

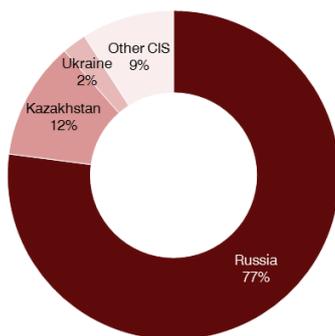
The Russian railway market stands its ground in a challenging environment

[17.07.2017] The market for railway technology (infrastructure, systems technology and rolling stock) in the Commonwealth of Independent States (CIS) has a current volume of EUR 20 billion and is to grow by an annual 1.7% till 2021. This is the principal result of the new market study “The Railway Market in Russia and the CIS” by SCI Verkehr GmbH.

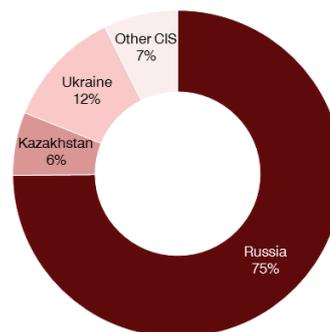
„Amidst a challenging environment, manufacturers and operators in the region are turning their attention to the future”, asserts Maria Leenen, CEO of SCI Verkehr. Main driver of this development is Russia, where three quarters of the market volume is allocated.

CIS: The Market for Railway Technology by Core Markets

Market Shares OEM



Market Shares After-Sales



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Decaying commodity price levels, which caused depression in Russia and Kazakhstan, as well as the political conflict in Eastern Ukraine, have left their marks in the regions railway industry: The market for freight wagons, the traditional chief products of the region, has almost halved between 2013 and 2016. After 2014, the hitherto booming leasing business saw numerous takeovers. Recent procurement programmes for locomotives and multiple units exhausted the operators' budgets. Infrastructure projects were prolonged or postponed.

However, hardly any project was shelved. “Research and development of new types of rolling stock is going on, and network modernisation keeps on proceeding as well”, says Leenen. “Most joint ventures established by regional suppliers with Western partners are holding solid positions in the market, because there is demand.” Rail freight transport was stagnating recently on a high level, but did not crash – clear evidence that the region is gaining significance for transit services between Asia and Europe.

Meanwhile, passenger rail is facing structural change. In the agglomerations, commuter trains and metros are covering ever more of the growing demand, whilst funds for retaining the numerous light rail networks are lacking. Correspondingly, the markets for light rail vehicles will be shrinking. Simultaneously, increasing demand for modern, comfortable and efficient long-distance trains between the economic centres will be driving the market for flexibly deployable passenger coaches.

However, present conditions constrain perspectives. Surrounded by diverse political and economic imponderability, restructuring and diversification are the principal tasks to tackle in the coming years. "However, the railways and their suppliers in the region still have been common with these terms for a long time", Leenen closes.

The MultiClient-Study „The Railway Market in Russia and the CIS“ is available from SCI Verkehr GmbH, www.sci.de.

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