

Competition for German railway

Private American railway company wants to pursue Sylt-auto train

Deutsche Bahn has their car trains, but only one route is still worth it: the Sylt shuttle between Niebüll and Westerland. Now Railroad Development Corporation from Pittsburgh wants to run it.

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Deutsche Bahn, the national German railway, plans to eliminate motorail trains from their program because they are not economical. There is one exception: the so-called Sylt-Shuttle, which DB would like to continue even after 2017. But it is precisely this connection that lures private railway companies like RDC to Germany.

"We want to pursue the auto train between Niebüll and Westerland on island of Sylt from December 2015," announced Henry Posner III, Chairman of the American parent company, Railroad Development Corporation (RDC), and Hans Leister, RDC-Managing Director Passenger

Services Europe, in an interview with the Frankfurter *Allgemeine Zeitung*. "Therefore, RDC Deutschland (RDC-D) has applied to DB Netz for the allocation of train paths in a 10-year framework agreement." The auto train should operate daily from 4:00 AM to 11:00 PM every 30 minutes. At the moment the half hour cycle only applies at peak rush-hour times, otherwise the shuttle leaves every 60 or 90 minutes. If RDC operates the train to Sylt, the number of departures will increase by about half.

The American railway company from Pittsburgh, founded by Posner in 1987, is active in many countries in the world including Germany as the majority shareholder of the Hamburg-Köln-Express GmbH (HKX), which has been competing with Deutsche Bahn since July 2012 on the Hamburg-Cologne route. HKX still has not overcome start-up difficulties due to problems with the approval of trains. The company is still experiencing losses. "We are patient investors and at the same time impatient managers," Posner said. "We continue to lead the HKX program and launch new initiatives to improve the business. This includes the auto train to Sylt. "

Other connections could be taken over

Posner said that RDC was concerned about the decline of the night train and train traffic of the state railways in Europe, but sees it as possibilities for development of RDC's business. "State railways such as Deutsche Bahn consider the business to be uneconomical, but that does not mean that others cannot be successful in the field." The success story began in the USA when his company took over an abandoned railway between Chicago and Omaha (Nebraska). America is an example where 600 railway companies could operate with different business models in the competition. Europe director Leister added that it was not just a matter of different cost structures.

"Sylt could be the beginning," Posner said. Not once has the idea to revive set connections with a new concept proved successful, but in the meantime RDC Deutschland sees that the stops between Hamburg and Lörrach are already popular with regular customers, plus extending the HKX route to Frankfurt via Cologne and Hamburg to Sylt. "We



The "Sylt-Shuttle" continues to roll on the island - the only question is, who will transport the cars in the future? Photo by Caro/Seeberg



Henry Posner III (photo © Hamburg-Köln-Express)

would be very happy to operate the night train Paris-Berlin, which Deutsch Bahn plans to stop running this December," Leister said. "You need an experienced partner."

Revenue for the railway and country

Several court rulings in recent years have cleared the way for the Sylt application. It was imposed on the railway to make its infrastructure facilities such as terminals and ramps accessible to their competitors. In a dispute with the Federal Network Agency, the Cologne Administrative Court decided the railway should consider passenger stations in addition to loading stations for vehicles whose occupants stay in their vehicles for the journey. Only with competition is this possible. Ten years ago Leister sought in vain for then-employer French company Veolia to provide access to the Sylt shuttle.

Concerning the contract for the Sylt shuttle, Posner and Leister think their chances are good especially because RDC Deutschland is willing to pay higher track charges than Deutsch Bahn. DB Netz then could use the funds to develop the infrastructure. "Under the current rules, applications that offer higher track charges get the priority," Leister said. "With more services and higher infrastructure funds, DB Netz has additional revenue for considerable investment for the next ten years. Money that was deducted from this traffic and by this route can now remain here and be invested."

Schleswig-Holstein is also very interested. However, it displeases the country that the state-owned company collects revenue from transporting nearly one million cars annually but invests little in the partly single-track route to Sylt. Transport Minister Reinhard Meyer (SPD) had considered some time ago to develop a new line on the currently unused track between Flensburg and the island. However, this would be impossible to achieve before 2024.

RDC plans to acquire railway employees

"The expansion of the tracks and terminal is necessary to better organize the motor traffic together with the residents on the island," said HKX Managing Director Carsten Carstensen. "It is not our objective to increase the auto-tourism further. Rather we want to offer to the tourist and business community, residents and commuters a better car train with more journeys." RDC Deutschland is under discussion with train manufacturers about the delivery of six train sets for the route. According to Leister, the cost of the order could be in the high two-digit millions. He does not expect delay deliveries to be a factor for the new trains. This would be clearly faster than passenger trains. The car-train to Sylt is a pure freight train: The passengers ride from the Niebüll terminal in their car on the train and remain in their car over its 35-minute crossing of the Hindenburg Dam.

RDC is seeking to establish good cooperation with the DB network, the service operations and all other parties concerned. "In Europe, there is always competition in the foreground," Posner said, "but I come from a culture of cooperation. Cooperation is good if it is done for the benefit of customers." Leister adds his opinion, "There is no room to accommodate two competing auto train service providers to Sylt. This will remain an exclusive offer. We will fight for the market."

It is the aim of RDC to take over the current railway workers who operate the car train today. And as more services are developed in the future, Leister and Carstensen expect even higher staffing needs. "In the case of the currently employed railway employees who are civil servants, if desired, they will be able to continue their employment. In order to make this possible we will contact the federal railway property directorate as their employer." RDC expects a decision on the future operator of the Sylt auto train in March 2015.

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