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Bombardier warns on Derby plant's future

By Mark Odell, Transport Correspondent

The Canadian owner of the UK's last remaining train factory has renewed its threat to shut the plant in Derby unless it wins the next big government train contract.

André Navarri, head of [Bombardier's](#) train division, told the FT that despite government help in securing fill-in orders to keep the plant going for the next three years, he could not guarantee the long-term future of the factory without winning the delayed £1bn contract to supply 600 carriages for the new Crossrail route.

"If we don't have . . . one major order from time to time to give a real load basis, in terms of engineering and manufacturing hours, the small orders cannot make a UK presence competitive," Mr Navarri said.

His comments late last week came as the company informed the remaining staff at the Litchurch Lane plant that their jobs were secure for the medium term because of the extra work it had won in recent months or was close to securing. About 1,500 of the 2,800 workers have lost their jobs since last summer, although 200 have been told they will be rehired before the end of the year as work on the new contracts start.

Bombardier had put the future of the site under review last year following a government decision to award a £1.6bn order for trains for the cross-London Thameslink route to German rival Siemens.

The renewed doubt over the Derby factory could prove hugely embarrassing to the coalition government, which faced widespread criticism over the decision to select a Siemens' factory in Germany to supply the rolling stock for the Thameslink contract, one of the country's largest train orders in recent years.

At the time the government said it could not reopen the competition, which started in 2008, and instead launched a review of government procurement rules. It promised to look at the possibility of including socio-economic factors in any future competitions after it blamed the previous Labour administration for the way it had structured the Thameslink bidding process.

"The reason why we are staying is because we heard loud and clear the government saying: 'we want a UK [rail] industry, we want to make sure social-economic factors are

included, we want to change procurement,' ” Mr Navarri said.

The government is expected to put out an invitation to tender on Crossrail in the coming weeks and Bombardier executives are anxious to avoid a repeat of the Thameslink situation. The Canadian-based company said it was always at a disadvantage to Siemens in that bid as the tender was heavily weighted towards financing and gave less emphasis to product quality. Siemens could offer a better financing package because it had its own financial services arm, with a better credit rating, Bombardier argued.

“We must learn the lesson and make sure that a national champion is on a fair and level playing field,” Mr Navarri said. “If the UK government will change the way they do procurement for a big tender such as Crossrail then we have a chance to win as . . . we have an excellent product.”

Bombardier is the world's largest train maker, with just under a fifth of the global market by value. It has 49 factories and design centres around the world, including 37 in Europe.

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