



As a preview to launching the World Rail Market Study 2010, the largest study of its kind and a major reference for the rail community, which elaborates strategic conclusions for the industry and reflects on market developments taking into account the impact of the economic downturn and several possible political and economic scenarios, we wanted to have a grasp of UNIFE position on railway market trends and the relation between Europe and the external markets. The baseline was represented by the WRMS 2008, with a forecast for 2015/2016 and an outlook for 2020.

Status quo and outlook of railway market trends

Interview with Michael Clausecker, Director-General UNIFE

[Recorded by Delia Lazăr]

Railway Pro: Are overall market trends still favouring the railway industry? Could you further expand and evaluate this estimation of the Worldwide Railway Market Study issued in 2008?

Michael Clausecker: Yes, if we are referring to global market trends, they are still favouring railway industry. Megatrends are a tailwind in the economic crisis. The most important are urbanisation, further economic growth and the demand of mobility, in Europe and all over the world. Some economies are reluctant to developing railway transport, while others are highly investing into rails. The most illustrative example of the second category is China, which considered rail investments as a means to counter the economic crisis.

We expect great investments into the railway market at least for the next five years, especially on the Asian market which is committed to strong orders. China is number one, followed by India, in the wider Asia/Pacific region.

At global scale, services contribute the most to the growth of the entire railway market. They represent the biggest segment compared to infrastructure and passenger and freight rail and they are much diversified: services for very high speed, mainline and exclusive freight, as well as services for light rail and metro.

Railway Pro: "Europe, NAFTA and the Asia/Pacific region are the key markets today". What is the relation between Europe and external markets? Could you further comment on key markets, key opportunities and key sectors?

Michael Clausecker: Western Europe was the largest market, however in the last three years it has been overtaken by Asia/Pacific region, mainly due to high investments in China. Growth rates have been registered in Europe, but they are lower than in Asia. There is a big difference between European countries at this level, as Central and Eastern European countries can be described by a very low market volume. Still, under this category the replacement demand prevails and good signs have been shown by Poland, first country in the CEE with a desire to invest into a high speed system.

Railway Pro: The WRMS issued in 2008 showed positive signs for Eastern Europe markets ("rolling stock will grow strongly in Eastern Europe over the next nine years"; "the region is predicted to register significantly higher growth rates (4.1%) than the Western part of the continent (2.1%)"). What were the main indicators for this conclusion? What is the potential of EE and CIS markets for speeding up rail investments? Did this estimation take into account the effects of the economic downturn on EE countries or does this confident conclusion no longer apply?

Michael Clausecker: Growth is confirmed. Even though these countries are a bit hit by the economic crisis, this is only on short term. On medium term we still expect considerable growth. The study compares the period 2007-2009 with the period 2015-2016, for which it predicts an expected annual growth of between 2% and 2,5%, even in the conditions of the economic crisis, as a large share in the investments in

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CEE is provided by the EU funds. As far as the CIS countries are concerned, in five to six years they are expected to grow by 2.5% to 3%, registering a stronger growth than CEE countries due to investment plans which concern infrastructure, but also passenger and freight rail. Referring to the indicators that led to this conclusion, they are mainly: economic growth, the plans for the modernisation of rails and the funds coming from the EU. Another important indicator of demand for the CEE countries is represented by the age of the fleets which is very high and puts pressure on railway operators to invest into replacement. This is the replacement demand. >



photo: UNIFE

> Railway Pro: Do local and regional anti-crisis policies in the CEE positively influence these estimations or not?

Michael Clausecker: We have not heard of programs impacting these estimations so far. There are programs contributing to stabilizing the railway market, but they certainly bring no particular contribution for growth.

Railway Pro: After two workshops in Warsaw and Bucharest (in 2007 and 2009), UNIFE issued a compositum of articles explaining that investment in CEE will lead to a competitive railway system and, moreover, UNIFE has been working for several years for an acceleration of the modernization of rail systems in Central and Eastern Europe. Which are the gaps and weak points that persist in these countries in 2010 and in the near future?

Michael Clausecker: In 2007, once with a new EU enlargement to the East, UNIFE thought of new initiatives for the new member states. The major topic was determining new EU member states to make use of EU funds to a maximum extent. UNIFE has identified key measures to make best use of the available EU funds for infrastructure and rolling stock. The goal was to make the absorption of funds quicker. The main problems identified during all work-

shops and analysis meant for this region were: firstly, the lack of projects, which is very difficult to address; secondly, there is a lack of coherent planning of the entire railway investment. Moreover, infrastructure managers contracted private industries to do the work, which put the problem of the transparency of tenders and of small contract lots. We tried to introduce the model of larger contract sizes and to shift responsibility from railway authority to the industry and to the contractor. Especially in Hungary and Romania, agencies were created for the investments into railway infrastructure, which assume this approach. What we demand them is to be more ambitious and to act not simply for railway modernization but for a step change in the quality of the railway system. In some CEEs there are more ambitious plans such as first projects for the implementation of ERTMS or first proposals for high speed, like in the case of Poland. These plans raise the visibility of rail investment in a region where the situation of rail transport is critical and infrastructure is rapidly deteriorating. Romania in particular deals with lack in financing and especially providing co-financing for the EU funds. There have also been lots of changes in the Government (particular in the Ministry of Transport) which led to new approaches all the time. More stability in this field would accelerate investments.

Railway Pro: A multiple-scenario approach regarding railway market trends wouldn't it be more appropriate in the conditions the effects of the economic downturn on EE countries have not even been estimated properly?

Michael Clausecker: I consider adopting various scenarios is good for strategic planning, but when it comes to a market outlook, an estimation of the market size, we certainly benefit more from a coherent picture. More about the effects of the economic downturn will be included in our new study to be issued in September.

The third edition of the World Rail Market Study of the rail industry will be launched on 21st September 2010 at the UNIFE stand of the InnoTrans. It is published by UNIFE, the European rail industry, in co-operation with The Boston Consulting Group (BCG).

Based on a survey conducted in the 50 largest rail markets worldwide, the study provides an update on the performance of the rail industry since 2008. Unique market growth predictions are displayed for the short-term and 2015 time horizon per product segment and world region, and a qualitative outlook for 2020 will be provided. ■

Мегатенденции на железнодорожном рынке – статус кво и перспективы

Интервью с генеральным директором UNIFE, Майклом Клаузекером

Для запуска World Rail Market Study 2010, наиболее обширного исследования в отрасли и важного ориентира для железнодорожного сообщества, разрабатывающего стратегические выводы для железнодорожной индустрии и отражающего эволюцию рынка, с учётом влияния экономического кризиса и некоторых политических сценариев, мы хотели бы узнать позицию UNIFE по поводу тенденций железнодорожного рынка и отношений Европы с внешними рынками. Основа исследований представлена в исследовании WRMS 2008 года, с прогнозами на 2015-2016 гг. и общей перспективой на 2020 год.

Подтверждается увеличение доли железнодорожного рынка в странах Центральной и Восточной Европы и СНГ. Даже если экономический кризис ударил по этим странам, это лишь на короткое время. В среднесрочной перспективе будет регистрироваться существенный рост. Исследование сравнивает период 2007-2009 гг. с периодом 2015-2016 гг., когда ожидается ежегодный рост в размере от 2% до 2.5%, даже в условиях экономического кризиса. ■