

Romania

- Railway Business Opportunities

Ștefan Roșeanu, Club Feroviar

Hungarian Railway Conference 2013, Budapest

Agenda

About Club Feroviar

The Wider Black Sea Area

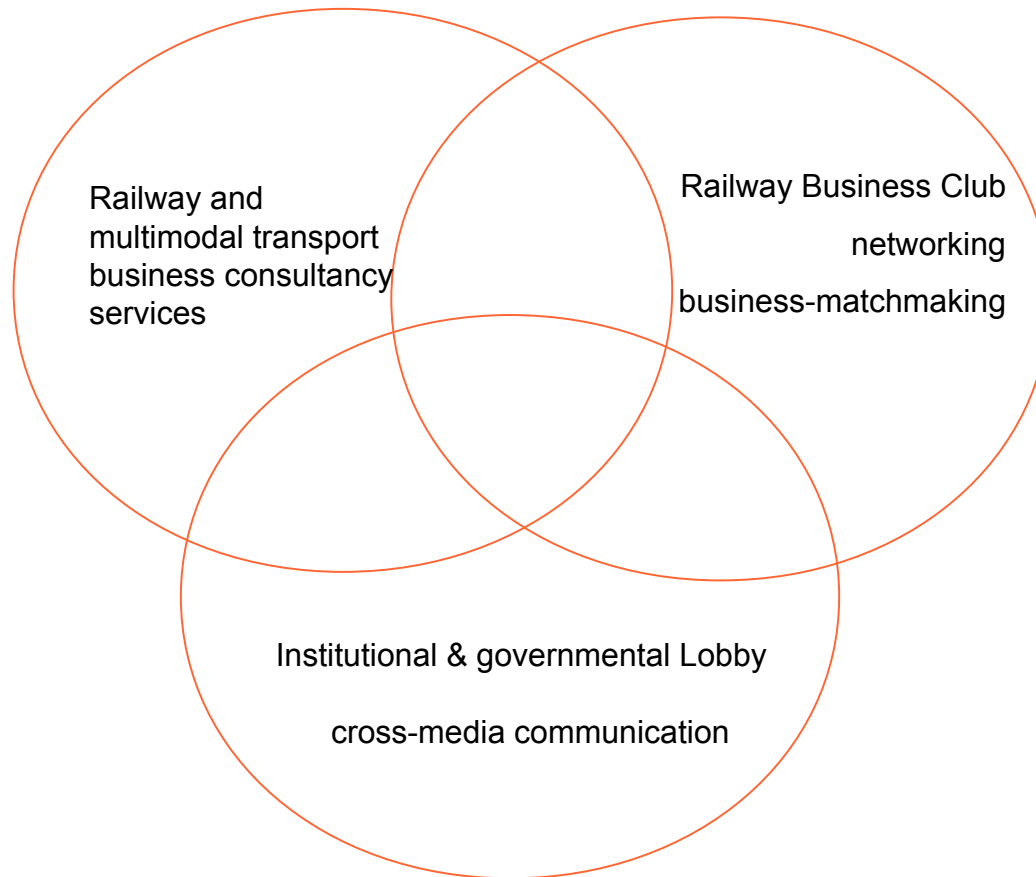
The Reforming Process – milestones

Railway Infrastructure Development

Competition on Railway Freight Market

Penpicture - Rail Passenger Transport

1. About Club Feroviar



Member of:



