

Bold moves to boost European rail freight

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Europe's big aspiration to reverse the decline of its rail freight industry will require significant effort, with substantial investment and smart thinking. Governments and industry players can help to achieve this goal, as there are examples of success to draw on and some key levers to pull.

The European freight rail industry has seen a steady decline over the past 70 years. Freight rail's modal share has decreased from around 60 percent in the 1950s, and 30 percent in the 1980s, to roughly 15 percent today, driven mainly by large industry shifts.¹ This prompted a vicious circle of increasing fixed costs, leading to loss of competitiveness and loss of volume, and consequently increasing fixed costs again—with little hope for a thriving future. The rise of new small and agile entrants worsened the situation for freight rail incumbents that were left with unhealthy structures and often faced political pressure to maintain unprofitable businesses.

See attachment for the full report.

Source: McKinsey

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