Passenger travel across national borders: How to get on board?

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HSR lines

HSR lines in KM (Feb 2020)

- Good national networks in Europe
- Needs of integration of network and regulation

Source: UIC Data
Experience of competition

The Discount Airline Model Is Coming for Europe’s Railways

By Carol Matlack

In the next few years trains will be extremely important in Europe and our business model can be exported very easily elsewhere,” Luca Cordero di Montezemolo, Italo’s co-founder and chairman, told Reuters in an interview at the company’s headquarters in Rome.

The rewards could be large in a European high-speed rail market that is estimated to grow by 70 percent to over 27 billion euros ($33 billion) in annual revenue by 2025, according to data from TRA Consulting.
Experience of competition in HSR

HSR in Italy
(2011 base year = 100)

- Demand
- Yield
- GDP Italy

Source: Elaboration from data of the companies
HSR in Italy

Traffic estimation in Italy: Covid 19 Impact

Source: Rail Companies Data estimation
HSR vs AIR

**Passenger missed revenues 2020 and 2021 – slow recovery**

<table>
<thead>
<tr>
<th>Region</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>23762</td>
<td>7730</td>
</tr>
<tr>
<td>Asia</td>
<td>28286</td>
<td>11654</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>1451</td>
<td>550</td>
</tr>
</tbody>
</table>

**Passenger missed revenues 2020 and 2021 – quick recovery**

<table>
<thead>
<tr>
<th>Region</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>19215</td>
<td>3547</td>
</tr>
<tr>
<td>Asia</td>
<td>22223</td>
<td>1896</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>1307</td>
<td>187</td>
</tr>
</tbody>
</table>

Data: UIC economic impact estimation, Millions of Euro
### COVID 19 – Economic Measures

<table>
<thead>
<tr>
<th>Economic Measures</th>
<th>Rail</th>
<th>Aviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Financial Contribution</td>
<td>Limited</td>
<td>YES</td>
</tr>
<tr>
<td>Decrease Access Charge/air traffic Fees</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Decrease/Elimination VAT &amp; Other Taxes</td>
<td>NOT YET</td>
<td>Limited</td>
</tr>
<tr>
<td>Guarantee Loans</td>
<td>Limited</td>
<td>YES</td>
</tr>
<tr>
<td>Fair level playing field between all transports mode</td>
<td>???</td>
<td></td>
</tr>
</tbody>
</table>

#### COVID19 Italian measures:
- Reduction/elimination of the component b of the access charge for all the RU in the commercial market
- PSO increase of funds for special situation
- Covid19 fund for rail sector (commercial market)

Amtrak to receive COVID-19 financial support from USDOT through FRA

Over $1 billion in funding from the U.S. CARES Act will be made available to Amtrak to limit the impact of COVID-19 on the railroad.

COVID-19 in AUSTRIA: Temporary Public Service Obligation (PSO) contract for open access operators.
Train could be competitive with other transport mode

Which kind of regulation?

Rome - Milan Modal Share

<table>
<thead>
<tr>
<th>Year</th>
<th>HSR</th>
<th>Air</th>
<th>Road</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>50%</td>
<td>14%</td>
<td>36%</td>
</tr>
<tr>
<td>2012</td>
<td>58%</td>
<td>32%</td>
<td>10%</td>
</tr>
<tr>
<td>2018 (Est)</td>
<td>80%</td>
<td>14%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: TRA consulting
ACCESS CHARGE COST

Access Charge cost on total cost

- Mark up linked to the ABILITY TO PAY
- Direct cost linked to the WEAR AND TEAR
Reduction of cost

- Access charge (from 0% to 60%)
- OpEx
  - Maintenance contract,
  - Optimization of the space on board,
  - Running cost,
  - IT cost

Source: Elaboration from data of the companies
Increase of revenues

<table>
<thead>
<tr>
<th>ItaloBus</th>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Passengers</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bus/KM</td>
<td>950</td>
<td>1300</td>
</tr>
</tbody>
</table>

- Integration of services (intermodality)
- Revenue management (increase of yield and load factor)
- Productivity of the rolling stock (depending on the network, regulation and contract of maintenance)
- Ancillary revenues
- Increase of the quality
THANK YOU FOR YOUR ATTENTION

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