

Fall in Transport Volumes Worldwide – Former European State Railways Following Restructuring Programmes or Shopping Sprees

(09.02.2010) In its new study “[The Worldwide Market for Rail Freight Transport and its Operators](#)” SCI Verkehr presents the different regional reactions of the rail freight transport operators to the global economic crisis: comprehensive restructuring programmes are being initiated in Europe, while North American operators are retaining their margins with short-term measures. The state railways in China and India, on the other hand, have not been affected very much by the crisis and are forging ahead with investments.

Worldwide, SCI Verkehr expects a drop in transport performance by around 15% to the level of 2005 as a result of the 2009 economic crisis. There are regional differences: in European and CIS states, transport performance is expected to decline by 25 to 30%. In China and India, on the other hand, the momentum of development will only slow down but not stop.

The operator structure in North America and Europe is especially interesting: while rail freight transport in North America has been operating in the private sector for many years and has been very profitable (2008 average of around 25%), the fragmented European railway markets are characterised by dynamism and diversity, with the state still having a large influence on operators. Freight transport companies in both regions are currently battling against turnover losses. Operators in the USA, however, have been quick to adapt operating costs to the falling orders. In the first quarter of 2009, Union Pacific reported a 20% drop in turnover compared to the same period of the previous year. The EBIT margin was only down slightly at 1.2%. In Europe, on the other hand, it is not possible to adapt so quickly: falling prices and high fixed costs push down margins and operators are reacting with extensive restructuring programmes. The crisis also offers the opportunity to strategically expand portfolios or geographic market presence. Fret SNCF, for instance, took over the international business of Veolia Cargo in summer 2009, despite its economy drive in operations. DB Schenker Rail also took over two private rail freight transport operators in Poland for strategic reasons, despite restructuring and staff layoffs in 2009, with the aim of driving forward activities in Eastern Europe and the CIS. The internationalisation of European operators is continuing and a lasting change to the competitive structure in favour of former state railways is becoming apparent.

With the Multi Client Study “[The Worldwide Market for Rail Freight Transport and its Operators](#)”, [SCI Verkehr](#) offers operators, investors, vehicle manufacturers, research institutes and associations a condensed overview of current developments and trends in the global rail freight transport market and an in-depth analysis of the 100 most important operators worldwide. The current study is based on the successful preceding study from 2007 and extends the European analysis to all eight world market regions, while still focusing on Europe.

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