

The railway market in Russia and the CIS: Dynamic growth in the new passenger train, infrastructure and signalling markets, and further opening expected

[07.08.2012] In its new study, "[The railway market in Russia and the CIS](#)", SCI Verkehr GmbH analyses facts and trends in one of the most interesting regions of the world today. CIS is not only worth examining because of its expected high growth potential in the segments new passenger trains, infrastructure and system technology, it is also an accessible market for international players offering high-quality railway technology. The region has long neglected investments in modern railway technology and has to catch up with state-of-the-art rolling stock as well as infrastructure and signalling systems. Major drivers are upcoming international sport events and international freight transportation corridors. The Russian economy depends on the feasibility of transporting the natural resources via rail to their international destinations.

The market for rail technology in Russia and the CIS region currently has a volume of approximately EUR 18.1 billion. The market's growth is continuing at the same level. SCI Verkehr expects growth of about 3.2% per year to around EUR 21.3 billion in 2016. However, the growth could have been even higher, as new freight wagons account for over 50% of the total market volume in the OEM business and the annual market volume in this segment in the next five years will slightly decline due to extensive procurements in the past two years. Significant growth rates above 4% p.a. are forecasted in all the remaining segments, especially for the locomotive and multiple unit markets and the high-speed segment. The main drivers for this significant growth are:

- Necessary infrastructure investments: Investment activities centre on two aspects: firstly, the restoration and refurbishment of the existing rail networks (including some new lines in Russia) in order to close infrastructure bottlenecks, and secondly, the restoration and refurbishment of long-distance railway connections between China and Europe along international transit routes.
- Large-scale sporting events that drive passenger rail infrastructure projects and capacity upgrades of mainline and urban fleets. The UEFA Cup in 2012 in the Ukraine has been such an event, as will be the Winter Olympics in Russia in 2014. In the medium term, the 2018 Football World Cup that will be hosted by Russia will drive further passenger rail projects.
- Rail freight: Regional development projects in Russia in the Urals and Siberia to exploit further mineral resources.
- Introduction of high-speed passenger transport in the region, including on dedicated lines.
- Privatization of the rail freight market, especially in Russia.
- Tendency to procure more state-of-the-art western railway technology in the course of modernizing aging fleets.

All major national rolling stock manufacturers in the region produce to (today's) full capacity and increasingly form joint ventures, thus increasing product quality and competition. The Russian and Ukrainian production plants are of leading importance: The passenger transport and locomotive market is already consolidated; Transmashholding and Sinara dominate the market. The freight wagon market is very fragmented but led by Uralvagonzavod and Azovmash from the Ukraine. More and more sites are operated in joint ventures between global players and national manufacturers.

Further information: The railway market in Russia and the CIS.

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