

## **BRS' partners are closing their Estonian charity project**

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By Priit Koff

### ***Railway privatizers: Henry Posner III and Edward Burkhardt are closing down the activities of their foundation in Estonia.***

Five years ago the state of Estonia paid 2,35 billion kroons for the shares of EVR that had been sold to private investors earlier. The renationalization transaction also meant that two remarkable senior-level railway businessmen, Henry Posner III and Edward Burkhardt, exited the Estonian railway business, with the exception of Burkhardt's side-project. A less known fact is that upon their departure, the colourful gentlemen with their Estonian business partners Jüri Kõo, Guido Sammelselg, Indrek Prants, Sven Mansberg and Armin Kõomägi left behind a charitable foundation for continuing the funding of railway-related projects. During the last four years, the Estonian Railway Culture Foundation that the life-long railway businessmen established here, has distributed over 4,3 million kroons to preserve the local railway heritage, promote railway safety and keep the cultural lives of former railway workers active. This year the businessmen who privatized 66 percent of Estonian Railways for 1 billion kroons will be drawing the line for railway-related charity projects and shall focus on challenges in Poland, Germany, the United States and Latin America.

#### **“Thanks to the people”**

I first inquired from the men (we communicated via e-mail – Ed.) why did they remain attached to the local railway sector and decided to invest some millions from the renationalization deal into local charity projects after leaving Estonia with some harsh words ringing in everyone's ears. “We had a successful investment, and the people at EVR were outstanding,” explained Burkhardt, known for his stoic and kind smile, adding that the privately owned railway demonstrated considerable improvements in safety, customer service, infrastructure and rolling stock, and productivity. “We wanted to leave something as a token of our gratitude and that's why the five-year horizon seemed reasonable.”

Burkhardt's business partner Henry Posner III, who was famous for wearing his ever-present bow-tie and roundish spectacles and who also promised to never return to Estonia, explains that the foundation was established for a deep background in railway culture. “As both railway people and foreigners in Estonia we recognized that culture is everything and that it was cultural change that drove EVR during the BRS era. That's why we considered it important to support Estonian railway culture with funds that we earned from the renationalization, focusing on safety, community and history,” noted Posner.

Over time, the foundation of the American railroaders, (which was headed by their companion from the BRS days, Riivo Sinijärv, who like other people on the board worked for no fees), has supported the renovation of several exhibits at Haapsalu and Lavassaare railway museums and the publication of several railway books. “The two railway museums at Haapsalu and Lavassaare are national treasures of Estonia, and well worth our support,” said Burkhardt. “In September I visited both of them, and spent time with the two general managers (Deana Põder at Haapsalu Raudteemuuseum and Mehis Helme at Eesti Muuseumraudtee in Lavassaare). I certainly would recommend a visit to both museums to my Estonian and international friends!”

Funds have been allocated to former railway workers for attending various cultural events and giving them free train tickets. The businessmen themselves believe that their most important charity project was the railway safety initiative OLE or Operation Lifesaver Estonia. “I'm sure there are some people alive today thanks to the emphasis on level-crossing safety provided through OLE,” Burkhardt is convinced. Henry

Posner III added that OLE is a safety-oriented program with outreach beyond the railway community. The Americans' foundation has supported OLE with more than 900 000 kroons over the years.

Today, the businessmen who brought American know-how to Estonia and occasionally generated controversial media coverage in the public – be it the noisier American locomotives with louder horns or Burkhardt's claim that the Reform Party asked for a million EUR in return for their support to the renationalization – are now closing the activities of their foundation. Burkhardt still remains connected to Estonian business, because his company Baltic Rail (located on Toompuiestee in EVR's new main building) is hauling freight to central and southern Europe. Burkhardt says that he still enjoys visiting Estonia and his many friends who live here.

Posner stated in 2007 that he would never again set foot in Estonia and has kept the promise he gave when boarding the train bound for Moscow. He has participated in the foundation's work through conference calls and e-mails and has done this work with pride. "And I have been fortunate to see my EVR colleague Kaido Simmerman a number of times at railway conferences, as well as unexpected after-hours encounters in Paris and Washington!" Posner still has a warm spot for Estonia and his former colleagues. "And I often visit Estonia in fond memories—I can still feel the cold and quiet of the Old City during my favorite time of the year, which was winter."

### **Retro trains in Germany**

Posner intends to rely on the European experience he accumulated in Estonia to start competing with Deutsche Bahn – the Hamburg-Cologne-Express (HKX, Posner's RDC has majority stake in it) should be launched in the New Year. These retro-trains consisting of six wagons are a few decades old but have been completely renovated and would be cruising between Cologne and Hamburg 3 times per day.

- The four-hour travel time is comparable to modern ICE's, with these trains Posner and his partners will be going after the more price-sensitive clients – while intercity DB IC and ICE trains sell tickets at 80 and 89 EUR, then HKX is obviously going for a cheaper ticket price. They also promise to offer wireless internet access for all passengers and install computer chargers at every seat. HKX also intends to introduce a ticket sales concept that has been used by no-frills airlines so far – the more in advance you book the ticket, the cheaper it will be.

According to the German media, this project (although it has been delayed several times) is ground-breaking and its development is closely monitored by other European railway giants interested in German long-distance routes.

### **Businesses all across the world**

After leaving Estonia, Posner sold his railway companies in Mozambique and Malawi. The railroad in Guatemala was renationalized and both parties are settling the dispute in international arbitration.

He said that his Peru enterprise is doing well; RDC also has a 1000-km railway network in the US, connecting Chicago and Omaha, Nebraska.

Burkhardt's company Rail World Inc.'s main project is Polish freight operator Rail Polska. Burkhardt is also actively involved in the aforementioned Baltic Rail and his company has majority shareholding in Montreal, Maine & Atlantic Railway operating on 1200 kms of track between the US and Canada.