



***The international rail market -
challenges and opportunities for the
European rail industry***

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1. Introduction: What is UNIFE?



■ 77 Full Members

■ 18 Associate members, incl.
16 National Associations

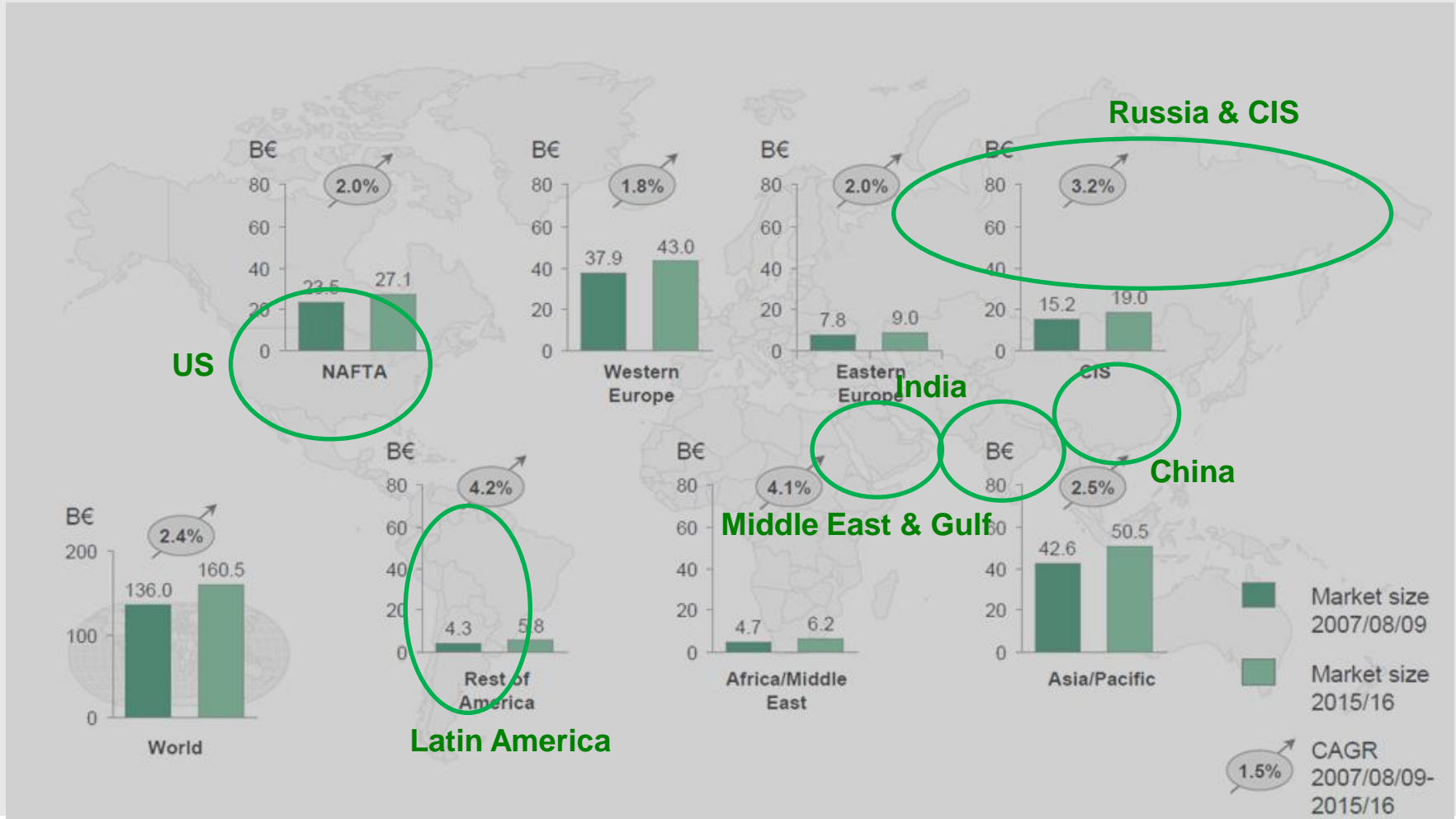
■ 400,000 direct and
indirect employees



2. The global rail market and opportunities for European suppliers: an overview

- **UNIFE members have an estimated market share of more than 50% of the global rail market**
- **UNIFE members make business in nearly every nation where rail exists as a transport mode**
 - One of the industrial sectors where Europe has global leadership thanks to its technological excellence
- **Key prospects for the European rail industry:**
 - High-speed rail *renaissance* in Russia and the US
 - Construction of major networks in the Middle East/North Africa
 - Continuation of major programs in Asia (China, India...) and Latin-America (Brazil)
 - ...whilst preserving global leadership against increasingly aggressive competition!