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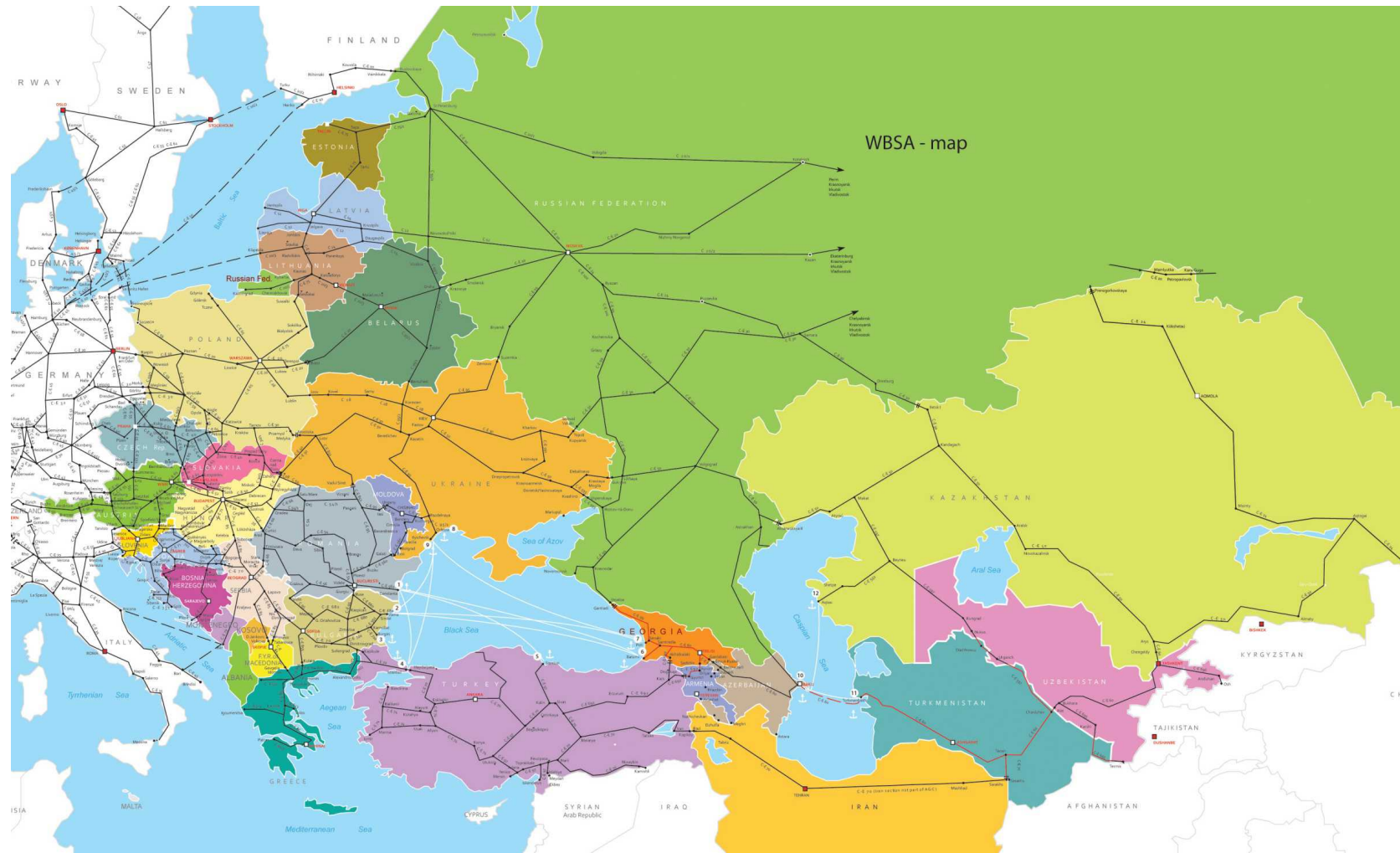


Objective:

The development of strong, competitive, integrated regional and Eurasian RAILWAY BUSINESS ENVIRONMENT

