



Worldwide rail transport development: rail freight transport is currently decreasing – urban rail grows strongly

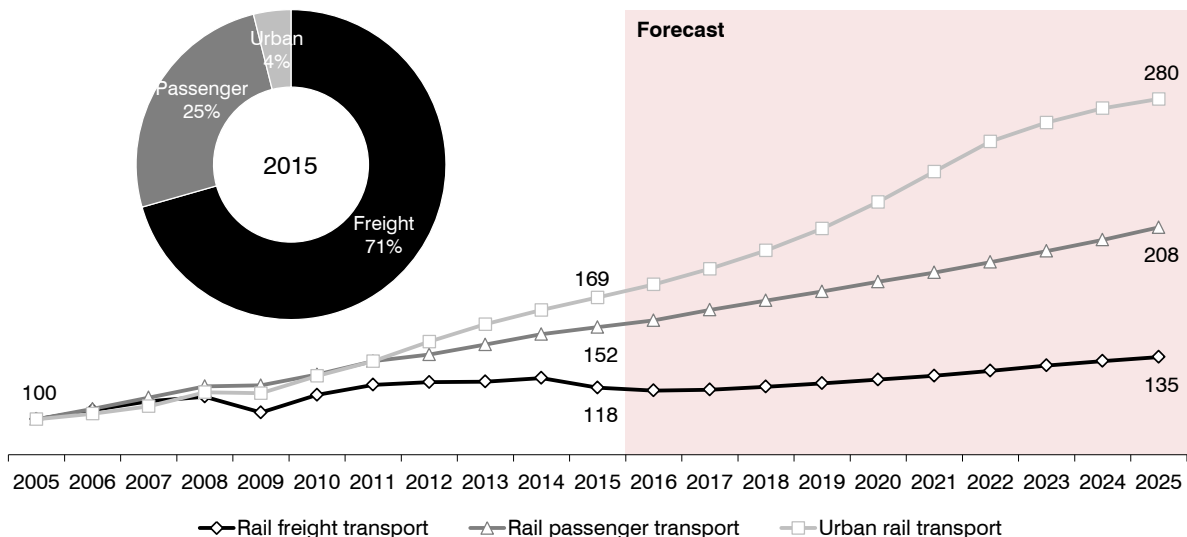
[8th of March 2017] Worldwide rail freight performance decreased in 2015 for the first time after the financial crisis: -4.4%. This is the result of the recently published report from SCI Verkehr “Rail Transport Markets – Global Market Trends 2016-2025”. A further reduction is also expected for 2016, driven by low demand in large markets like China and USA. Perspectives are more optimistic in the medium term: slightly positive performance growth is forecasted from 2018 onwards. Urban rail performance, however, will grow strong in both short and medium terms, reaching an average rate of over 5% p.a. between 2015 and 2025.

The rail freight segment registered a negative growth in 2015, decreasing 4.4% in comparison to the previous year. This negative trend is expected to continue in 2016-2017 and it is linked to the decreasing transport of heavy goods, such as coal and steel. Reduction in the growth of international trade is another driver of this development which is expected to continue, negatively influencing the market in face of increasing protectionism in different parts of the world.

In North America, coal transport has strongly decreased due to a shift in the energy supply matrix. Intensive fracking in USA has created an exceptional boom in the oil transport. Although oil transport via rail had grown at high rates, it was not enough to compensate the demand reduction from coal markets. With the decreasing level of oil prices, rail transport of petroleum has suffered a deceleration and in the long run it could be negatively affected by the construction of new pipelines.

The Asian rail freight transport is dominated by the Chinese market, which is decreasing. The main reasons for this reduction are the increasing fares for rail freight transport in the past years while road infrastructure was rapidly expanded though the construction of highways, significantly increasing the attractiveness of road freight transport. Furthermore, the Chinese energy policy has reconsidered the position of coal in its supply matrix, creating opportunities for other energy sources and negatively impacting the coal transport via rail. The newest Chinese efforts to sustainably improve air quality, on the other hand, could cause a shift of the modal split towards the more environmental friendly rail transport. However, it is still uncertain to what extend this political agenda will be implemented and if it can compensate the decreasing transport of coal.

Worldwide rail transport performance [Index 100 = 2005, pkm, tkm]



In contrast to rail freight services, **urban rail transport** has been growing rapidly since 2010. This growth is expected to decelerate only after 2020, when many new metro and LRT systems are expected to be completed. Network expansion, especially the construction of new lines in cities that previously have not had urban rail systems, is the main driver of urban rail development.

In China, for example, the urban rail network tripled from less than 1 000 km to more than 3 000 km between 2005 and 2015. New investments are planned. Currently, 4 450 km of lines for rail-bound city transport networks are under construction or in operation. High growth rates will also be achieved in South and Central America. Important improvement and expansion projects are taking place in the largest markets of Brazil, Argentina and Chile. Growth will be reinforced by new systems in rather smaller markets, such as the implementation of metro projects in Quito, Panama City and Lima.

Rail passenger transport has shown a constant positive development over the past years, although trends are very different among the world regions. While rail passenger performance was significantly reduced in the CIS, Eastern Europe and Africa/Middle East, it grew rapidly in Asia and South and Central America. The expansion of high-speed networks, especially in China, and the increasing number of services in South American metropolitan areas, for example, have contributed to this trend. Rail passenger transport has been stimulated also in mature markets such as Western Europe or North America, where regulatory measures aim the reduction of road transport in order to improve environmental conditions and life quality.

Rail transport markets are growing. Between 2005 and 2015, a general increase of transport performance has been observed in the freight, passenger and urban segments. Despite short term and regional volatilities, the overall picture is positive: transport volumes in 2015 were significant higher than in 2005. Long term growth is expected to continue in all segments, despite different speeds in the short term development.

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