



# Railways: Global Roundup 1996-2005

World Bank SDN Week 2008

Lou Thompson

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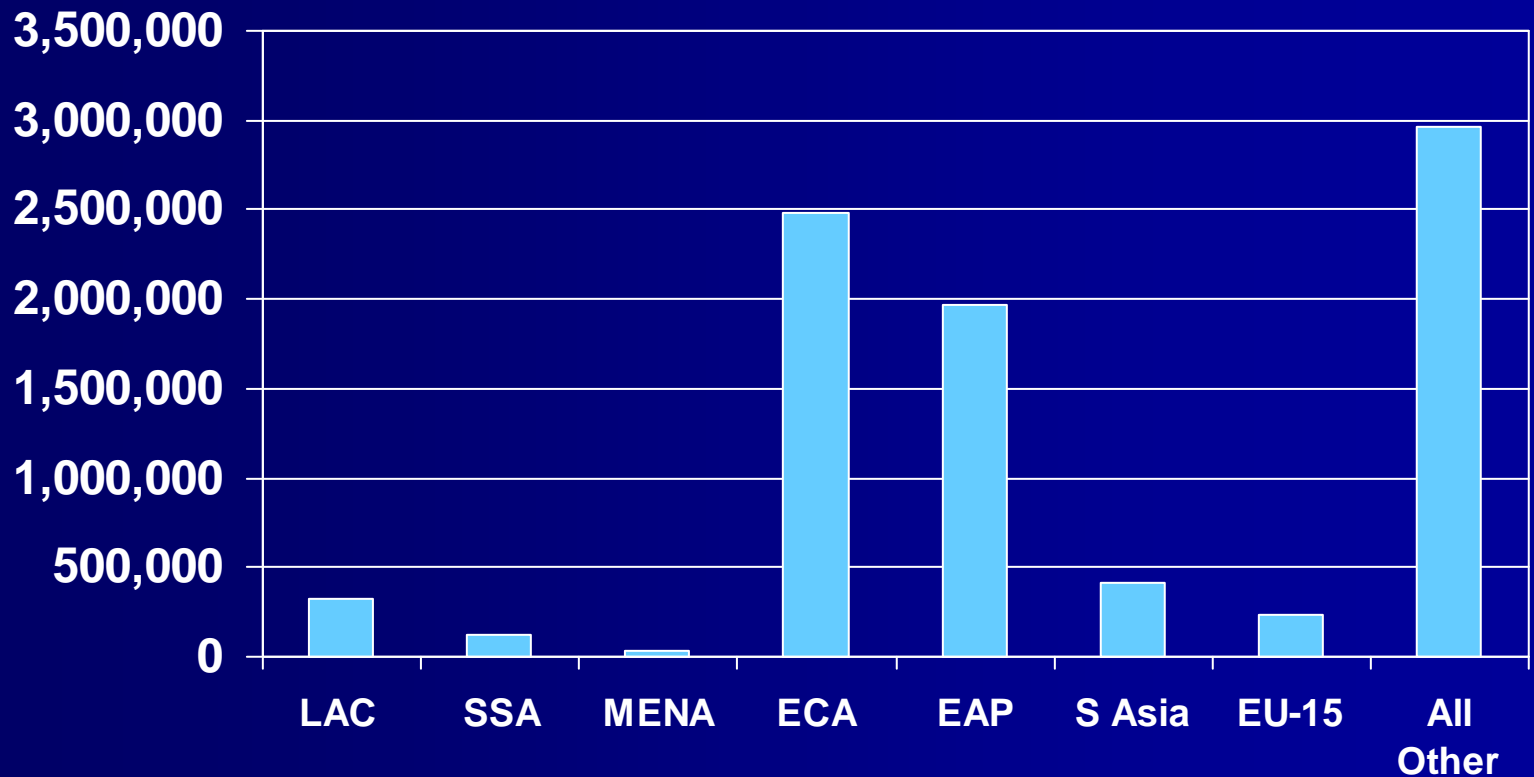
Thompson, Galenson & Associates, LLC  
2904 Daniel Road  
Chevy Chase, MD 20815-3149

