

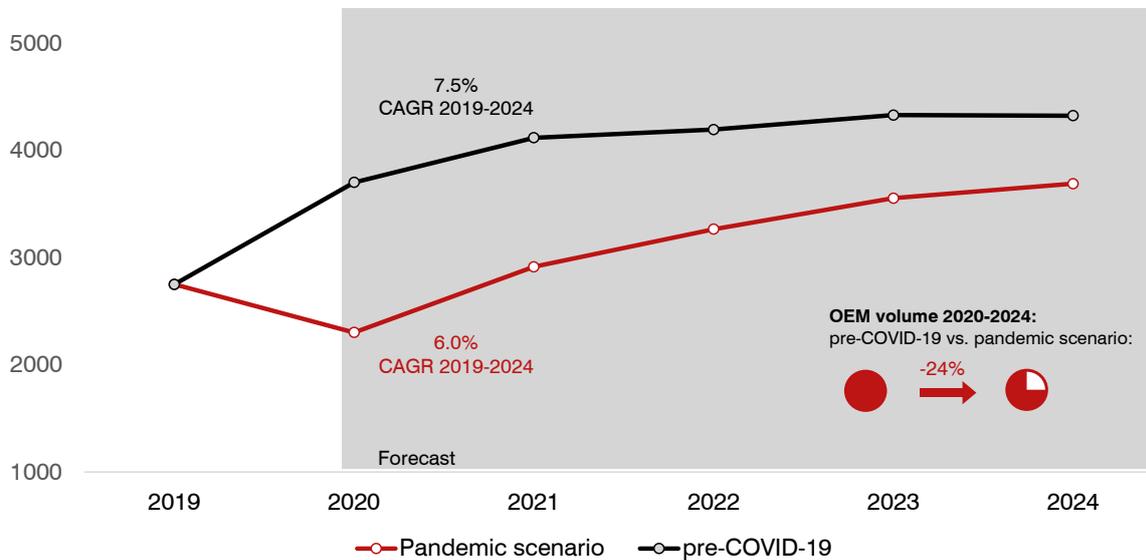
Worldwide demand for diesel locomotives collapses due to COVID-19

The pandemic reinforces the global trend of diesel fleet reduction

[28.08.2020] SCI Verkehr expects a significant reduction of the OEM business for diesel locomotives (-24% from 2020 to 2024) in light of the worldwide uncertainties in the railway industry caused by the COVID-19 pandemic. In many countries, the pandemic will further accelerate the reduction of the diesel fleet due to planned acquisitions becoming either obsolete or being discarded in favour of fleet modernisation. Core markets like China or Western Europe already significantly decreased the purchase of new diesel-powered locomotives even before the pandemic. However, a worldwide electrification degree of only 28% will keep catenary free traction essential in the long-term in many regions, especially in freight traffic. Locomotives with alternative traction are often still being tested and only play a minor role in the short term. In the Multi Client Study "Diesel and alternative drive locomotives - Global Market Trends 2020", SCI Verkehr GmbH illustrates these and other developments.

Development of worldwide diesel and alternative drive locomotives*

[OEM market volumes in EUR million]



*Alternative drive locomotives are rolling stock that can rely on an alternative energy source for their traction power different from purely electric traction via a pantograph and a different source than diesel only traction. © SCI Verkehr

In 2019, the worldwide market for new diesel and alternative traction locomotives was at an extremely low level of approx. EUR 2.75 billion. The OEM market for diesel locomotives has recently come under severe pressure for a variety of reasons. In countries with significant fleets such as China (increasing electrification of the network) and the USA (new operating concept of freight railways allows fleet reduction), deliveries have slumped massively. In Europe (EU goal of climate neutrality by 2050), operators are increasingly refraining from long-term investments in diesel locomotives. The effects of the COVID-19 pandemic are reinforcing

the trend. Unlike passenger rail transport, stimulus packages are not supporting rail freight transport.

Nevertheless, SCI Verkehr still expects a significant increase of the OEM volume to EUR 3.69 billion in 2024. While SCI Verkehr expects a significant shift away from diesel traction for multiple units in passenger rail transport, this is not the case in rail freight transport for most world market regions. In countries like the USA, with an electrification degree of just 1%, the almost exclusively private operators are focusing on diesel traction with modern technology. In light of the high price and duration of electrification projects, countries such as Russia recently announced extensive investments in catenary-free traction for the coming years.

Between 2015 and 2019, some 8,300 diesel and alternatively powered locomotives were delivered worldwide. The North American rolling stock manufacturer Wabtec was the clear market leader with a 40% share, followed by Russian Transmashholding (14%) and the Indian Diesel Locomotive Works (13%). Due to stricter emission standards, SCI Verkehr has been observing rising price levels in many regions for years.

Worldwide, the reduction of emissions from the diesel locomotive fleet in rail freight traffic is mainly achieved by retrofitting engines and integrating modern diesel locomotives. In an environment of price sensitive operators and high-performance requirements, alternative drive technologies are still struggling, especially in mainline traffic. Only in Europe can they be found in significant numbers. At present, the share of locomotives with alternative drive traction in the total fleet is less than 1%. However, particularly in the shunting segment, alternative-driven locomotives (e.g. diesel locomotives with traction batteries) will make a significant contribution to the OEM market in the coming years and provide operators with locally emission-free operation and energy savings.

The market study "[Diesel and alternative drive locomotives – Global Market Trends 2020](#)" is available in English from 28.08.2020 onwards from SCI Verkehr GmbH (www.sci.de/shop/). A data annex in Excel format is also available for the study, which presents all the figures contained in the study in a transparent and clear manner. The individual market regions are also available for separate purchase.

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