- For the first time, Asia/Pacific is the largest region with a 31% market share, followed by Western Europe (28%)



■ In 2015, 12 « mega-cities » out of 22 will be in Asia



■ Economic growth

■ Urbanisation

■ Consumption

■ Demographic growth

■ Environment

■ Industrial production

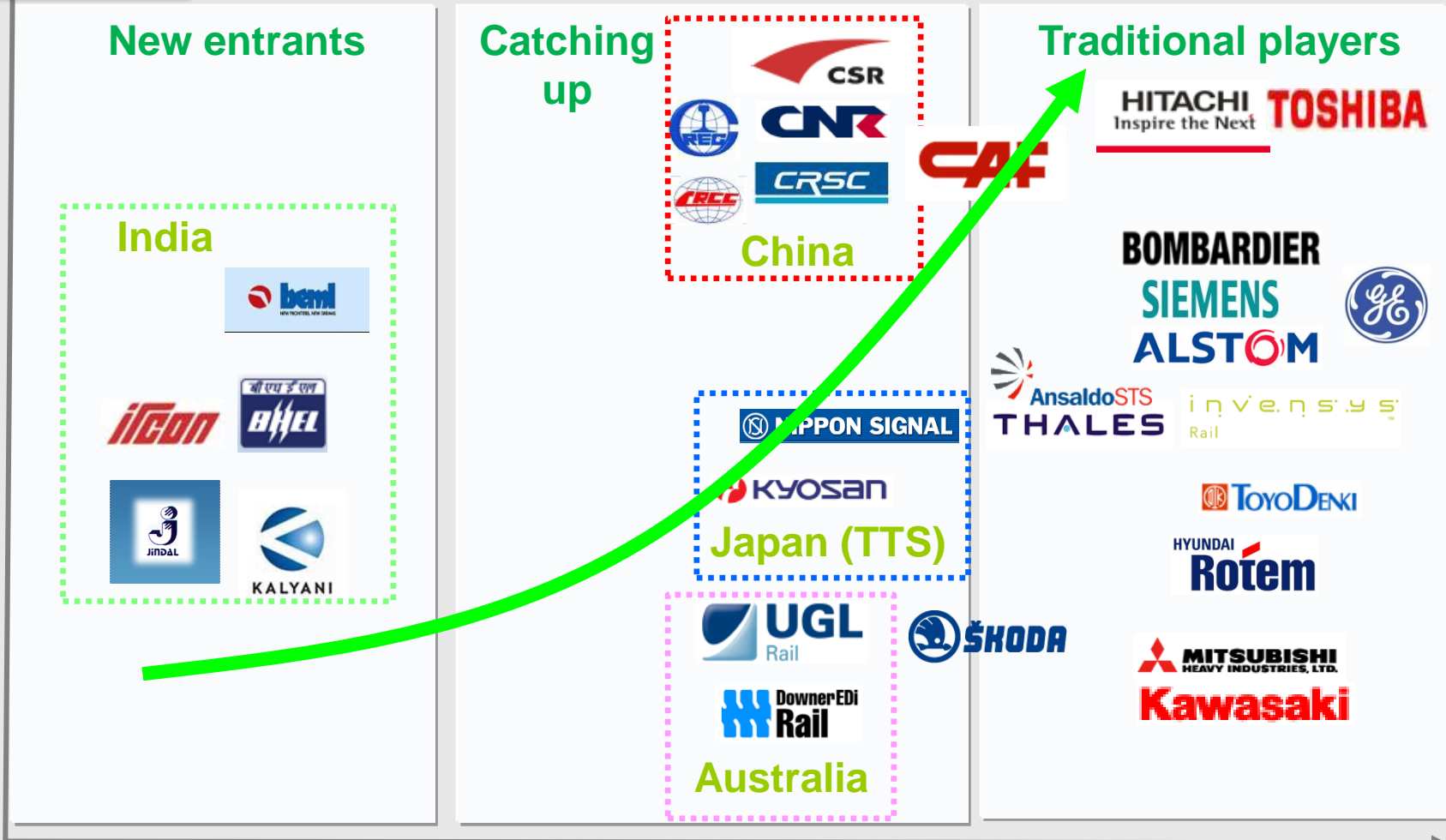
■ In 2030, 55% of the world population will live in cities (2.7 Billion inh.)



