

# Perspectives for the rolling stock supply in the EU



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The railway supply industry, encompassing infrastructure and rolling stock (locomotives, coaches, wagons, etc.), plays a crucial role in realising the European Union's objectives for sustainable and efficient transport. Rail transport, offering an environmentally friendly alternative to road and air transport, is central to the EU's decarbonisation goals.

## The study

provides an assessment of the foreseeable demand and supply of rolling stock up to the year 2030 and highlights the obstacles to the provision of rolling stock that may potentially hinder the attainment of EU goals in rail transport.

In 2020, the EU railway supply industry was worth EUR 53 billion, employing around 400,000 people across various sectors. The industry is highly export-oriented, with a significant portion of its production going to non-EU markets.

The EU's rolling stock fleet comprises around 217,000 passenger cars and 594,000 freight wagons.

## Main observations

The EU railway supply industry, encompassing both transport and rolling stock sectors, is expected to experience substantial growth, with a projected Compound Annual Growth Rate of 2.1% up to 2030. Key observations include:

- The European Union's policy and legislative framework on transport emphasizes the need to enhance railway transport and **promote a shift from road to rail**. This stance offers favourable conditions for the railway supply industry's expansion, particularly through funding and financing instruments for rolling stock and advanced technology research.
- The EU's rail network **still displays significant disparities** and is largely based on legacy systems developed at national levels. Although the benefits of a single European Railway Area are apparent, the harmonisation process of both infrastructure and rolling stock standards has been slow.

- Europe's rail supply industry exhibits a **positive trade balance between exports and imports**. Certain Member States are leading the global rankings and projections suggest potential opportunities driven by increasing emphasis on transport sustainability and newer train generations.
- The **industry's competition comes largely from other transport modes**, which pose a considerable challenge for rail transport and rolling stock demand. The Chinese market, the largest rolling stock manufacturer, can offer significantly lower export prices, intensifying global competition.



- Investment in the EU railway industry has been substantial.
- Nevertheless, the **European rail supply industry holds the lead as a global exporter in the locomotive and rolling stock segments**, demonstrating its competitive strength. The analysis suggests that the EU has the capacity to outperform its competitors, including China, Japan and the US, who primarily rely on products developed for their domestic markets.

## Conclusions and policy recommendations

The harmonisation and interoperability of the single European Railway Area do not only favour the internal competitiveness in the EU, but also make the internal market more attractive for foreign competitors. A large

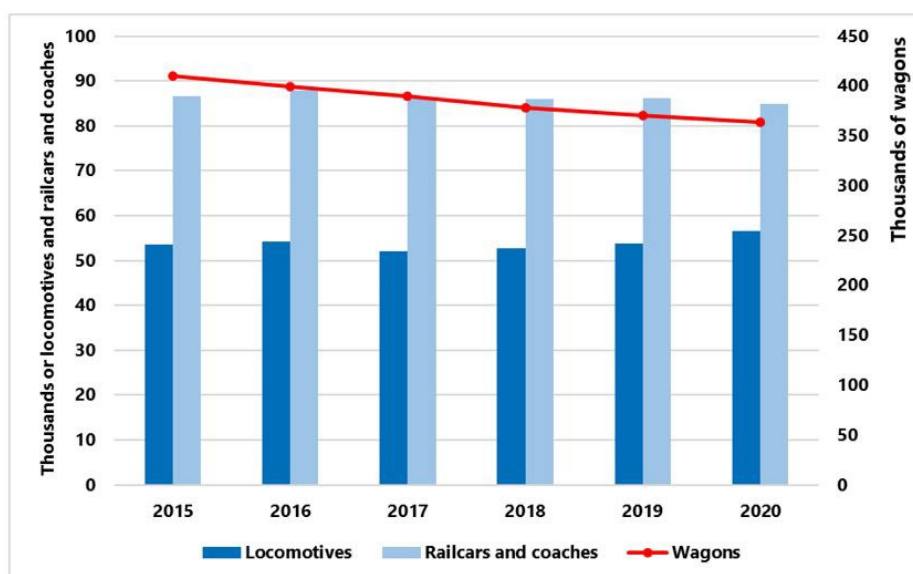


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market becomes more accessible when certification and authorisation procedures are unified and compliance does not depend on national rules. The key challenges and opportunities for EU policymakers are reasonably clear:

- Foster a favourable business environment, implementing policies that promote stability, transparency and predictability, also providing a conducive environment for rolling stock manufacturers and suppliers. The regulatory processes and administrative procedures should be streamlined to **reduce bureaucratic hurdles and facilitate timely approvals for rolling stock projects**. Public procurement practices should be encouraged to prioritise quality, innovation and lifecycle cost considerations.
- **Continue investment in research and development**, allocating dedicated funds for research and development initiatives to advance rail technologies and improve the performance and sustainability of rolling stock. Collaborative platforms and innovation clusters should bring together manufacturers and research institutions to drive innovation and accelerate the development of cutting-edge solutions.
- **Promote skills development and workforce training**, investing in vocational training programmes and initiatives that equip the workforce with the necessary skills to meet the evolving needs of rail services and supply industry. Partnerships between educational institutions, industry and trade associations should be fostered to develop curricula and apprenticeship programmes that address the requirements of rolling stock production.
- **Strengthen supply chain resilience, promoting robustness and diversification** within the EU to reduce dependency of components and materials. Initiatives to encourage the localisation of manufacturing and sourcing of key components should be supported, fostering the growth of domestic suppliers and reducing vulnerabilities to disruptions.
- **Enhance international competitiveness**, supporting EU rolling stock manufacturers in accessing international markets. Fair and open competition in international procurement should be advocated for a level playing field for EU producers competing against foreign manufacturers. Partnerships between EU rolling stock manufacturers and rail operators worldwide should be fostered to facilitate joint ventures and collaborations.
- **Facilitate financing and investment**, enhancing access to financing for rolling stock manufacturers through EU financial institutions by offering tailored loans, guarantees and financial instruments. The integration of environmental, social and governance criteria into financing decisions should be promoted to incentivise sustainable and responsible rolling stock projects.

Volume of rolling stock in the EU, locomotives, railcars and coaches and waggons



Source: elaboration of the authors based on (European Commission, 2022c)

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Responsible for this At a Glance Note: Kinga OSTAŃSKA and Davide PERNICE

Contact: [Poldep-cohesion@ep.europa.eu](mailto:Poldep-cohesion@ep.europa.eu); Further information: [www.research4committees.blog/tran](http://www.research4committees.blog/tran). Follow us: @PolicyTRAN

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