

Last updated: July 5, 2013 12:37 pm

Siemens pulls out of UK Crossrail battle

By Hannah Kuchler in London and Michael Steen in Frankfurt



Tunnels under construction for the Crossrail route

Siemens has pulled out of the bidding for a £1bn Crossrail contract, boosting the hopes of Bombardier, the owner of the UK's last remaining train factory.

The German company said it no longer had the capacity to deliver such a large contract, supplying 600 carriages for the new line to connect east and west London.

But it defended the tender process as “fair and diligent”, insisting it would not unfairly favour Bombardier over the other bidders – CAF of Spain and Hitachi of Japan.

Siemens said it had taken a “strategic decision” to pull out after winning multiple orders since it entered its bid last October. “To pursue another project of this scale could impact our ability to deliver our current customer commitments – something we believe would not be a responsible course of action,” it said.

“Siemens has an excellent working relationship with the Crossrail bid team and believe that they have conducted a fair and diligent process.”

In Germany, Siemens has come under pressure over its failure to deliver on time a new range of 16 high-speed trains costing €500m. The manufacturer has said the delays were linked to software difficulties getting signalling systems across different European countries to work together smoothly.

The trains were originally due to enter service at the end of 2011 but are not likely to be delivered until 2015, leaving Deutsche Bahn, the national rail operator, scrambling to find rolling stock for its long distance intercity services.

A separate order from the operators of the Eurostar service linking Paris and Brussels to London, for 10 high-speed trains of the same Velaro D design, is also running late.

Crossrail said it fully understood why Siemens had withdrawn. “The strong field of remaining bidders, Bombardier, CAF and Hitachi, are due to submit their bids next month, with

contract award by mid-2014,” it said.

When the bids are submitted, Crossrail will make a recommendation to Transport for London and the Department for Transport.

The government was criticised for selecting Siemens to build trains for Thameslink in 2011, choosing to give the £1.6bn order to the German company rather than Bombardier, which would have built the trains in the UK.

Meanwhile, Canadian-owned Bombardier threatened last year to close its plant in Derby unless it won the next big government train contract. André Navarri, head of Bombardier’s train division, said 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 Crossrail contract.

Hitachi is building a train factory in Newton Aycliffe, County Durham, which is where it says it will build the Crossrail carriages if its bid is successful.

Ministers promised to “level the playing field” for UK-based manufacturers when they launched the Crossrail tender. The tender will not insist trains are made in Britain, but before they applied, the companies were asked to explain how their bids would benefit the UK economy.

Shares in Siemens remained flat mid-morning, while shares in Toronto-listed Bombardier had yet to begin trading.

Printed from: <http://www.ft.com/cms/s/0/136c08d0-e556-11e2-ad1a-00144feabdc0.html>

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