301-951-3731  
Fax 301-951-8978  
lou.thompson@gmail.com

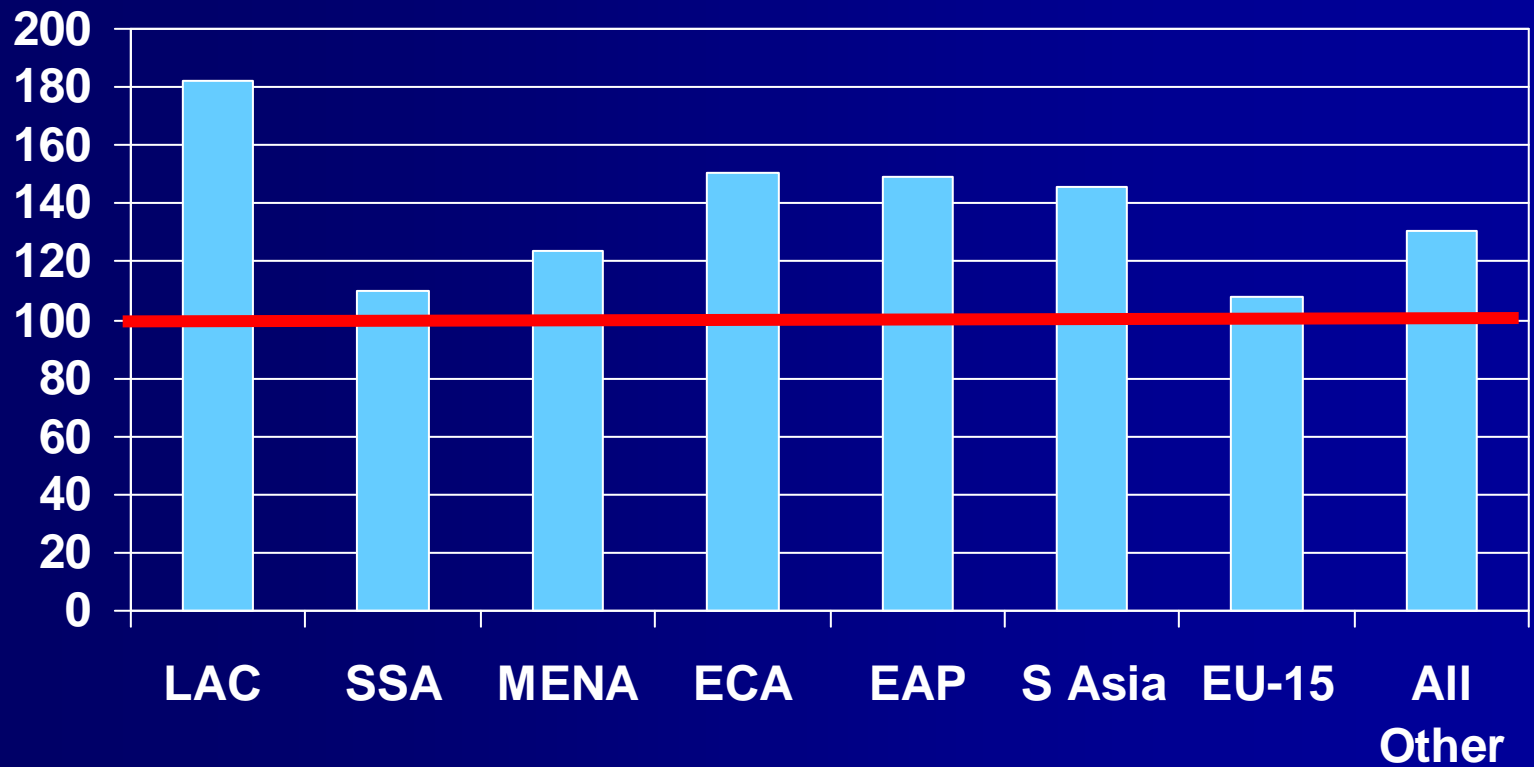
# Railways Global Roundup

- Development trends
- What's changing?
- Should the World Bank care?
- Can the Bank make a difference?
- See *Railways in Development: Global Round-Up 1996-2005 – TRN-36*, World Bank website