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2. Wider Black Sea Area

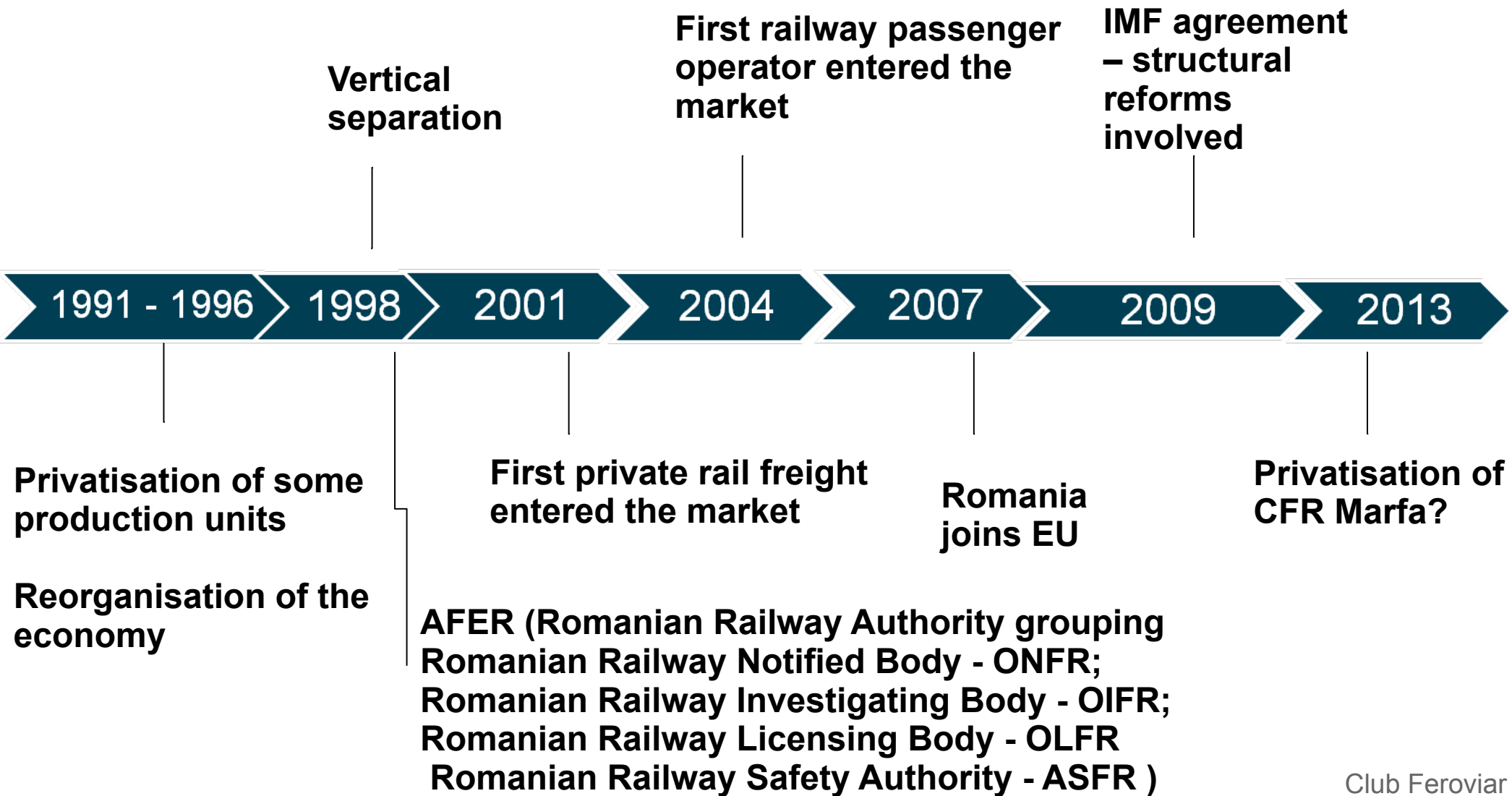


3. The Reforming Process – milestones



Pan european railway corridors in the Balkans

3. The Reforming Process – milestones



4. Romanian Railway Infrastructure Development

**Length of railway network: 10,818 km
of which:**

- electrified: **4,002 km**
- non-electrified: **6,816 km**
- double track: **2,909 km**
- single track: **7,771 km**

- **17,691 km** public infrastructure managed by CFR
- **2,519 km** CFR's private infrastructure
- **13,727 km** – main lines
- **6,483 km** – station (deflecting) lines

4. Romanian Railway Infrastructure Development



Compr.	Core	Compr.	Core	Compr.	Core
Conventional rail / To be upgraded	Conventional rail / Completed	To be upgraded to high speed rail	High speed rail / Completed	Ports	Ports
Conventional rail / Planned	Conventional rail / Planned	High speed rail / Planned	High speed rail / Planned		FRT

TEN-T proposals in Romania

**New sector included in TEN-T core network:
 Alba Iulia – Turda- Dej – Suceava – Pânceni
 – Iași – Ungheni**

This road and rail link is to be included in core network as connection from the urban node Timisoara to Ungheni, the border crossing point to Moldova.

4. Romanian Railway Infrastructure Development

Project preparation sections

Corridor IV – Northern branch

Rehabilitation of Danube bridges

Cernavodă 1584 m, Fetești 970 m
Estimated budget: EUR 46 Million
Stage: project submitted to MA SOP-T, tender not launched yet

Sighișoara – Brașov

Length: 130 km
Estimated cost: EUR 1.7 Billion
Stage: proposed for financing through SOP-T 214-2020

Predeal-Brașov

Length: 26.9 km
Estimated cost: EUR 227 Million
Stage: proposed for financing through SOP-T 2014-2020

Radna (Km 614) – Gurasada

Length: 102 km
Estimated cost: EUR 1.1 Billion
Stage: proposed for financing through SOP-T 2014-2020

Gurasada – Simeria

Length: 42 km
Estimated cost: EUR 404 Million
Stage: proposed for financing through SOP-T 2014-2020

Heavy rail projects – rehabilitation of Corridor IV

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4. Romanian Railway Infrastructure Development

Project preparation sections

Corridor IV – Southern branch

Craiova – Calafat

Length: 107 km
Estimated cost: EUR 487 Million
Stage: proposed for financing through CEF
2014-2020

