

The Polish railway market: Concentration on comprehensive upgrade of rolling stock and infrastructure after cancellation of prestigious high-speed line

[15.03.2012] The Polish railway technology market is with 2.4 billion EUR the biggest among the new EU-members. It is set to grow at an annual rate of 2.7% to EUR 2.9 billion by 2016. Within this period, SCI Verkehr expects significant growth in the first two years that will then tail off - mainly due to the cancellation of the construction of the planned high-speed line.

The main driver for the Polish railway market development is the concentration towards a comprehensive renewal of infrastructure of the main railway corridors and of many tramway networks in place of the new construction of a high-speed line. In addition, the recovery of the rolling stock market with the entry of new suppliers after a difficult decade will increase competition. However, market cycles are still influenced by the periodicity of the EU budgets.

In passenger transport, SCI Verkehr expects that the current modernization of tracks and rolling stock thanks to EU financing will enable a positive trend in the next years, mainly in suburban and urban transport services. Regional transport is still facing a deep reorganization with a progressive involvement of the regional governments. In the main cities the suburban transport plays an important role. Here is also where the highest growth rates are expected for the coming years. Freight transport will continue to grow: bulk transport will remain the core business in the short term but there will be a progressive increasing of intermodal services. However, the Polish freight operators are currently going through a period of revitalization, after the financial crisis of the last 2 years. Like in other EU countries new players have forced the incumbent PKP Cargo to undergo a deep reorganization.

The most dynamic supplier market in Poland is currently the market for freight locomotives. Following the trend of western European manufacturers, Polish manufactures such as also ZNLE Gliwice and PESA, are entering the multi-system and dual-power locomotive market aiming at market opportunities along the trans-European rail corridors. The market for passenger rail vehicles requires basically DMUs and EMUs, delivered mainly by two local companies: Pesa and Newag. In the DMU segment, Pesa has been de facto monopolist for around 5 years. The Pesa LINK has also been successfully exported to the Czech Republic and Germany. Since 2010 it has to compete with Newag. However, several notable foreign players (e.g. Alstom, Bombardier, Stadler) have established production sites in Poland. Market entry opportunities exist for new foreign players through involvement in large consortiums or via own local companies: contracts are generally awarded according to EU legislation.

Poland has a long national railway industry tradition which is still dominant due to lower prices and small volumes of the purchases. There are currently around 12 major rolling stock manufacturers active in Poland. In addition, all the main lessors of new rolling stock are active in the Polish market.

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- The Polish railway market has recovered much quicker than expected in 2009, when the market was under the influence of the financial and economic crisis. After Germany, it is the second largest EU market for freight rail transport. In passenger rail transport it is the sixth EU market after more populated countries like France, Germany, UK, Italy and Spain but just before Netherlands that have less than the half of the Polish population. It is by far the main railway market among the “new” EU countries.

[“The Polish Railway Market”](#) study is available from March 15th, 2012.

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