



JOINT PRESS RELEASE

Mobility post-Covid: an opportunity for rail transport

Compared with other transport modes, the railways have an unprecedented opportunity to strengthen their competitiveness and increase their modal share. Together with UIC, the worldwide rail transport association, Roland Berger unveils its predictions for mobility in 2035 and its recommendations for rail stakeholders.

(Paris, 25 January 2022) Rail transport demonstrated particular resilience during the pandemic, proving to be an essential service for society. Although the long-term impact on transport use and the economy remains uncertain, the crisis has accelerated existing basic trends such as environmental concerns, public support for infrastructure, and working from home. In the long term, beyond the post-Covid recovery period, these disruptions are an opportunity to be seized for rail transport provided that new or adapted strategies are developed and implemented without delay. The *Mobility post-Covid: an opportunity for railways* study, conducted by Roland Berger on behalf of the International Union of Railways (UIC) and its members, presents recommendations for rail sector stakeholders worldwide as to how they can stand out in this new paradigm.

The pandemic is accelerating trends already evident in the various mobility sectors

Mobility behaviour will continue to evolve after the shock of remote working

Passenger mistrust of public transport can be expected to diminish in the years to come, and leisure travel should bounce back quickly from 2022 onwards. On the other hand, once health-related restrictions are lifted, recovery of business travel will be more gradual and will ultimately return to a level below that of 2019. The underlying trend of working from home, strongly accelerated by Covid-19, does not augur well for a return to 'normal' business travel

in the short term. The time required to arrive at the 'new normal' will vary depending on the region, vaccination levels and implementation of quarantines for overseas travellers.

Secured during the crisis, public financing of rail can be expected to be maintained after Covid-19

Far from being cast into doubt, new programmes have been rolled out to offset reduced traffic in 2020 and 2021 and to invest in future rail capacity, particularly in order to anticipate mobility needs, encourage a shift to rail from other transport modes and support an important professional stream in terms of economic activity. Subsidy levels can be expected to be maintained at a high level for many years, thanks in particular to recovery plans focusing predominantly on green transport solutions. While no rail projects have been cancelled due to the crisis, the restrictions placed on air transport for health or environmental reasons may reinforce the legitimacy of certain rail projects in the coming years.

Passengers' environmental concerns are contributing to the upswing in rail transport

According to Roland Berger's forecasts, consumers' environmental and societal concerns will have a major effect on mobility worldwide, with a positive impact on rail transport. Rail services will be developed to counterbalance air transport services with greater numbers of night trains or high-speed trains. In urban areas, public transport and soft mobility services should continue to develop, gradually replacing urban travel in private cars.

The railways are developing in order to roll out more high-speed lines

On account of the diminishing appeal of air transport globally, the Covid-19 crisis has boosted the value of extending and modernising high-speed infrastructure. We can expect the development of high-speed lines throughout the world to increase global demand for mobility – adding these lines to national or local transport systems will multiply the number of transport solutions available to citizens. On the other hand, high-speed rail development continues to be hampered by significant costs (around 9 to 22 million euro per km in total costs).

Lessons to be learned without delay to anchor the railways at the heart of mobility by taking advantage of a favourable environment

Difficulties in the road and air transport sectors

Severely affected by the crisis, air transport stakeholders are actively reducing their cost structures and are preparing to move toward the use of more sustainable aviation fuel and green propulsion systems from 2035 onwards. The automobile industry, for its part, has

already begun its environmental transition, with electric vehicles due to reach maturity in the coming decade and progressive installation of charging points.

The rail sector enjoys favourable conditions for winning market share during the recovery period. The other transport modes have entered into a critical period in which their models are being called entirely into question, with the first effects expected to emerge around 2030. The window of opportunity for the rail sector is therefore relatively short.

Strengthen rail's competitiveness and increase its modal share

The principal means of action required to take advantage of this window of opportunity will involve securing and enlarging rail's scope of relevance: securing its modal share by capitalising on its main benefits – reliability and comfort – and enlarging it by dealing with rail's main weaknesses, e.g. perception of high prices, limited connections with other modes, etc.

To strengthen their competitiveness, rail stakeholders must therefore pursue three key objectives proactively and in parallel:

- **Improve the customer experience** by adapting to new mobility and consumption behaviour and drawing on the benefits of rail in comparison to other transport modes.
- **Improve the economic equation of rail transport:** optimise production costs across the entire value chain to enable lower prices for passengers, maintain profitability for operators and enable investment to prepare for the future while maintaining acceptable costs for all.
- **Improve environmental performance:** while the road and air transport modes are currently facing increased scrutiny, environmental requirements for the railways can also be expected to increase over time.

The study can be consulted via this link: <https://uic.org/IMG/pdf/mobility-post-covid-an-opportunity-for-railways.pdf>

It provides recommendations for all stakeholders in the railway sector worldwide: railway undertakings, infrastructure managers, stations, transport authorities and suppliers of railway systems, materials and equipment.

Methodology:

The study was conducted in the first half of 2021 by Roland Berger on behalf of UIC in collaboration with its members and informed by discussions with sector representatives.

About Roland Berger

Founded in 1967, Roland Berger is the first European general management consultancy firm with international reach. It has been established in France since 1990. With almost 300 employees, the Paris office advises the largest international companies and public institutions on all of their issues, ranging from strategic advice to operational implementation. Roland Berger believes that the world needs a new sustainable paradigm across the entire business value chain and thus focuses on providing innovative solutions, with a particular emphasis on achieving concrete, measurable results.

For more information, please visit <https://www.rolandberger.com/fr/>

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About UIC

UIC is the worldwide organisation for the promotion of rail transport at global level and the collaborative development of the railway system. It brings together some 200 members on all five continents, among them rail operators, infrastructure managers, railway service providers, etc. UIC maintains close cooperative links with all rail transport players throughout the world, including manufacturers, railway associations, public authorities and stakeholders in other domains and sectors whose experiences may be beneficial to rail development. UIC's main tasks include understanding the business needs of the rail community, developing innovation programmes to identify solutions to such needs and preparing and publishing a series of documents known as IRSs that facilitate the implementation of these innovative solutions.

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