Craiova – Strehaia – Drobeta-Turnu Severin – Caransebeş

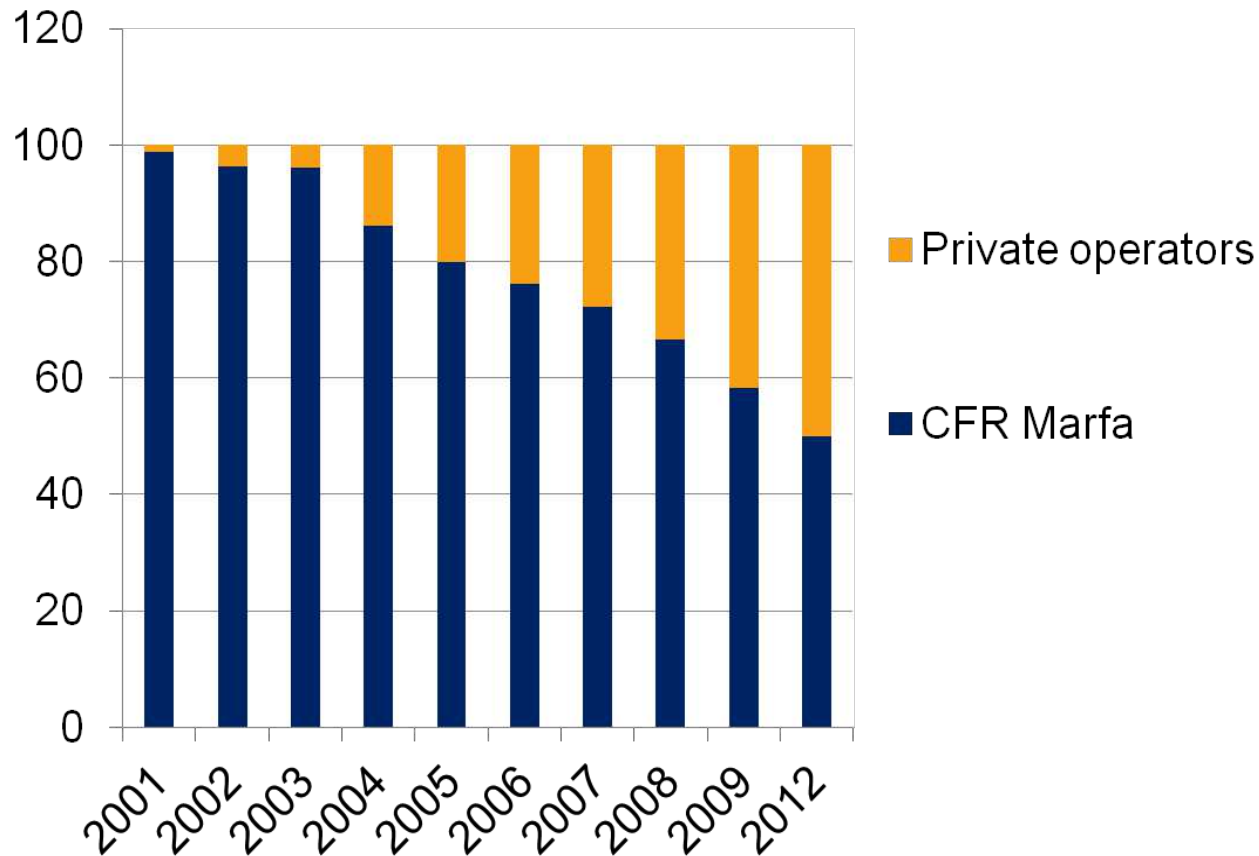
Length: 226 km
Estimated cost: EUR 2.7 Billion
Stage: proposed for financing through CEF
2014-2020

Caransebeş – Timișoara – Arad

Length: 155 km
Estimated cost: EUR 1.1 Billion
Stage: proposed for financing through CEF
2014-2020

Heavy rail infrastructure projects – rehabilitation of Corridor IV

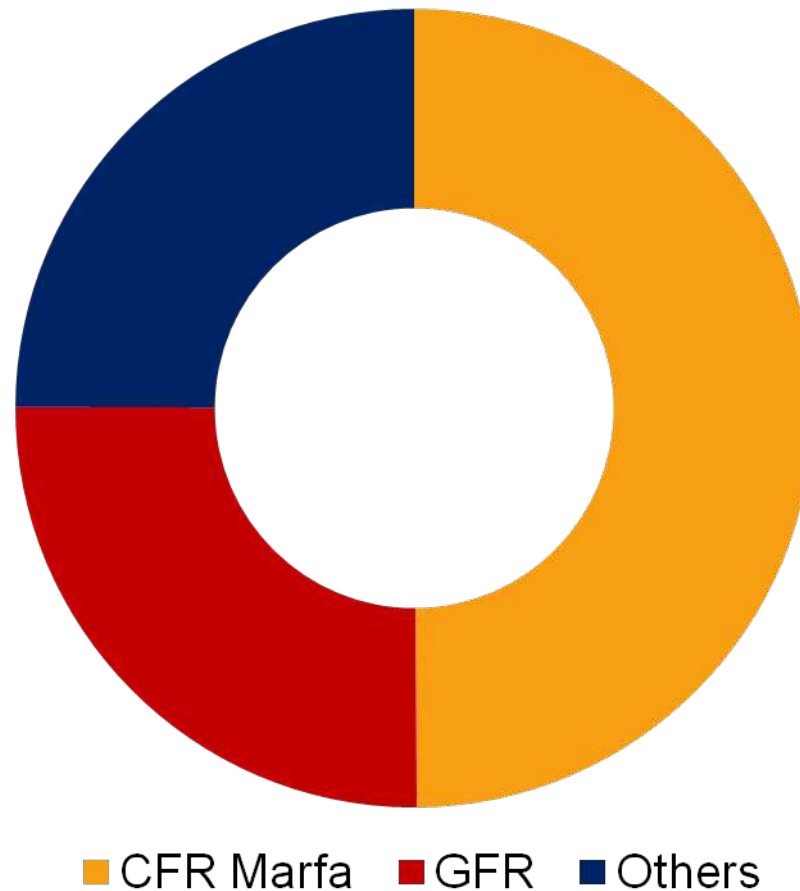
5. Competition on Railway Freight Market



Rail freight operators market share (%)