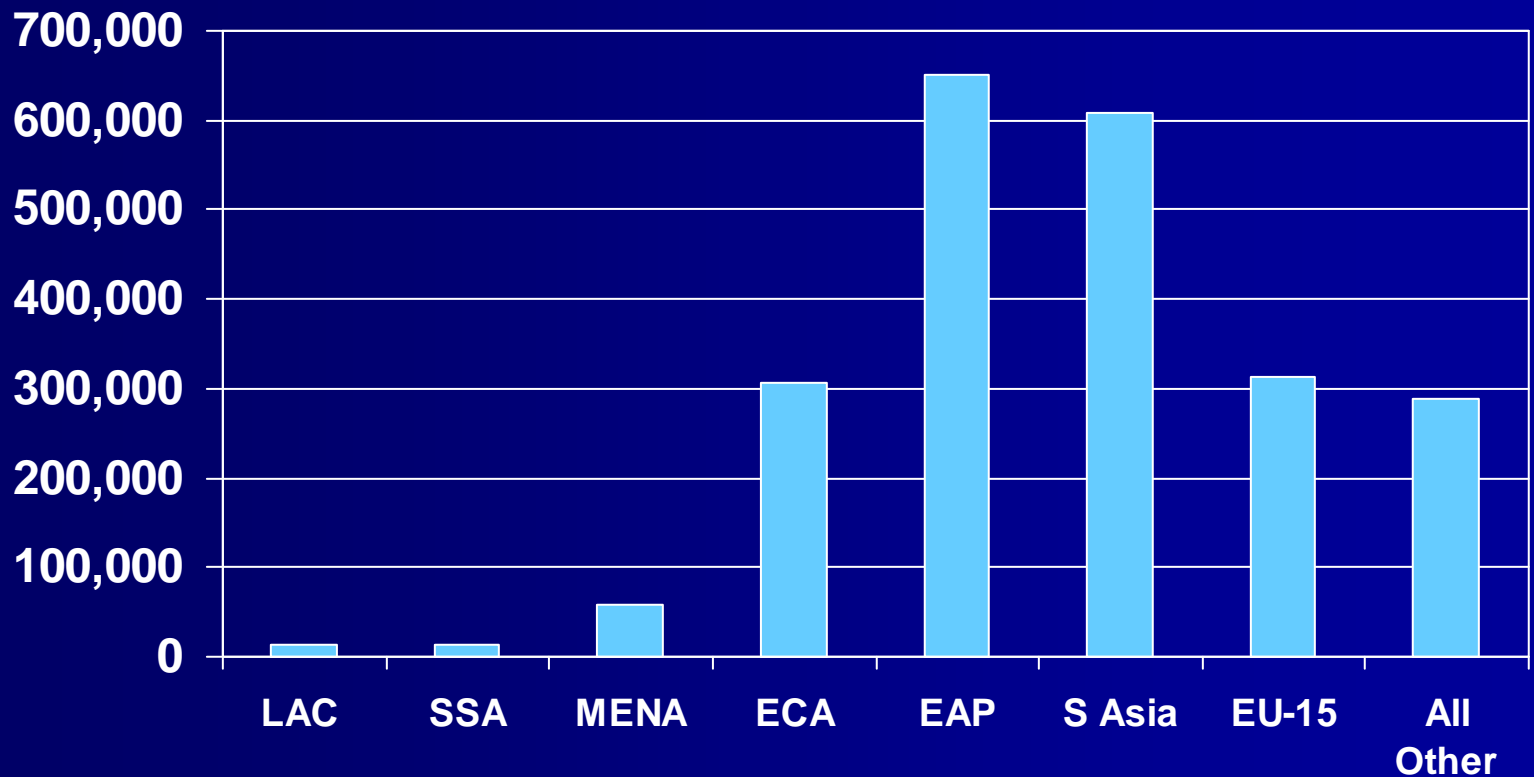
# Rail Ton-Km 2005



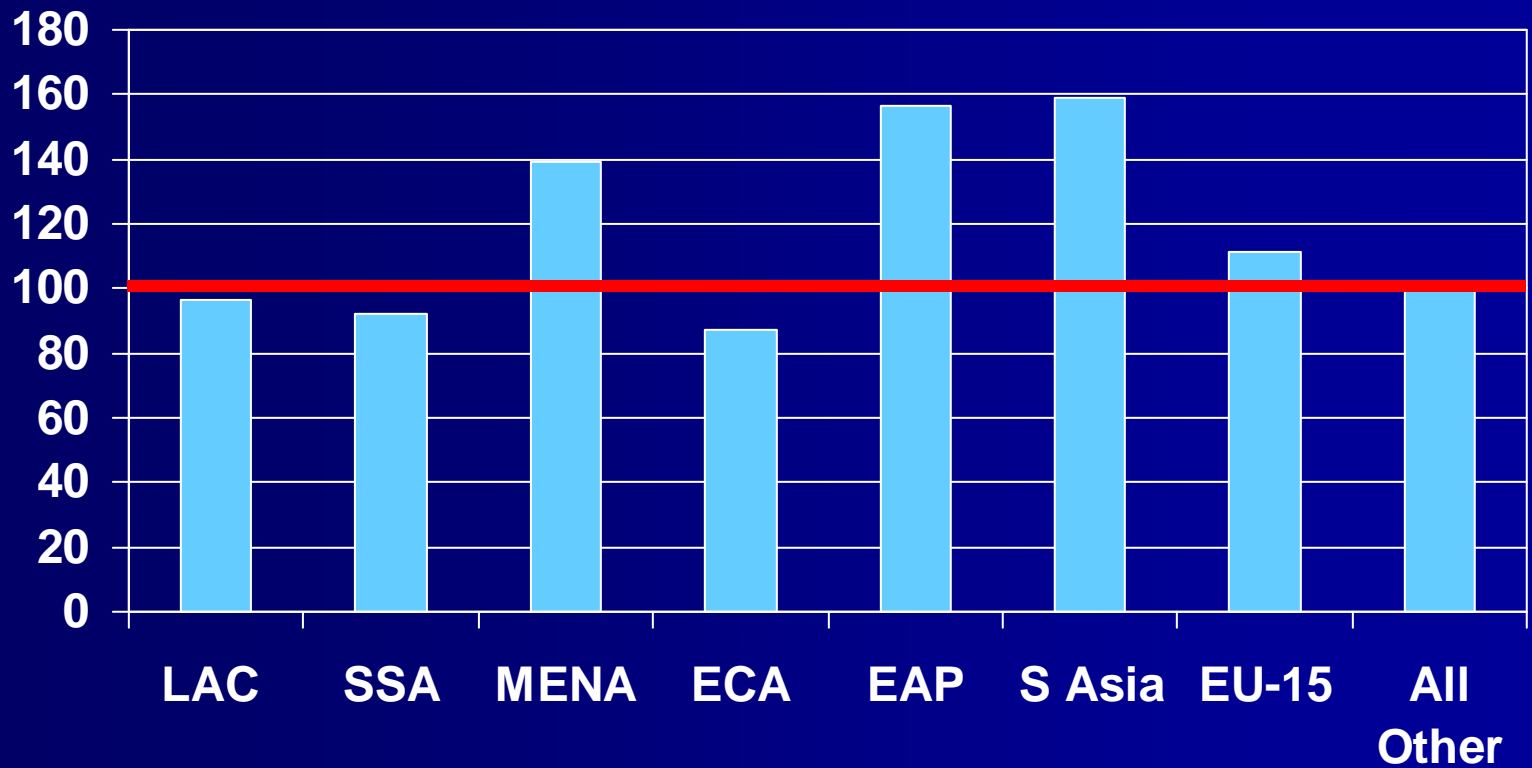
# Freight T-Km Change 1996 - 2005



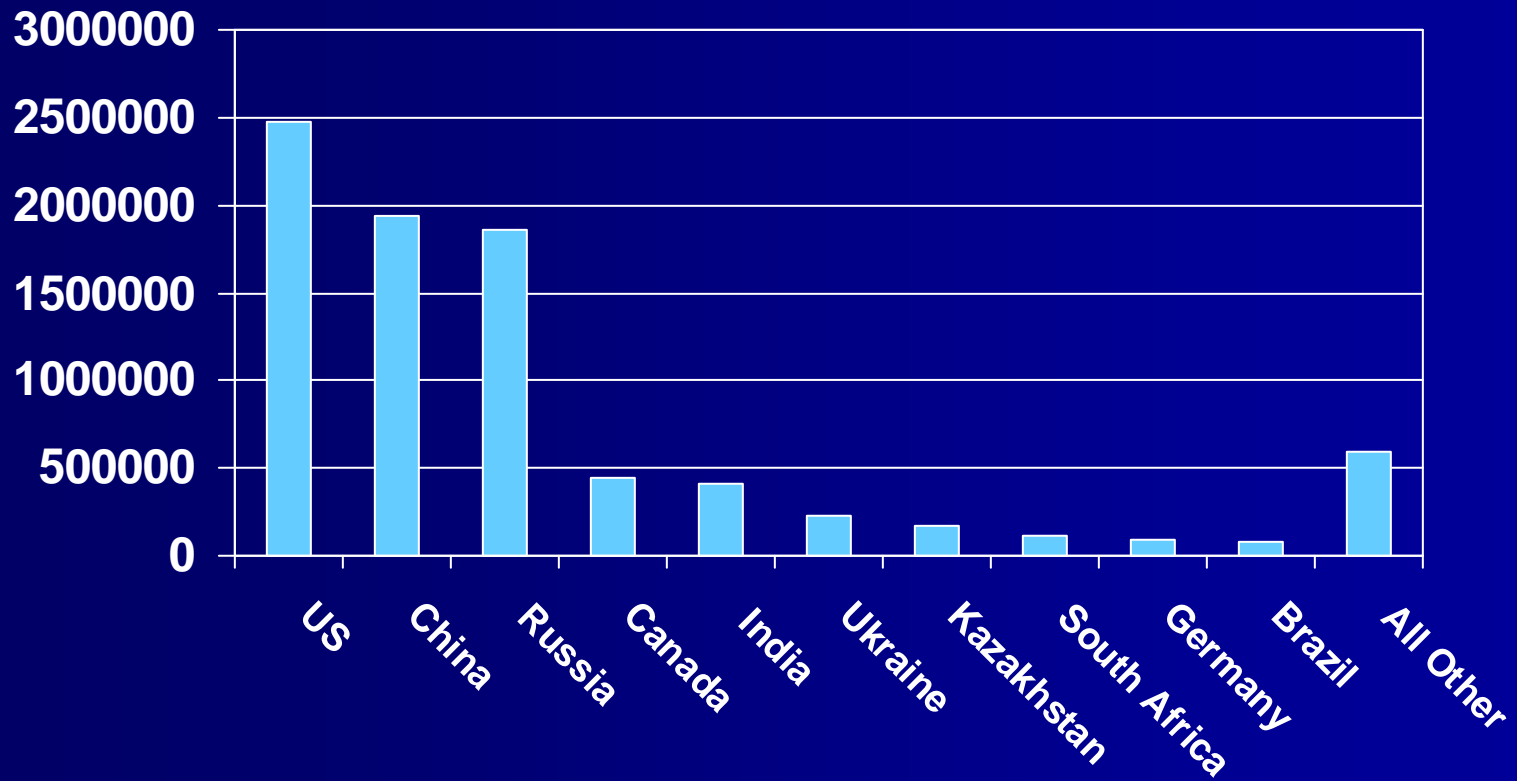
# Rail Passenger-km 2005



# Rail Passenger-Km Change 1996 - 2005

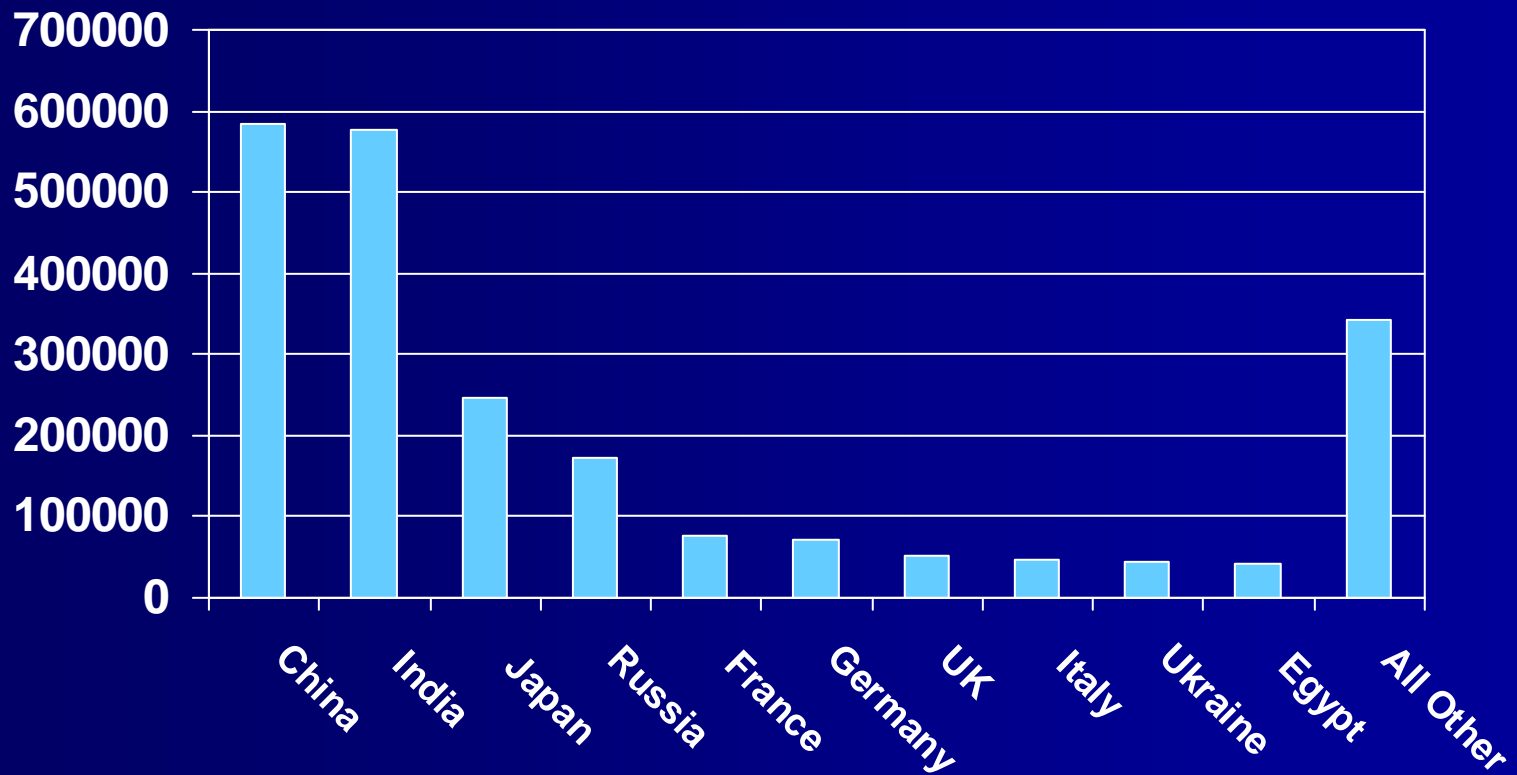


# Largest Freight Railways



Top 5= 85% of world total

