The railway business remains surprisingly steady

[30.10.2012] The global market for railway track systems remains on a steady course for growth. The budget crises in the euro zone, the slowdown in upgrades in China and the debate surrounding high-speed passenger trains in the USA are slowing down dynamism, but new projects outside of the established leading markets, for example in the Persian Gulf region, southeast Asia and South America, are creating volumes and prospects. Market players need to be flexible.

This is the conclusion of the new market study "Railway Track Systems – Global Market Trends" from SCI Verkehr GmbH, an international management consultancy company specialising in railway technology and logistics based in Cologne. For the second time since 2010, the company analysed the global markets for all products and services relating to track systems for mainline railways and urban rail transport systems.

For the average of the years 2010 to 2012, the experts calculate an annual market growth of EUR 34.6 billion worldwide; within the coming five years, they expect a rise of 3.9% per year to almost EUR 42 billion. Two years ago, growth by almost 5 % annually (from around EUR 33 billion to EUR 41.5 billion) was forecast for 2009 to 2014.

"The market is clearly reacting to economic and political pressure – but is not breaking away", notes Maria Leenen, CEO of SCI Verkehr. There are two megatrends responsible for this above all, which counteract each other.

Once various economic stimulus packages run out, a lack of public funds and tough political decisions in Europe, North America and China will lead to stagnating to shrinking markets. "However, projects are rarely abandoned without an alternative, as in Portugal; more often they are trimmed back or postponed, as in Spain", according to Leenen. "In many countries, new and modern routes are urgently required."

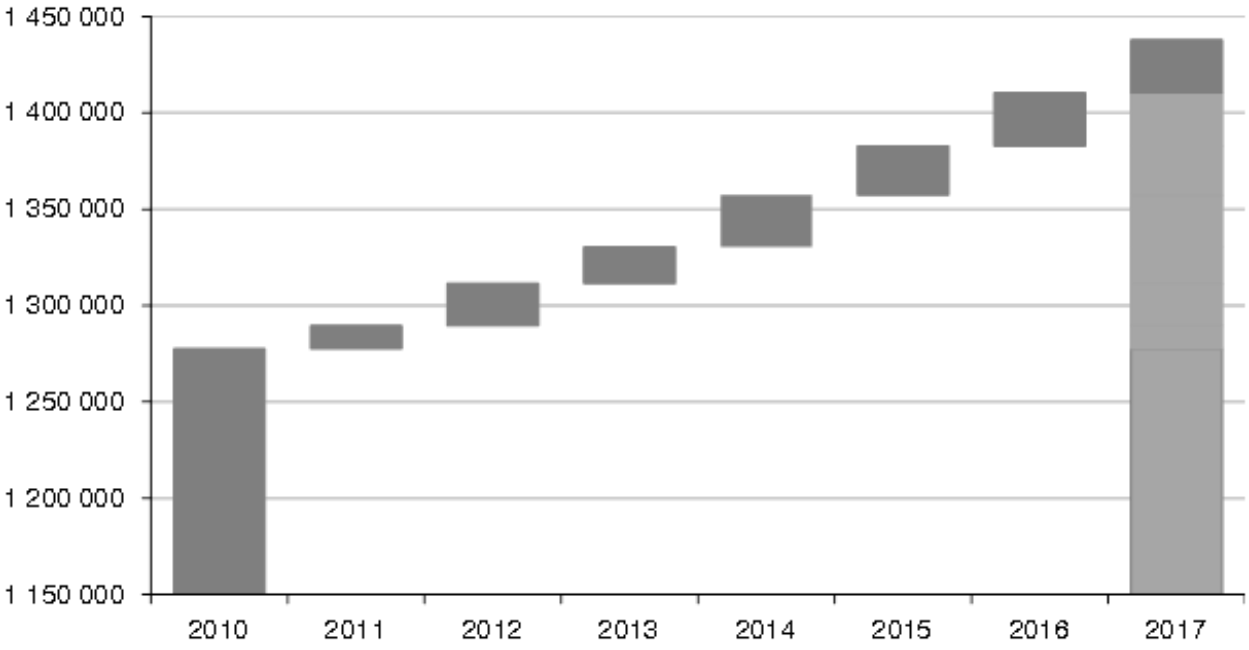
Although the speed of development has slowed down, China remains the largest national market for track systems in the world, followed at some distance by the USA and Russia. The key elements in these and almost all other markets are the conventional railway networks, which account for more than 90 % of all rail networks in the world.