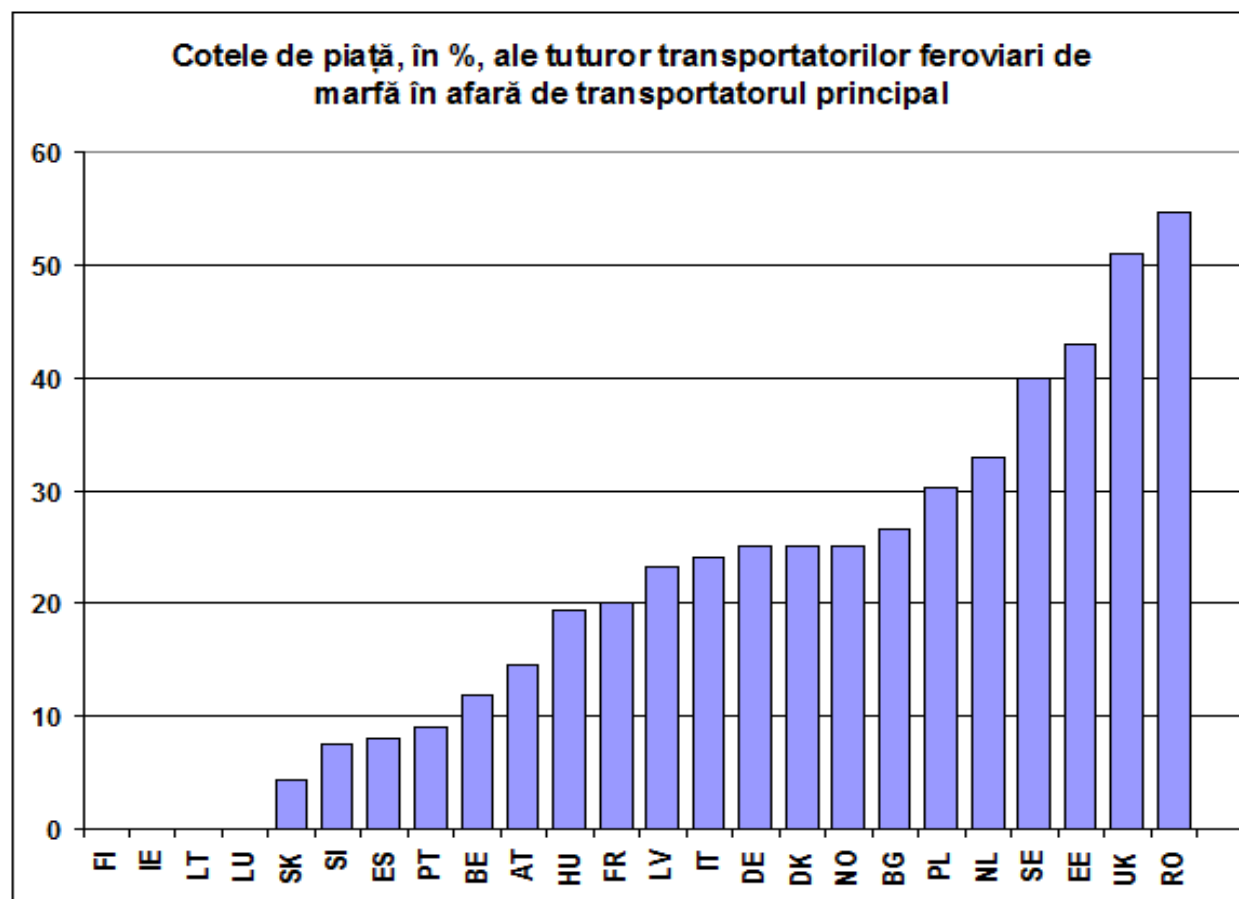
Source: Ministry of Transports and Infrastructure 2011, Competition Council Report 2012

5. Competition on Railway Freight Market



Source: Ministry of Transports and Infrastructure 2011, Competition Council Report 2012