# Largest Passenger Railways



Top 5= 74% of world total



# What's Changing?

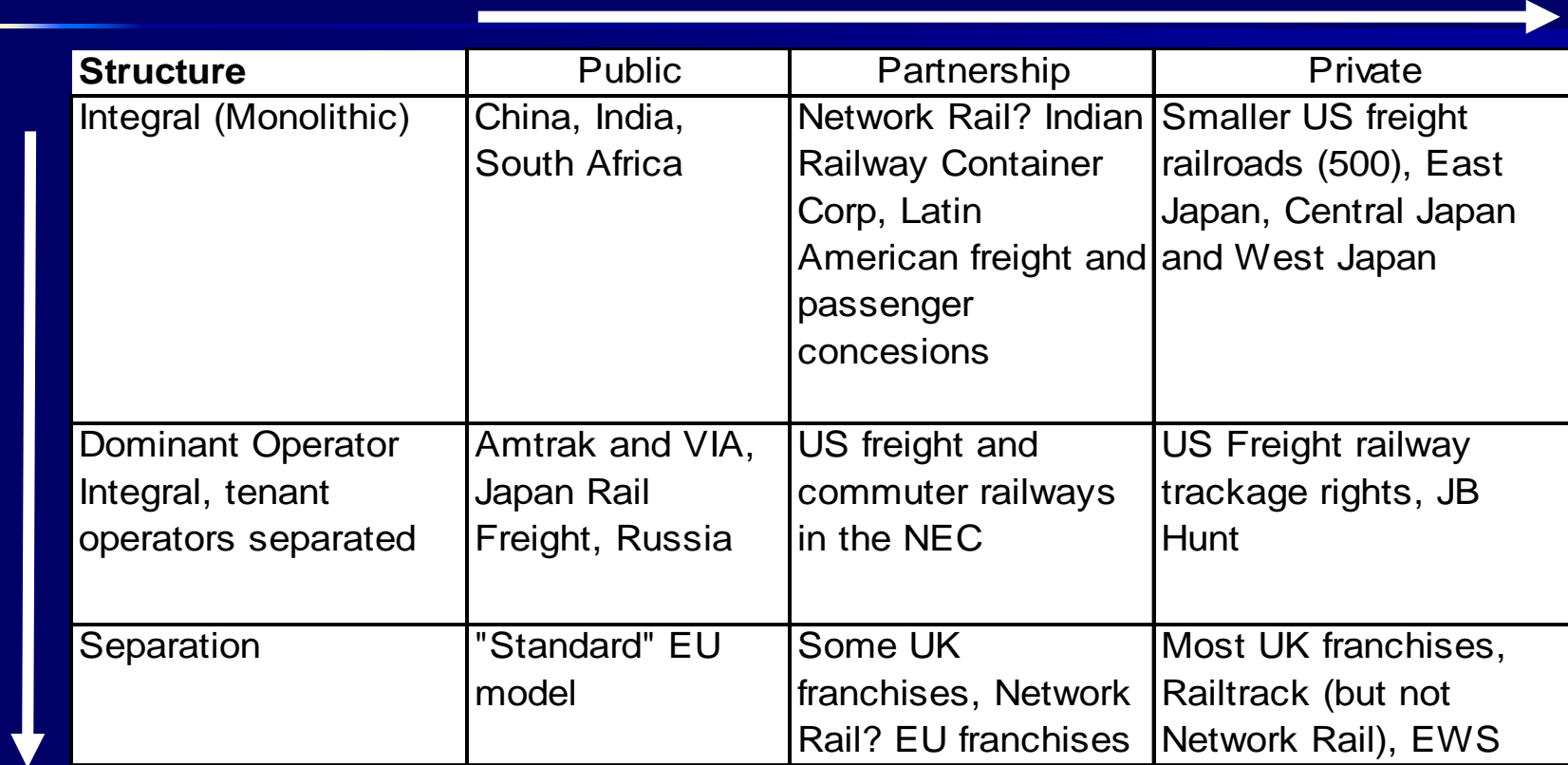
## Three approaches

- Heavy investment, improved implementation (China, India)
- Structural change – degrees of vertical separation
- Ownership change – concessioning and franchising, even privatization

# Models of organization (Structure and ownership)

- US/Canada: freight integral and private (competition IN the market), passenger usually tenant and public. Intermodal and intra modal (rail) competition.
- EU models based on vertical separation, but ownership varies. Freight competition IN the market, passenger competition FOR the market (franchises) and intermodal.
- Australia has mixture as well
- Latin America: integral concessions (FOR market) with intermodal competition both freight and passenger. Chile is only separation model.
- In all cases, regulation (if any), which must be consistent with structure, ownership and competition objectives, **often isn't**.