3. Competition on the global rail market: a level playing field?

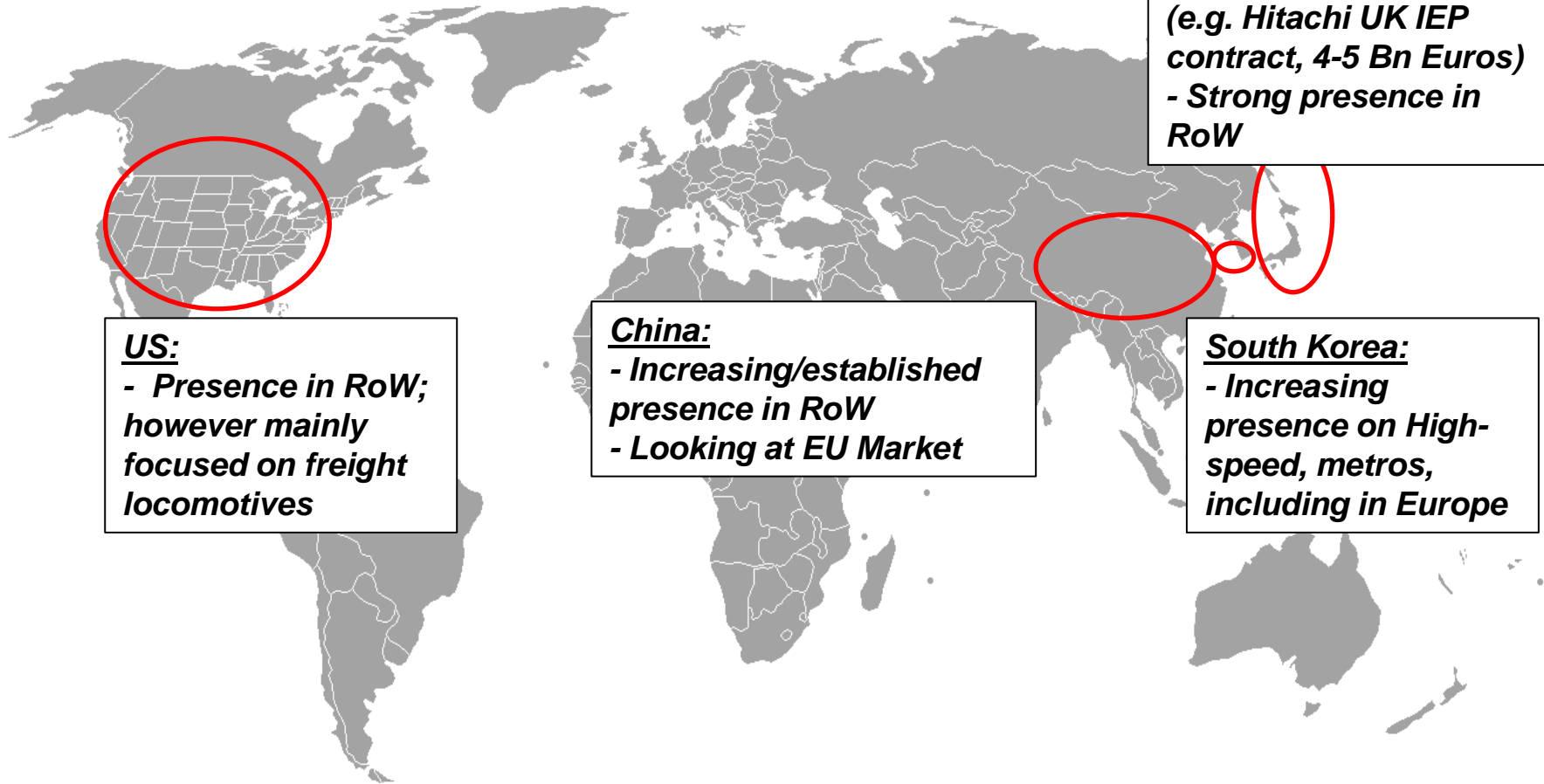
An increasing global competition

Agressivity



Source: UNIFE members

Level of Development



Japan:

- Presence in Europe (e.g. Hitachi UK IEP contract, 4-5 Bn Euros)
- Strong presence in RoW

US:



- Presence in RoW; however mainly focused on freight locomotives

China:

- Increasing/established presence in RoW
- Looking at EU Market

South Korea:

- Increasing presence on High-speed, metros, including in Europe

	<u>DOMESTIC MARKET</u>	<u>GLOBAL MARKET</u>
<u>EU</u> 	Transparent as per EU procurement rules	Punctual governmental support as per OECD rules
<u>JAPAN</u> 	Almost entirely closed to foreign competitors (Operational safety Clause) Complex/untransparent tender procedures	Significant governmental support (e.g. soft loans), JICA, etc.
<u>CHINA</u> 	Protective procurement rules (no contract without technology transfers/Joint Ventures, etc.)	Strong support from government, including financing of projects Not bound by international rules (OECD, compliance, etc.)
<u>S.KOREA</u> 	Market partly closed (Rolling Stock) Technology transfers required to access some markets, etc.	Punctual governmental support as per OECD rules
<u>US</u> 	Market opened despite « Buy American » requirements; Additional constraints e.g. Recovery and Reinvestment Act	Punctual governmental support as per OECD rules

- **UNIFE finds the lack of level playing field on the global rail market unacceptable and has launched a campaign to open the Japanese rail market**
 - This is not sustainable and ultimately costs growth and jobs!

- **The EU should assess possible solutions to level the playing field between Europe and its competitors:**
 - International agreements to ensure mutual opening of rail markets (e.g. WTO Agreement on Government Procurement)
 - Creation of « market access/reciprocity instruments » vis-à-vis countries closing their markets to EU suppliers
 - Use of « buy European » instruments?

- **The EU should further encourage a global and effective opening of global rail markets**
 - Enlargement of WTO Agreement on Government Procurement scope & membership / monitoring of its effective application
 - How will the EU ensure that European suppliers get a comparable and effective access to the Japanese rail market?



***Promote rail market growth for
sustainable mobility***