MAKING RAIL FREIGHT MORE COMPETITIVE

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The World Economy is 8 times bigger in 2018 than in 1960.

The global economy was driven by Asian growth.

Globalization was possible thanks to the good trade connection of world economies.

Interconnectivity of the economy is possible thanks to a better value chain at global level.

Source: Tra consulting on the World Bank database
There is a strong connection between economy and trade growth.

Trade growth is a key element for understanding the development of economies.

Ratio between trade and GDP growth is often higher than 1.5.
The economic growth is linked to the Asian economies.

Trade is going more and more to the East.

Container traffic and ranking of ports is a clear example.
The trade volume between China and Europe is predominant with sea transport modality.

In terms of value, the air transport has 28% of the traffic.

Source: CSIS, 2017
- 21 days faster than sea freight
- 90% less CO2 than air freight (AF)
- 6 times cheaper than AF
LOGISTIC EFFICIENCY: PROBLEMS OF RAIL FREIGHT IN EUROPE
Logistics costs are not only linked to the transport costs.

Different international studies underline that transport costs are half of the total logistic costs.

Important element to be taken in consideration are warehouse and inventory cost

Administration and “red tape” cost could be an important cost depending of the Countries.

Source: TRA consulting on Davis data
Not all freight could be transported with rail – cost drivers

Intermodality is a key element to make logistic system more efficient

Rail has to be the backbone of a logistic system
INFRASTRUCTURE – EUROPEAN VISION

TAV: Turin – Lyon Costs for Italy

<table>
<thead>
<tr>
<th></th>
<th>BLN Euro</th>
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<tbody>
<tr>
<td>Tunnel</td>
<td>2.7</td>
</tr>
<tr>
<td>Turin connection</td>
<td>1.6</td>
</tr>
<tr>
<td>Urban node of Turin</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total direct cost</strong></td>
<td><strong>4.5</strong></td>
</tr>
</tbody>
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Important to Solve the bottlenecks of the railway system
RAIL FREIGHT COMPETITIVENESS

Freight Transport in USA and Europe

- Europe: Rail 46%, Road 54%
- USA: Rail 81%, Road 19%

Source: TRA consulting on Eurostat Data
RAIL FREIGHT TRANSPORT IN EUROPE

Rail freight in Europe (BLN TKM)

- 2012: 393
- 2013: 398
- 2014: 402
- 2015: 403
- 2016: 403
- 2017: 416

Rail freight market in Europe (Tkm)

- Domestic Incumbent: 59%
- Foreign Incumbents: 29%
- New Entrants: 12%

Fonte: TRA consulting on Eurostat Data
Rail freight operators in Europe have a quite high revenue per train kilometers.

To have a more competitive rail industry is important to solve the problem of cost.

Competition is one of the key drivers to reduce the cost.

A real single European railway area will give to the rail industry a better competitiveness.

Source: TRA consulting on IRG data
RAIL FREIGHT TRANSPORT IN ITALY

GDP and rail freight in Italy
(year base 2012=100)

New Entrants in the rail freight market

Source: TRA consulting on Fercargo data
Competition

Rail Private operators

- Competition is an important driver of reduction of cost
- A Single European Railway Area will help to reduce costs
- A common language
- Effectiveness of the European Railway Corridors
- Solve the infrastructure bottleneck
- Access charge
- Regulation

Up to -50% Operational Costs

Fonte: TRA consulting on data Railway
THANK YOU FOR YOUR ATTENTION

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