# Structure and ownership



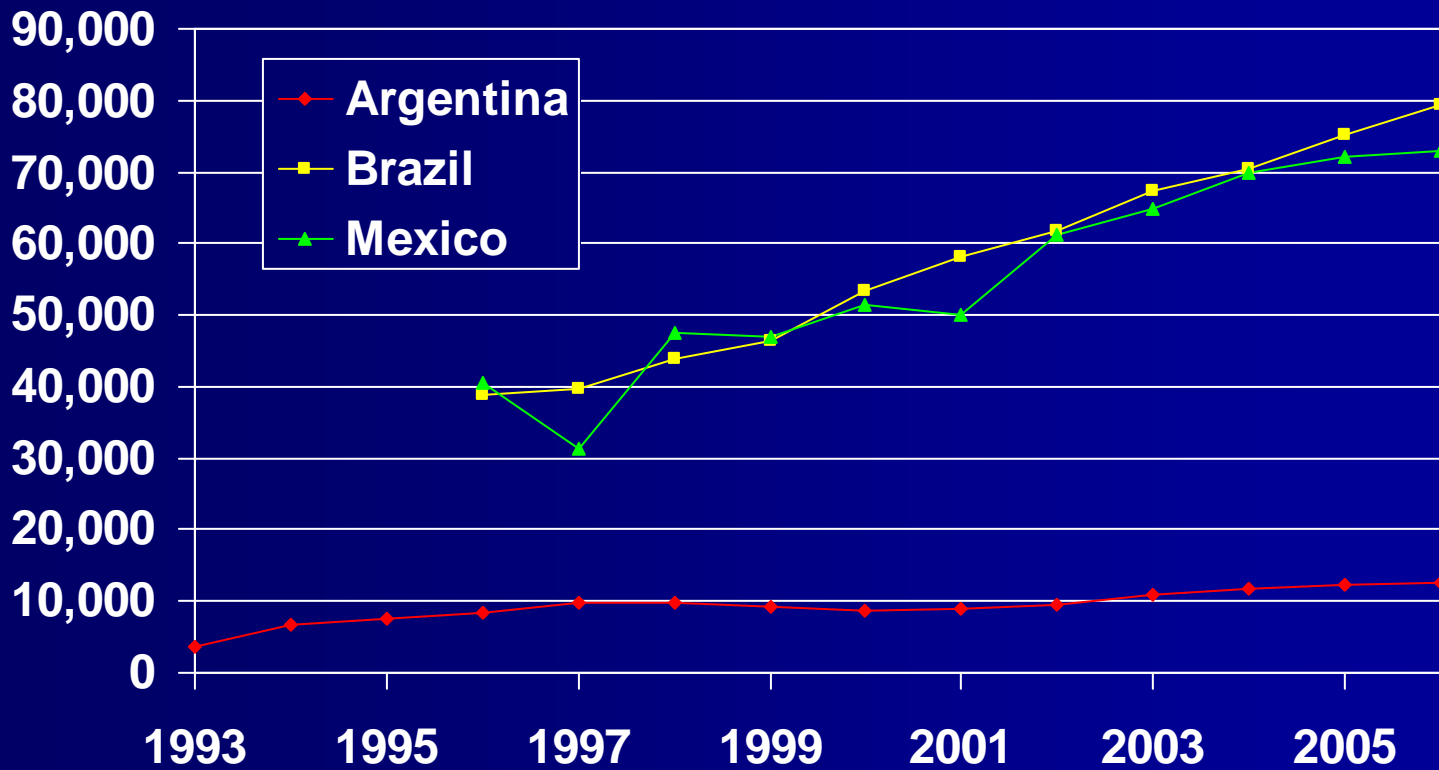
Structure	Public	Partnership	Private
Integral (Monolithic)	China, India, South Africa	Network Rail? Indian Railway Container Corp, Latin American freight and passenger concessions	Smaller US freight railroads (500), East Japan, Central Japan and West Japan
Dominant Operator Integral, tenant operators separated	Amtrak and VIA, Japan Rail Freight, Russia	US freight and commuter railways in the NEC	US Freight railway trackage rights, JB Hunt
Separation	"Standard" EU model	Some UK franchises, Network Rail? EU franchises	Most UK franchises, Railtrack (but not Network Rail), EWS