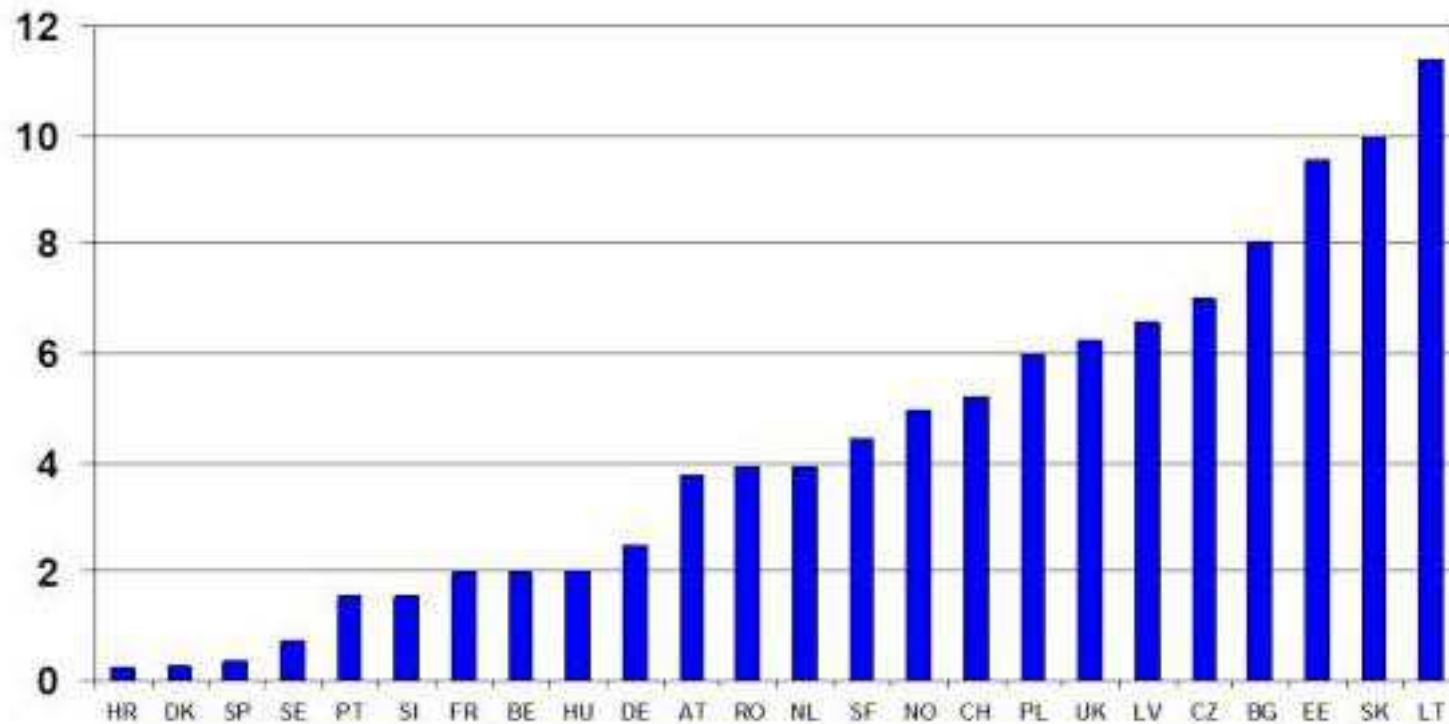
5. Competition on Railway Freight Market



Market share (%) of private rail freight operators

Source: 3rd railway market monitoring report, August 2012

5. Competition on Railway Freight Market



Infrastructure access charge for a 2000 t train (EUR/tkm)

Source: 3rd railway market monitoring report, August 2012

5. Competition on Railway Freight Market

time correlation of investment with the economic and political reforms undertaken by authorities

the transition phase included an institutional vacuum

reduced market entry cost

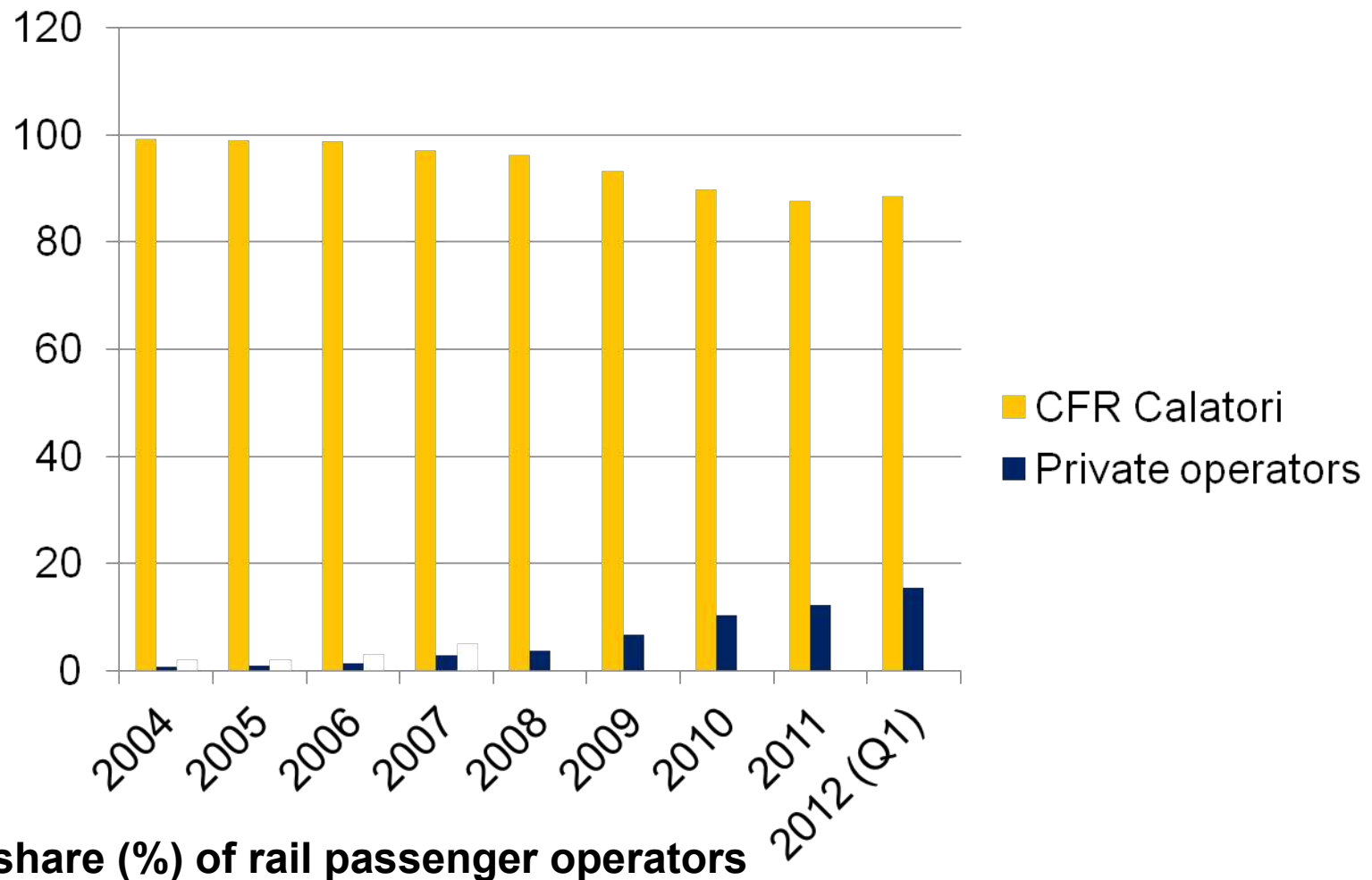
good knowledge of the railway sector accumulated while working for the state owned railways

