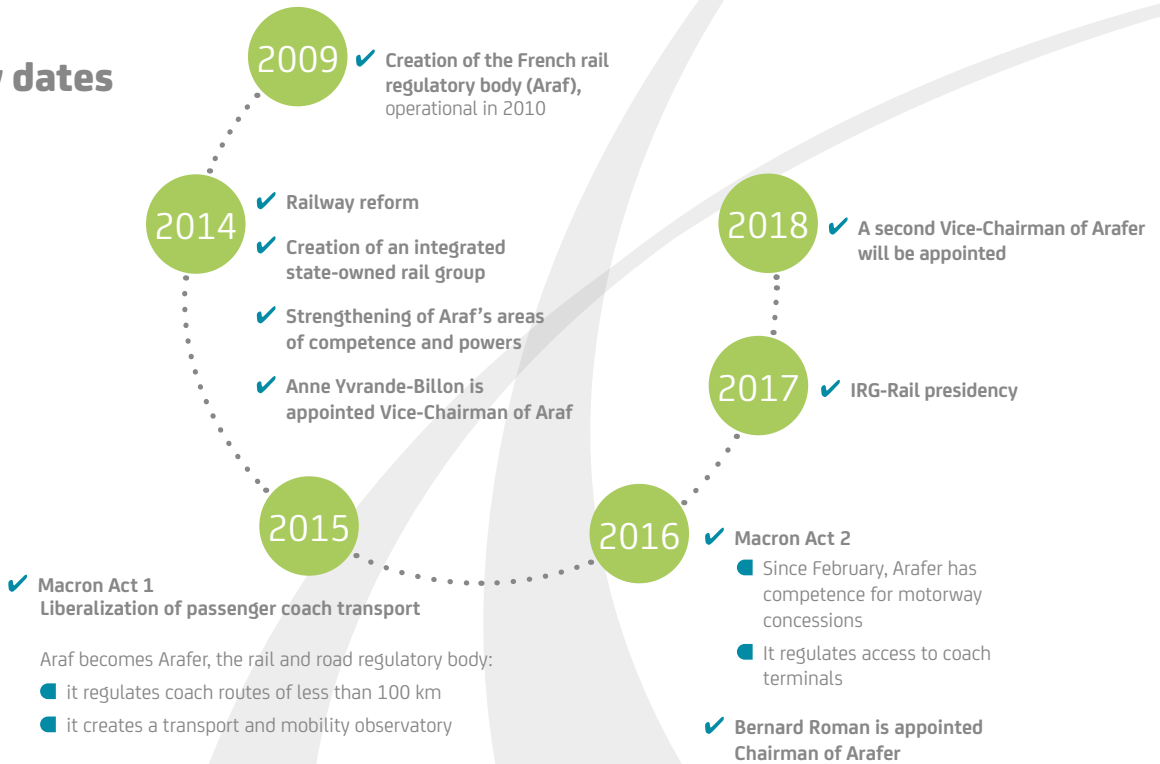
Our resources

Arafer is financially independent. Its resources come from annual levies on:

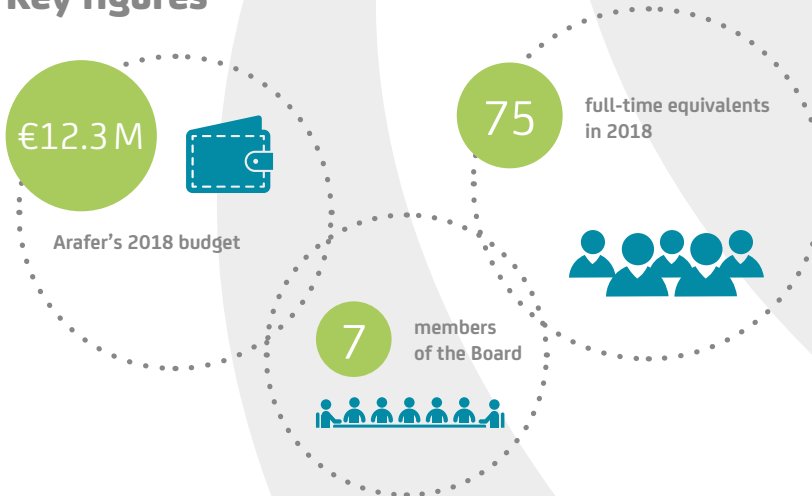
- charges for the use of the French national rail network paid by rail companies to the infrastructure manager, SNCF Réseau: up to **€8.3M** per year
- Coach operators turnover: up to **€1.1M** per year (amount in 2017: €180,000)
- turnover of the motorway concession companies: up to **€2.6M** per year

Landmarks

Key dates



Key figures



visit our website
arafer.fr

RÉPUBLIQUE FRANÇAISE



Tour Montparnasse 33, avenue du Maine - BP 48. 75755 Paris Cedex 15. France. Tel. : 33 1 58 01 01 10

Head office 48, boulevard Robert Jarry - CS 81915. 72019 Le Mans Cedex 2. France. Tel. : 33 2 43 20 64 30

arafer.fr