Mixtures are common

# Markets and models: purpose, competition and Public/private roles

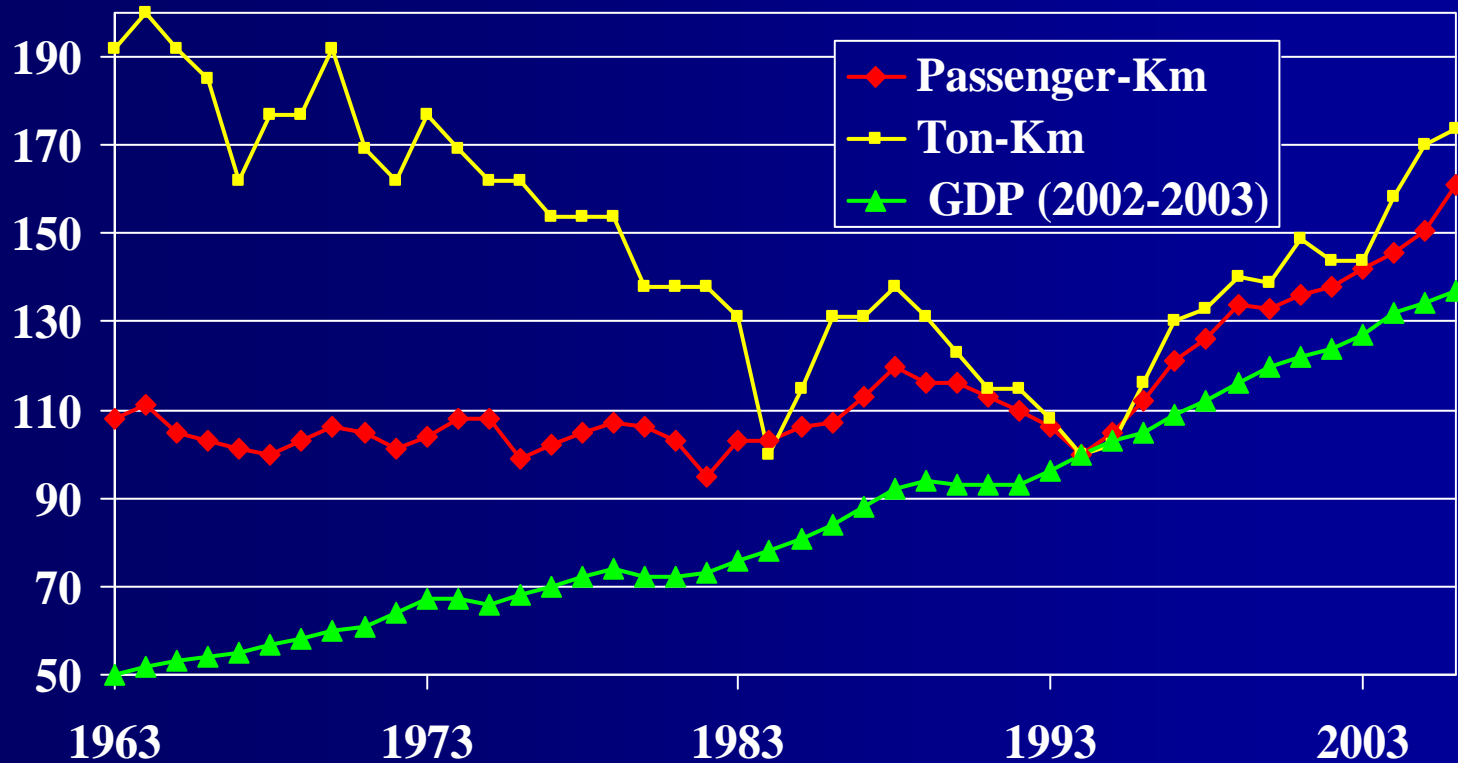
Type of Market	Purpose: Commercial or Social	Type of Competition (if any)	Public and Private Roles
Infrastructure	Utility or Commercial	None/FOR	Mostly public, though private ownership and/or contract operation is possible
Freight Services	Commercial	IN	Currently often public, moving toward private ownership and operation
<b>Passenger Services</b>			
High Speed Rail	Commercial	FOR	Currently public, could be privatized or franchised
Conventional Intercity	Commercial (social?)	IN	Currently public, could be franchised
Rural/regional	Social	FOR	Currently public, could be franchised
Suburban	Social	FOR	Currently public, could be franchised

# LAC Freight Concessions (000,000 Ton-Km)



# UK Passenger-Km, Ton-Km and GDP

(Index, 1994=100, GDP in constant £ 2002-2003)



Source: SRA and U.K. Treasury website.

# Should the Bank Care About Railways? **Yes**

- Reduce financial drag on economy
  - Some railways are inefficient and costly: deficits 1 to 5% of GDP
- Promote economic development
  - Railways in China, India, Russia, Ukraine, RSA, Kazakhstan, Brazil, Mexico are major underpinnings of the economy

# Can the Bank Make a Difference?

- In good managerial environment, loans are well administered
  - China is the best example
- In open policy environment (e.g. EU model-driven) Bank can help design and implementation
  - EU related models (UKR, CEE, Balkans)
- Where private sector involvement is an option, Bank can help in concession design or privatization
  - LAC, Africa (sometimes)
- Otherwise, at best **maybe**



Thank You,  
And Good Luck