

New train in Germany rooted in Green Tree

By Sam Spatter

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A Pittsburgh entrepreneur, who has owned or managed railroads domestically and internationally, has begun his newest project in Germany.

Henry Posner III's latest venture is the formation of Hamburg-Koeln-Express GmbH, an affiliate of his Green Tree-based Railroad Development Corp. which he serves as chairman. The railroad began its initial run on Monday with one trip from Hamburg to Cologne and a return.

Posner is challenging market leader Deutsche Bahn AG for the lucrative 264-mile long-distance business, something he has done with governments in Peru, Argentina and Guatemala.

In Guatemala, the railroad company, Ferrovias Guatemala, was an affiliate of his RDC company. In 1997, Ferrovias had a 50-year deal with the Guatemalan government to operate the country's national railway.

The government issued a decree in 2006 that claimed the agreement was "harmful to the interests of the state." After Ferrovias refused to renegotiate the contract, it shut down operations in 2007. Last month, Posner won a five-year legal battle with the Guatemalan government and was awarded more than \$14 million in damages and costs, but he had to give his ownership interests to the government.

His German venture got off to a small but efficient start on Monday, and he said in a telephone interview that he rode the first train from Cologne to Hamburg.

Posner said there was an 80 percent ridership on the Cologne to Hamburg train, but the train from Hamburg back to Cologne did not have as high a percentage. Bookings look "comparable to Monday's totals," he said.

Tickets for the maiden voyage on Monday sold for \$24.21, about a quarter of the regular fare charged by Deutsche Bahn.

The new service has been "well received, and we have received good press," he said.

Initially, the new company had hoped to have three trains a day traveling each way, but on Monday and probably for the next several months, only one trip each way is planned. And instead of six coaches per train, there is only five.

The number of trips and coaches is expected to increase once more equipment and rolling stock have been obtained, he said.

“We have made a significant investment in the rolling stock, including organizing a new company, both in equipment and in management teams and on-train staff,” he said. He declined to disclose his investment in the project.

The trains, pulled by electric locomotives, ride an electrified rail corridor at a top speed exceeding 100 miles an hour, covering the distance between the two cities in just more than four hours.

Posner doesn’t expect this type of train speed will be introduced soon in the United States because, while Europe has made an investment in the infrastructure for this service, that has not occurred here, he said.

He expects to be back in Pittsburgh on Thursday. On the way, he will be in France, where his company is considering a freight train project.

He had hoped to get the German service started by mid-August 2010 but ran into problems. These included conflicts that caused uncertainties over track availability and investments, equipment problems, and receiving approval from the German Federal Railway Authority before the trains could begin.

The company uses refurbished carriages from the 1970s for the service. The trains themselves are operated by French company Veolia that also runs InterConnex, the other long-distance alternative to state-controlled Deutsche Bahn.

RDC holds the majority stake in the German railroad, which includes among its investors Locomore Rail GmbH of Berlin and London-based investor Michael Schabas.

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