

## The Chinese railway market has lost momentum and will not grow further up to 2022

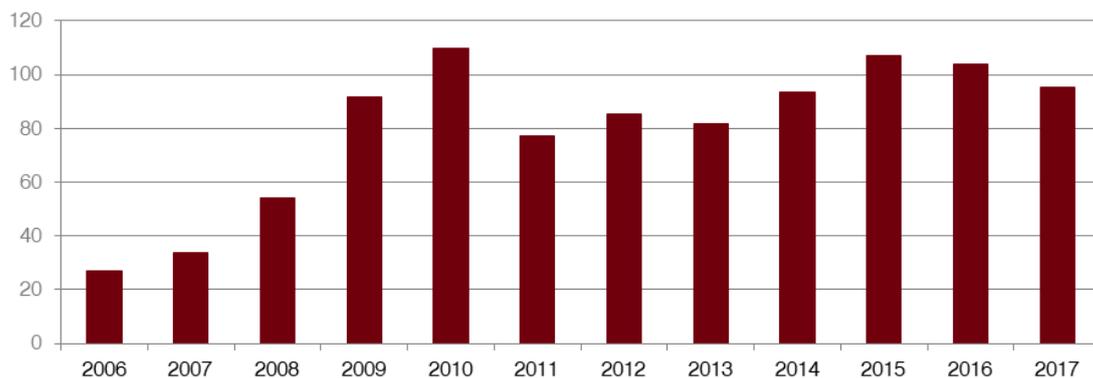
New study on the Chinese railway market

[09 January 2019] The Chinese market for railway technology will remain at a high level over the next five years but will not grow further. Following large and heavily subsidised investments into new rolling stock in 2018 and 2020, the OEM market will decline after 2020. The negative development in the OEM market is compensated by the dynamically growing After-Sales market. Due to overcapacity, Chinese companies have to put stronger focus on international markets in order to balance the slowing development in the national market.

In the new study "The Chinese Railway Market", SCI Verkehr provides a first-hand analysis of latest plans and developmental targets in the currently most important country for railway technology.

The Chinese railway technology market has a current volume of EUR 34 billion and will continue to grow by 0.6% up to 2022. The internationally most important railway technology market will mainly benefit from the growing After-Sales market (CAGR +7.1%). New business, however, will show negative developments (CAGR -3.4%), mainly due to decreasing procurements in the high-speed-segment.

### China's fixed asset investment in railway [EUR billion]



Constant exchange rate 1 CNY=0.13 EUR for all years

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Over the past ten years, China evolved into the largest and one of the most dynamic railway transport markets, worldwide. Large investments were made into the railway sector, the high-speed network in particular.

In 2010 and 2015, expenditures reached their peak values of almost EUR 120 billion, each driven by government economic stimulus plans. Since then a certain level of saturation has

been observable and investments into railway technology in China have declined, however, still remaining at a high level, overall. Heavy investments into new rolling stock will be made once again between 2018 and 2020. In total, 900 new high-speed trains, 4 000 locomotives and 210 000 freight wagons are to be procured in the mentioned time period. SCI Verkehr expects a decreasing trend in new business afterwards.

The After-Sales market in China experienced fast growth due to massive fleet and network extensions realised in recent years and, compared to new business, gained in importance.

For manufacturers decreasing new procurement market volumes in the medium term induce the risk of significant overcapacity in their production plants, in particular for the three large state-owned enterprises CRRC, CRCC and CREC. A growing national maintenance market as well as more export to international markets can remedy this situation. In the last years, the enterprises were able to secure contracts in almost all regions of the world. Nevertheless, Chinese railway technology enterprises still are not of key significance in larger regions such as Europe, North America and the CIS.

The MultiClient study "[The Chinese Railway Market 2018](#)" is available now (in English) from SCI Verkehr GmbH ([www.sci.de](http://www.sci.de)). Please also find more information about our latest offer of [the data annex in Excel-format](#), which will be available for all upcoming study publications.

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