Favourable conditions for rapid market share

Source: Ludvigsen J. and Osland O., Liberalisation of Rail Freight Markets in the Old and New EU-Member States, European Journal of Transport and Infrastructure Research , Issue 9, March 2009

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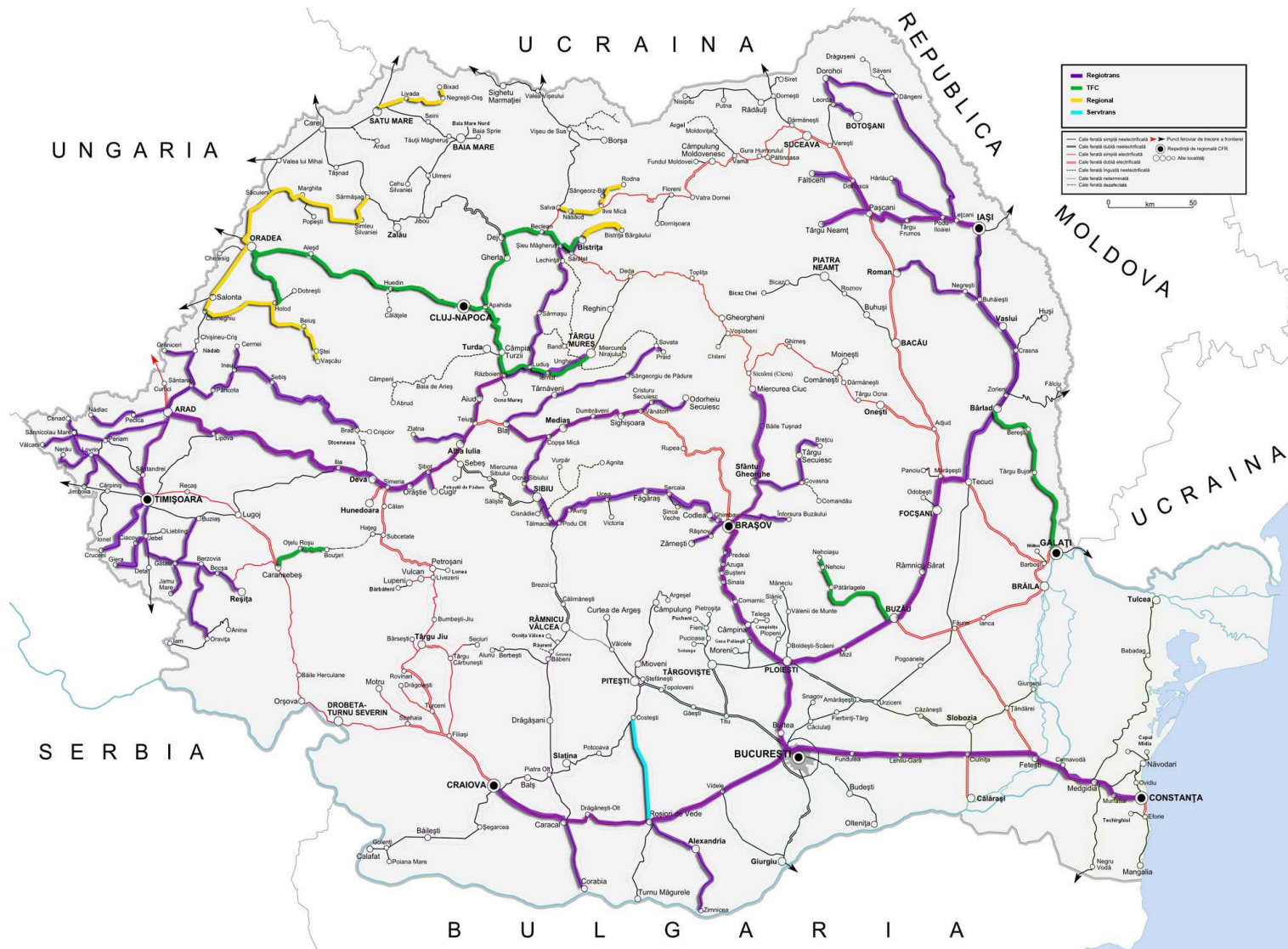
6. Penpicture - Rail Passenger Transport



