

How is the rail industry reacting to the economic crisis?

RNE Business Conference
Vienna, 4 December 2009

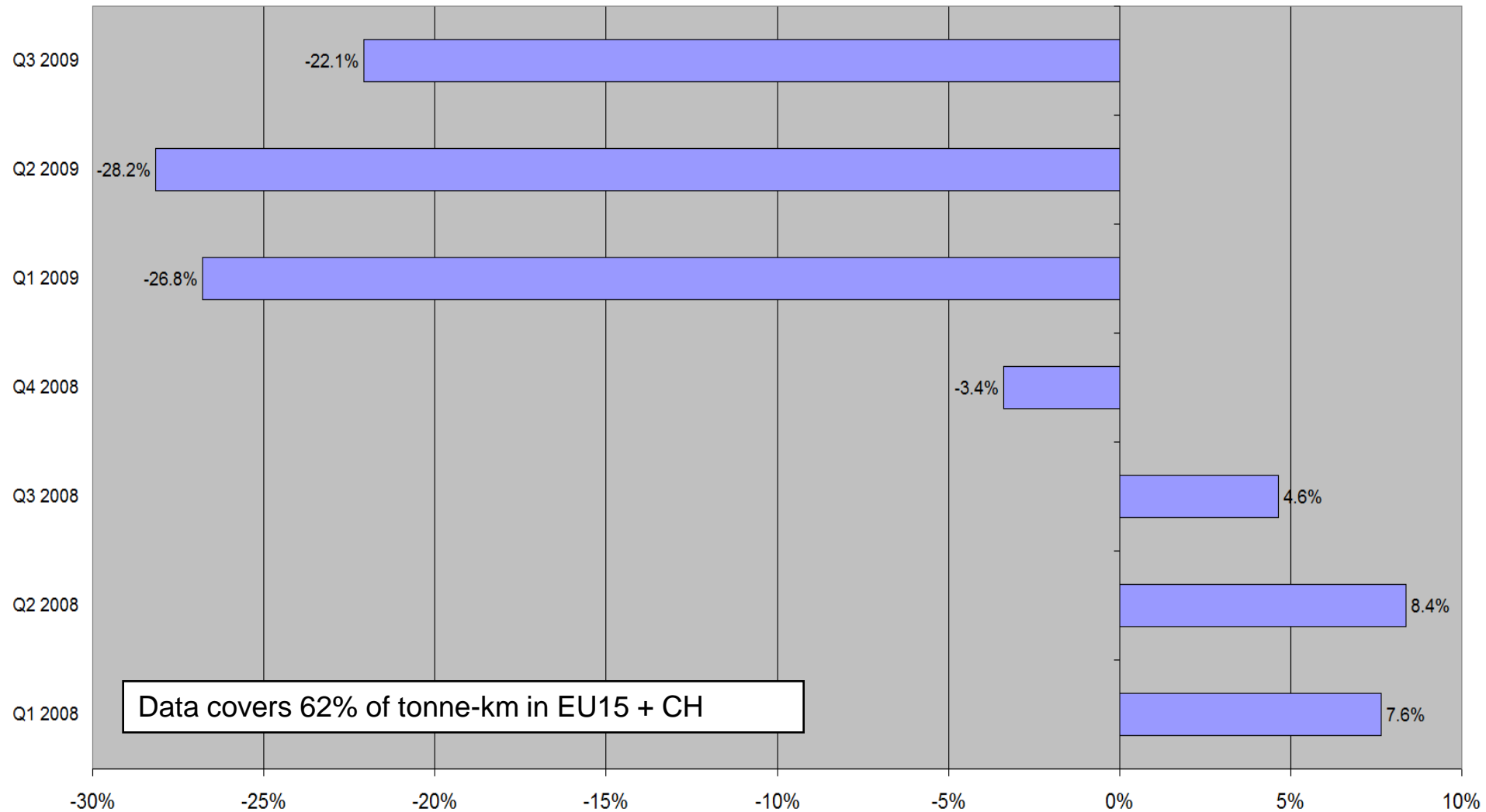
Dr. Johannes Ludewig, Executive Director, CER



Rail Freight Development- EU15+CH (tonne-km % growth compared to previous year)



