

Crossrail £1bn contest must be fair or UK risks consequences, says Siemens

German contender for deal vital to survival of Bombardier plant in Derby warns of threat to investment in Britain

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Workers from the Bombardier factory in Derby at the House of Commons to lobby MPs about job losses after Siemens won the Thameslink contract. Photograph: Stefan Rousseau/PA

The government will launch a politically contentious competition for the £1bn Crossrail train contract on Tuesday, as one of the leading contenders said that any bias against non-UK bidders will have damaging consequences for British business.

The head of Siemens' UK train division, Steve Scrimshaw, warned of a threat to investment in Britain and said he expected the process to be handled "in a fair manner that offers a level playing field to all bidders, regardless of nationality. Anything else would be anti-competitive and could have long term damaging consequences for a competitive Britain that is open for business." Under EU rules, the government cannot show bias

towards a domestic company.

Bombardier of Canada, the rival which owns Britain's last train factory, in Derby, has said that securing a deal to build carriages for the cross-London railway is vital for keeping the plant open. Bombardier cut 1,200 jobs there after ministers last year made Siemens of Germany the preferred bidder for the £1.4bn Thameslink trains contract. In the ensuing furore the government announced a review of public procurement to put British factories on an "equal footing" with continental competitors in future.

The other shortlisted bidders for Crossrail are CAF of Spain and Hitachi of Japan.

Siemens will manufacture the Thameslink trains in Germany and the Crossrail vehicles would also be made at its Krefeld plant near Düsseldorf, with some components made in the UK. The industrial group emphasises its credentials in the UK where it has operated since the 19th century and employs 13,000 people.

Criticism of the Thameslink contest frustrates the company. "Siemens remains of the firm view that the Thameslink procurement process was handled in a fair and transparent manner," said Scrimshaw.

Siemens denies that combining the financing of the Thameslink trains with their manufacture gave the group, with its strong balance sheet, an unfair advantage. 'We fail to understand why after such a thorough process any bidder – all global multinationals well versed in competitive tendering – could claim to have been disadvantaged,' said Scrimshaw. Siemens would base its bid on the Desiro model that won the Thameslink contract, with Bombardier expected to use the Avanza vehicle that missed out.

Tender documents for Thameslink, obtained by Chris Williamson, the Labour MP for Derby North, indicate that the winner would hold an advantage because of "clear similarities" with Crossrail.

However, it is understood that the Crossrail trains will demand markedly different specifications to the Thameslink vehicles, a move that gives hope to the remaining three shortlisted manufacturers.

The government is believed to be considering offering a 32-year concession, where the winner maintains as well as builds the trains, while receiving a service charge similar to "power by the hour" deals offered by Rolls-Royce, which generates significant income from maintaining aircraft engines over their lifespan.

Amid last-minute lobbying of the Treasury by Transport for London, the London mayor's transport body and co-sponsor of the project, it is expected that the carriages will be 70% financed by a private finance initiative, with the rest paid for by TfL borrowing.

Williamson said losing the Crossrail contract could be the death of train manufacturing in Britain. He said: "There is no point in the UK being open for business if that business goes to European competitors. We need the ability to take the work ourselves."

Last week the minister of state for transport, Theresa Villiers, praised the "good spirit" at the Derby factory. Speaking at the retirement party for Colin Walton, the chairman of Bombardier's UK transport business, the rail minister said he was leaving behind a "world class works". The government was acutely aware of the difficulties that Bombardier had faced since the Thameslink decision.

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