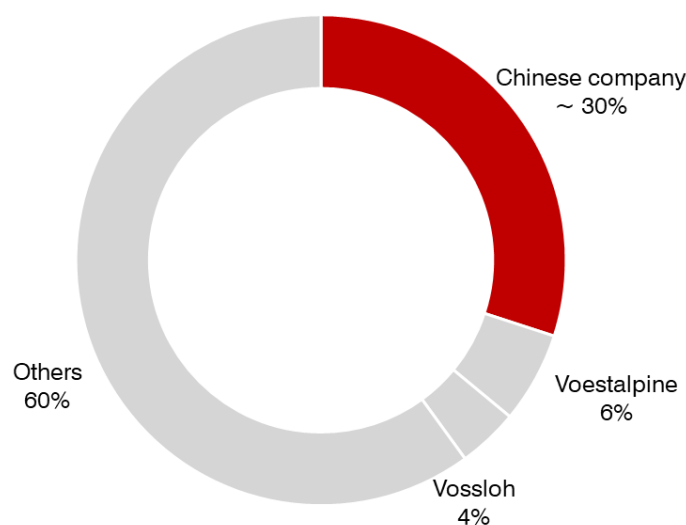




Chinese companies dominate the global railway track systems market: leading European rail manufacturer has long been under Chinese ownership

[24.09.2020] Asia is increasingly becoming the hub of the international railway track systems market. In addition to major domestic projects, Chinese financiers, manufacturers, construction and planning companies in particular are increasingly implementing high-quality projects in other parts of the world. Their influence is most evident in the heart of the rail infrastructure, in the rail tracks. Chinese companies have already taken over British Steel, the most important player in Europe, too. According to the market study "Railway Track Systems - Global Market Trends 2020" by SCI Verkehr GmbH, the worldwide market for rail track will stagnate between 2019 and 2024.

Track Systems - Market Share of Manufacturers
[2015-2019; worldwide]



Now that the Chinese government has slowed down the development of the domestic railway construction sector, Chinese suppliers are successfully exporting products and services as well as technology and know-how to all parts of the world. In addition to deliveries from China, Chinese companies are also expanding through external acquisitions: China's Jingye Group took over the insolvent steel group British Steel in March 2020. British Steel is one of the three leading rail manufacturers in Europe, alongside Voestalpine and ArcelorMittal. The takeover includes the rail rolling mill in Great Britain. The British Steel rail mill in Hayange, France, was recently sold to Liberty Steel.

"With British Steel, the Chinese group is by no means just getting a foot in the door to the European rail market". Maria Leenen, CEO of SCI Verkehr comments: "While the media and politicians are looking anxiously at the European rolling stock market and fearing Chinese competitors, this has happened almost unnoticed in the track construction sector. The leading position of Western suppliers is based on their technology and quality. With the new Chinese player in the European market, it remains to be seen whether they will be able to defend their technological edge".

The fiercer competition among manufacturers is taking place against the background of the global stagnation in track construction. The COVID-19 pandemic and the decline in global production and transport demand is reducing the investment budgets of the mostly state-owned infrastructure owners. Government economic stimulus programs cannot compensate for these developments everywhere and at best only partially. Investments in renewal and maintenance of existing networks ensure that market volumes remain high.

The average annual market volume worldwide in 2018-2020 amounts to approx. EUR 38 billion and SCI Verkehr expects a growth rate of 0.6% p.a. until 2024. Maintenance and renewal account for 60% of the total market volume and this segment will grow at approx. 1% p.a. until 2024. Investments in the maintenance of the rail networks will decline slightly in the short term, but SCI Verkehr expects a recovery after 2022. For the new construction and upgrading segment, SCI Verkehr expects a slightly negative development in the medium term. The CAGR 2019-2024 is put at -0.2%. Sharp declines are expected especially in Africa/Middle East, South America and South East Asia.

For Western Europe, SCI Verkehr sees slightly rising trends in the medium term. The economic stimulus packages initiated both Europe-wide and nationally in the context of the COVID-19 pandemic (the latter especially in Germany and France) as well as the generally increasing influence of climate policy on European governments have a high potential to positively affect the rail infrastructure market.

The new market study "[Railway Track Systems - Global Market Trends 2020](#)" is available in our [Shop](#) 24th September 2020.

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