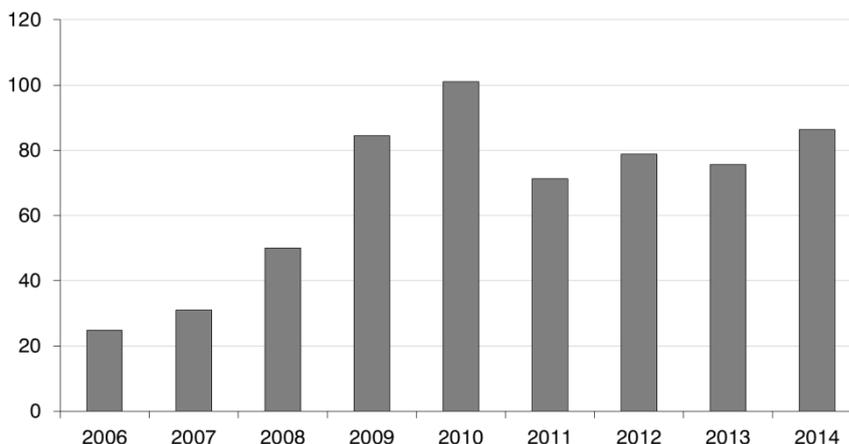


## The Chinese railway market is growing stably at a high level despite decline in demand for high-speed transport – after-sales market and regional and urban transport dynamic

[21<sup>th</sup> August 2014] The Chinese railway technology market has reached a current volume of almost EUR 26 billion, and will continue to grow by c. 4% per year. In its new study "[The Chinese Railway Market](#)", SCI Verkehr analyses the most current planning specifications and development goals in what has recently become the most important country for railway technology.

China's fixed asset investment in railway [billion EUR]



Constant exchange rate 1 CNY=0.12 EUR for all years

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In the past few years, China has developed into the largest and one of the most dynamic rail markets in the world. There have been massive investments in the rail sector, especially in high-speed systems. Investments reached an enormous peak in 2010 of EUR 100 billion. Since then, investments for rail technology in China have been reducing, but have overall remained noticeably above the 2008 level in the years following 2012. Whereas in previous years investments were primarily in high-speed and long-distance passenger rail transport, China's investments in the coming five years will focus on regional passenger rail and urban transport. Besides the market for metro vehicles which has been growing for years, new growth segments will emerge within the rail industry, such as multiple units for regional transport and light-rail vehicles. The after-sales market will also grow dynamically due to rapidly growing fleet sizes and network lengths.

SCI Verkehr considers Chinese manufacturers of railway technology to be among the market leaders, and expects an expressive export policy from these companies in the next five years in markets beyond China.

Following intensive technology transfers from global technological leaders and massive investments in its own research and development, China today has a high-performance railway industry. The local rail industry supplies the majority of the Chinese market through its own production. Dominant suppliers in all areas of railway technology are state companies, almost all of which are now listed on stock exchanges. The most important companies include the rail vehicle manufacturers China South (CSR) and China North (CNR) as well as the infrastructure companies China Railway Group Ltd. (CREC) and China Railway Construction Group Ltd. (CRCC). The decision-maker power and/or the majority of shares of these corporate groups, however, remains permanently in the hands of the state.

These companies are intensively striving to secure new export markets and have received major orders from South America and Africa/Middle East in particular. SCI Verkehr expects that company acquisitions are linked to a potential entry into the European market. Thus the Chinese wheelset and rail manufacturer Masteel acquired the French wheelset manufacturer Valdunes in June 2014. Further takeovers will follow in the medium term.

Foreign players in China are primarily active in the field of components. All leading international rail technology companies have local joint ventures and/or local production facilities.

The MultiClient Study "[The Chinese Railway Market](#)" is available now from SCI Verkehr GmbH ([www.sci.de](http://www.sci.de)).

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