Market share (%) of rail passenger operators

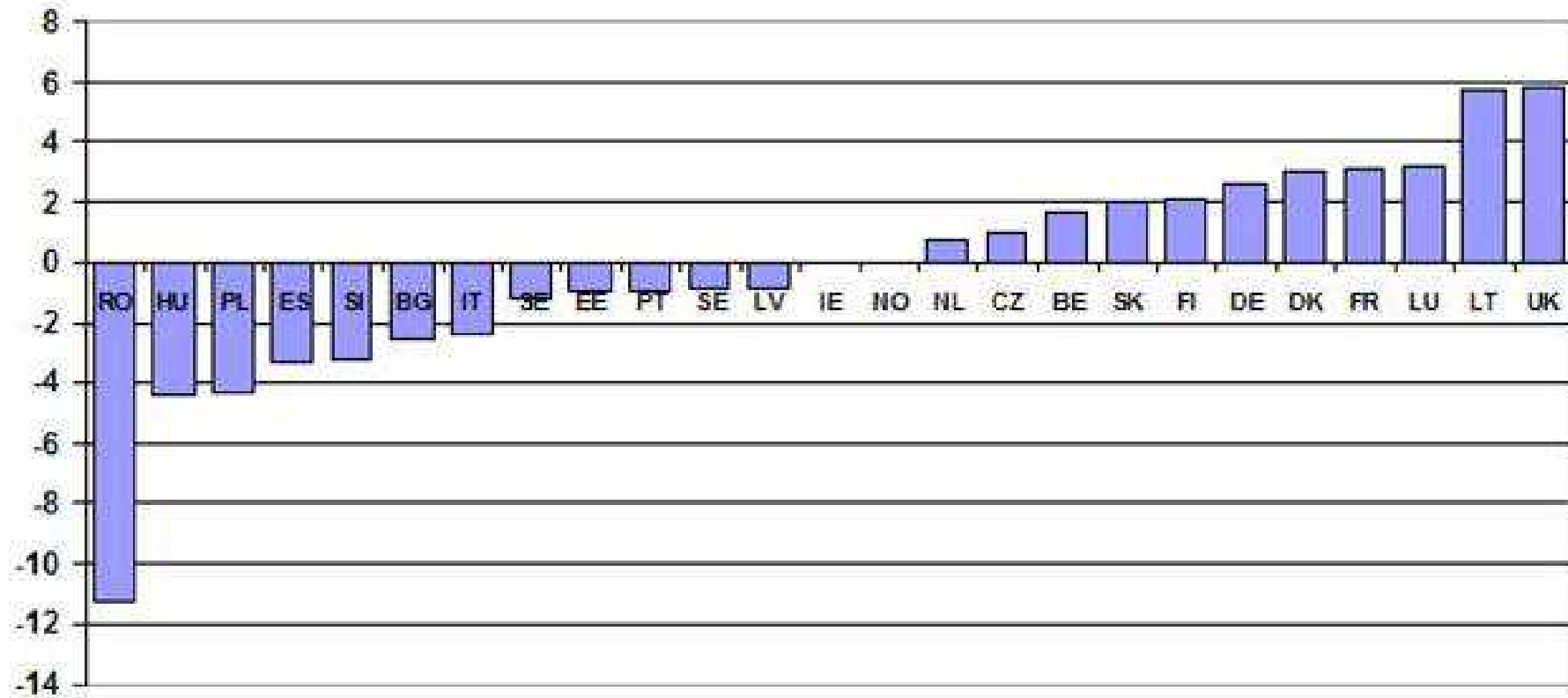
Source: CFR Calatori, Report 2012

6. Penpicture - Rail Passenger Transport



Routes covered by private rail passenger undertakings

6. Penpicture - Rail Passenger Transport



Railway passenger transport evolution (2009 - 2010, passenger-km)

Source: 3rd railway market monitoring report, August 2012

6. Penpicture - Rail Passenger Transport

Starting with 2013, the compensation for public service contracts is awarded as follows:

- 20% for passenger – km
- 80% for train – km

The compensation for passenger km is:

- 20% for interregio trains
- 80% for regio trains

In addition:

- No compensation is awarded for international and intercity trains.
- The compensation can not be higher than 75% of total revenues for interregio trains and 85% of total revenues for regio trains

Public Service Contract new stipulations

6. Penpicture - Rail Passenger Transport

The railroads did not stop growing because the need for passenger and freight transportation declined. That grew. The railroads are in trouble today because the need was filled by others (cars, trucks, airplanes, even telephones) but because it was not filled by the railroads themselves. They let others take customers away from them because they assumed themselves to be in the railroad business rather than in the transportation business. The reason they defined their industry incorrectly was that they were railroad-oriented instead of transportation-oriented, they were product-oriented instead of customer-oriented.

Theodore Levitt, **Marketing Myopia**, Harvard Business Review, 38 July-Aug 1960

Thank you!

Köszönöm szépen!

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