

Inquiry Group Chair  
Competition & Markets Authority

Network Rail Infrastructure Limited  
CFO Directorate  
The Quadrant  
Elder Gate, Milton Keynes  
MK9 1EN

By email only

29<sup>th</sup> June 2023

**Network Rail Response to CMA Findings and Proposed Remedies in Respect of Anticipated Acquisition by Hitachi Rail Ltd of Thales SA's Ground Transportation Systems Business**

Dear Stuart,

Further to the publication on the 8<sup>th</sup> June 2023 by the Competition & Markets Authority (CMA) of the provisional findings following the investigation into the anticipated acquisition by Hitachi Rail of Thales SA's Ground Transportation Systems Business, Network Rail wishes to take this opportunity to provide its views to the CMA as the principal purchaser of main line signalling activity in the UK.

For clarity these are set out below relating to both the provisional findings and on potential remedies.

Provisional Finding of a Substantial Lessening of Competition

[REDACTED]. [REDACTED].

As you are aware following the Office of Rail and Road (ORR) UK signalling market study of 2021, Network Rail is pursuing a live tender process for the Train Control Systems Framework (TCSF) with the objective to increase competition in the mainline signalling market in the UK; [REDACTED].

Network Rail is therefore concerned that nothing in the CMA findings or remedies should adversely impact or create undue risk for either the TCSF procurement process or the strategic outcome of addressing the ORR's competition concerns.

## Proposed remedies

[REDACTED].

(1) [REDACTED].

[REDACTED]. [REDACTED].

(2) [REDACTED].

[REDACTED]. [REDACTED].

(i). [REDACTED]

We recognise that the CMA prefers the divestiture of an existing business, which can compete effectively on a stand-alone basis, to the divestiture of a part of a business or a collection of assets. [REDACTED]:

(a) [REDACTED].

(b) [REDACTED]. [REDACTED].

(c) [REDACTED].

(ii) [REDACTED].

[REDACTED]. [REDACTED].

[REDACTED].

[REDACTED].

[REDACTED].

[REDACTED].

(iii) [REDACTED].

[REDACTED].

(iv) [REDACTED].

[REDACTED].

Any delay to the TCSF procurement process would delay and inhibit the benefits Network Rail is seeking to achieve in developing and expanding the supplier base, capability and capacity in the UK.

[REDACTED].

3. [REDACTED].

[X].

Given the sensitivity and potential risks created by any potential remedy, we consider it appropriate that Network Rail is provided the opportunity to meet with the CMA investigation team to discuss both the issues highlighted above as well as further details on any potential remedy should this be a course of action that the parties chose to pursue.

Yours faithfully

Chief Financial Officer

**FOR AND ON BEHALF OF NETWORK RAIL INFRASTRUCTURE LIMITED**