

25th June 2018

Press release

New rail treaty will save “1520 states” €14 bn

Oxera today unveiled a study for the Rail Working Group that assesses the direct microeconomic benefits from the Luxembourg Rail Protocol, which will save €13.9 bn for 9 CIS states using the 1520 gauge. The Luxembourg Rail Protocol is a new global treaty that will make it much easier and cheaper to finance railway rolling stock and is expected to enter into force in 2019.

The Protocol will make the repossession of collateral on default or insolvency of debtors in the rail sector easier, thus reducing risk for creditors. It will also improve and standardise legal and operational frameworks across borders and, for the first time, introduce a global system for uniquely identifying rolling stock. Because it has the largest fleet of rolling stock by far, the Russian Federation will be the principal beneficiary at €11.6 billion representing a present value of the reduction in transaction and financing costs, as estimated by Oxera, of around €80 per person.

The study does not measure the wider benefits of the Protocol, but it should have a positive effect on the environment, as well as social and economic benefits for the community as a whole.

‘This group of states is already playing a key role in the development of the rail silk routes between Europe and Asia’, said Rail Working Group Chairman Howard Rosen. ‘The Luxembourg Protocol will provide new and welcome security to private creditors financing rolling stock operating in the 1520 rail system as well as protect operators moving locomotives and wagons across borders’, he added.

[Click here to read the full report](#)

Ends.

Notes to editor:

Oxera advises companies, policymakers, regulators and lawyers on any economic issue connected with competition, finance or regulation. We have been doing this for more than three decades, gathering deep and wide-ranging knowledge as we expand into new sectors.

The Rail Working Group www.railworkinggroup.org is a Swiss-based not-for-profit association focused on the adoption and implementation of the Luxembourg Rail Protocol. It has over 80 members worldwide comprising manufacturers, operators, financiers and advisers in the rail sector.

Contact:

Michael Graham

Senior Manager—Marketing and Business Development, Oxera

+44 (0) 20 7776 6642

marketing.bd@oxera.com

Howard Rosen

Chairman, Rail Working Group

+41 (0) 41 760 28 88

howard.rosen@railworkinggroup.org