The Voice of European Railways

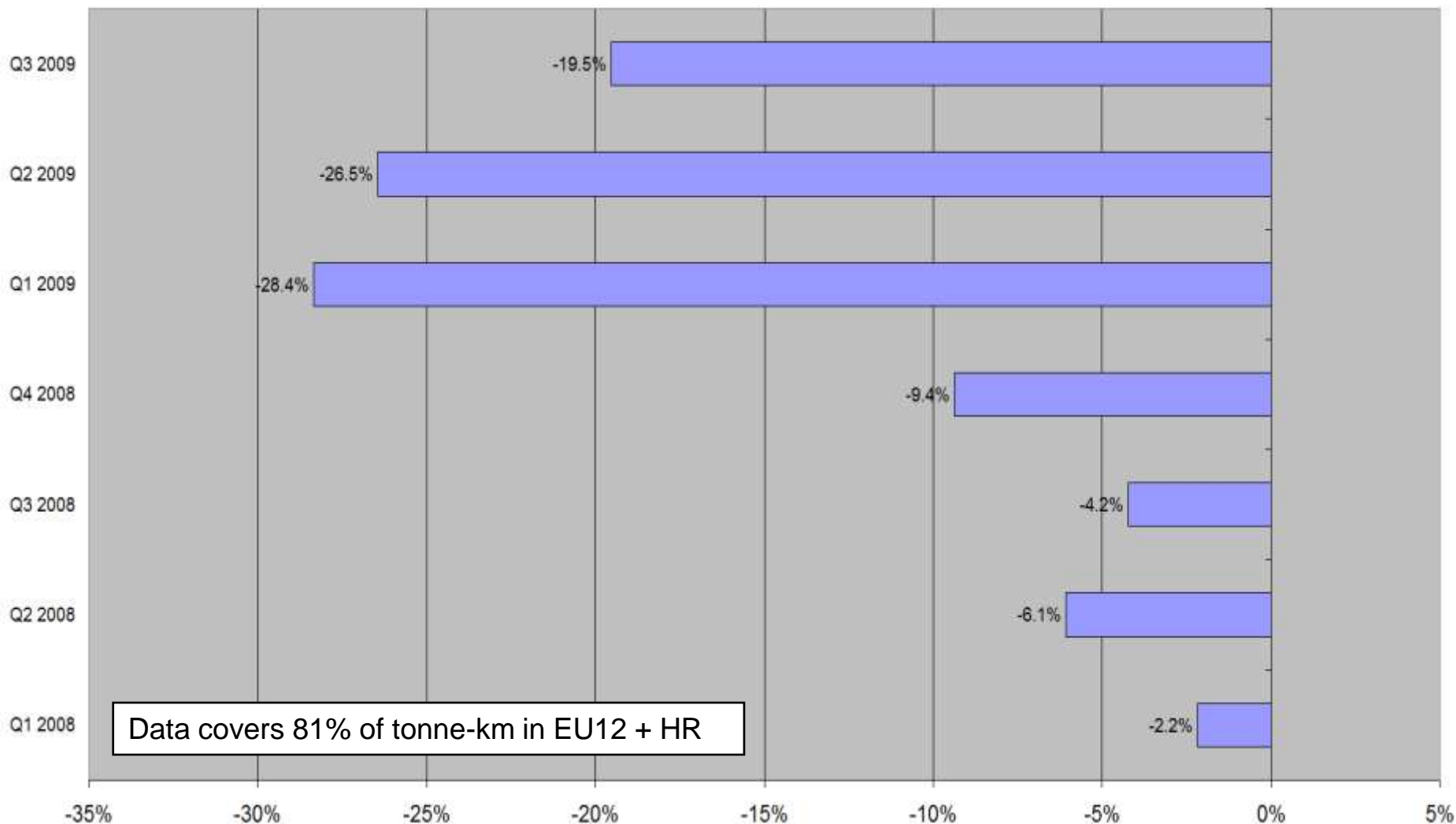


Rail Freight Development- CEEC

(tonne-km % growth compared to previous year)



The Voice of European Railways



Forecast 2010 compared to 2009

Results of a CER survey (conducted in October 2009)



The Voice of European Railways

Question: How is output performance in your company expected to develop in 2010 compared to 2009?

Replies by CER Members*:

Rail Freight Companies (tonne-km)

	EU12	EU15
better	33%	38%
same	56%	50%
worse	11%	12%

*none answered 'much better' or 'much worse'

Most operators have reduced cost by:

- staff layoffs
- delaying or cutting investment
- reducing services
- reduction of investment in rolling-stock
- other measures (e.g. early retirement)

Some have also worked on revenue by:

- adjusting tariff policy
- developing new products (freight operators)
- selling non-operational investments

Half of all rail operators (freight and passenger) in CEE concerned about ability to meet financial obligations in coming months

Europe (at member states and/or EU level)

- **CARS: 15 countries have launched ‘car-scrapping’ schemes!!!**
- 500 mil € of TEN programme funds put forward from 2010 to 2009
- **But very few rail-specific measures otherwise, except in...**

Germany

- Resort to state-compensated “Part-Time Work” for rail
- Extra investments in rail infrastructure projects, mainly in stations

France

- Programme of rail investments, mainly in High Speed

Hungary

- Freeze on Infrastructure Charges for 2010

Other countries

- “Positive” Rail-specific actions not known to CER...

- Increase of EU and states support for investments in listed high priority infrastructure projects
- Moratoria on any planned increase in track access charges (already introduced in Hungary).
- Emergency reduction of track access charges by 50% on very sensitive services (“intermodal” and “single wagonload”)
- **Compensation by Member States of IMs’ losses of revenues linked to the two above measures.**
- Moratoria on implementation of some parts of existing EU laws (ERTMS, TAF TSI, Noise) which raise railway costs.

- Strict implementation of 2001/14 Art. 6 obliging States to balance IMs accounts, while adhering to direct costs charging principle.
- Opening the possibility of state-compensated “part-time work” (as done in Germany for rail & in other countries for the private sector)
- Open the European Social Fund to support such part-time work, especially in CEE, combining it with funding for training.
- EIB (and other banks) loans at preferential rates (possibly state-supported loan) to help renewal of aged assets (especially in CEECs)

The crisis has accelerated the trend of **railway consolidation** in Europe, provoked by the already fragile financial architecture of the system. Because of the fragile architecture and the crisis, there is a real risk that **private investors move away from rail**.

Thank you for your attention!



The Voice of European Railways

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