However, in the Persian Gulf region, the Maghreb countries and in southern Africa, as well as in Asia and South America, investments are finding many new targets. "Companies that are unsatisfied in the established markets should take a look at the trend in Colombia, Indonesia, Thailand, Kenya, Mozambique or Oman", Leenen advises.

The capital for many of the new projects comes from Asia, specifically China. In addition to a demand for raw materials and geopolitical interests, the railway market is also responsible for this again: "The excess capacities of Chinese manufacturers are being utilised internationally until enough orders come from the domestic market again", Leenen says. "At the same time, these suppliers are gathering international experience, where their Russian and Indian competitors still have the edge on them."

The market study "Railway Track Systems – Global Market Trends" is now available in German and will be available in English from SCI Verkehr GmbH (www.sci.de) from the middle of November 2012.

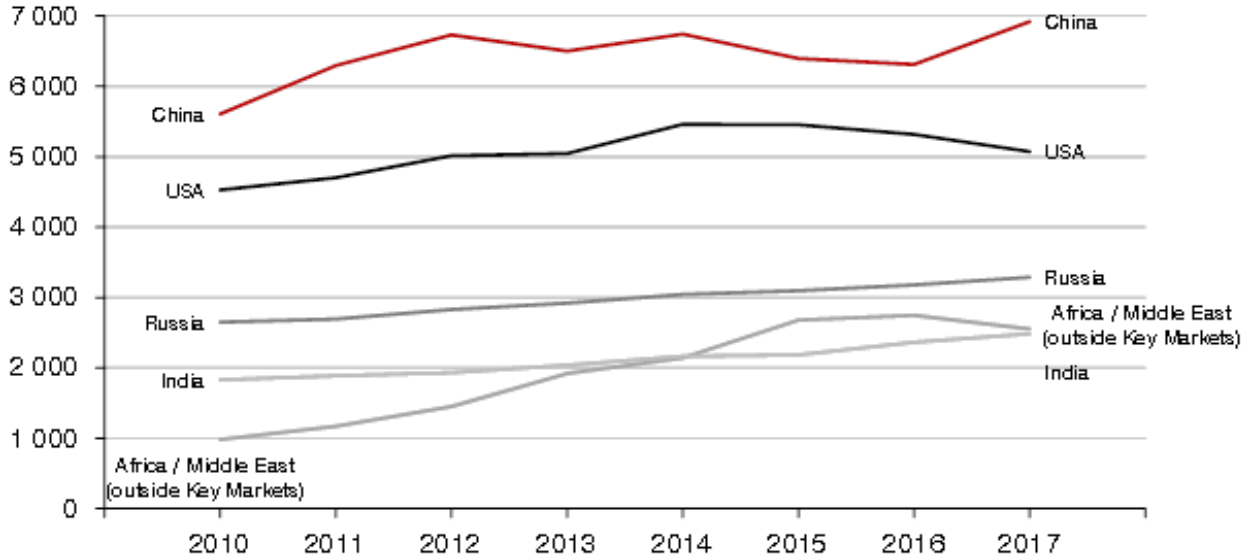
Network Growth 2010–2017 [Route-km]



Values at year's end. Rounded to the nearest 10 route-km.

© SCI Verkehr GmbH

Volumes and Development of the Top 5 Markets 2010–2017 [EUR million]



Ranking based on the year 2016.
Rounded to the nearest EUR 10 million.

© SCI Verkehr GmbH

Contact:
SCI Verkehr GmbH
Vanessa Ruehmann
Phone: +49 221 9317820
E-mail: v.ruehmann@sci.de