

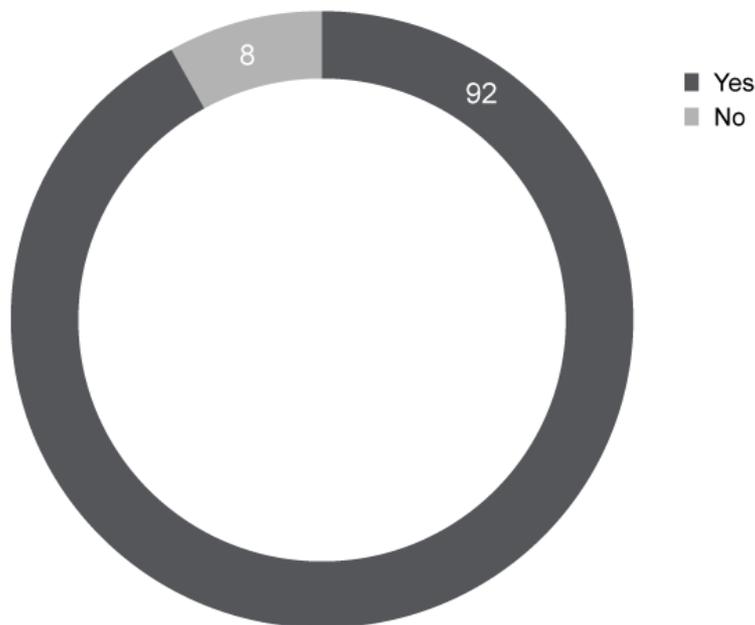
Financial institutions
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 NORTON ROSE FULBRIGHT

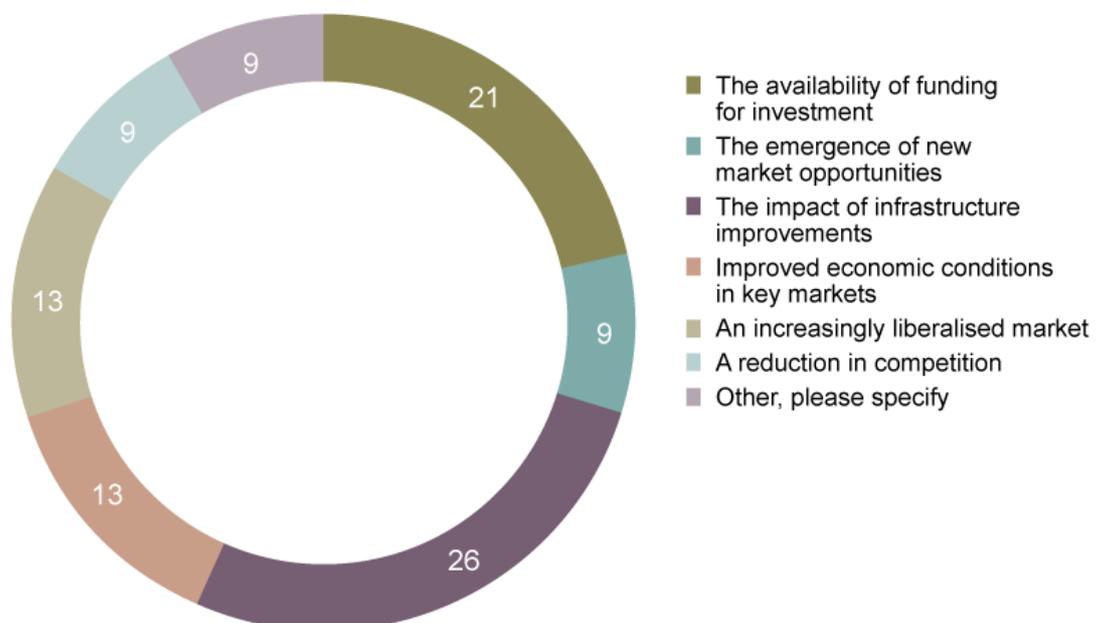
Rail

Are current market conditions generally positive for the rail industry?

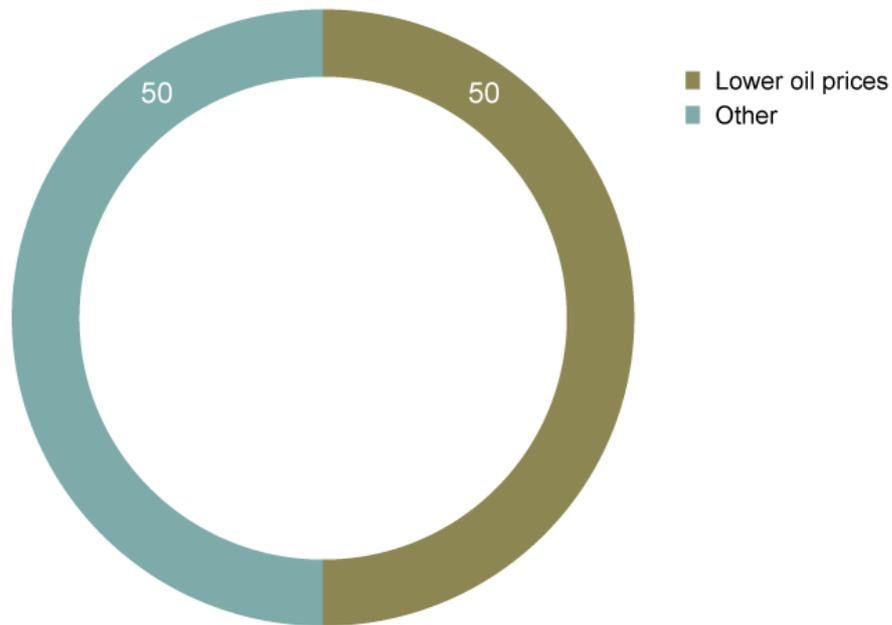
Optimism in the rail industry is running high. Respondents from the rail industry are once again the most optimistic within the transport sector. 92 percent report that market conditions are currently positive for their industry, compared with 77 percent from the aviation industry and just 15 percent from the shipping industry. This confidence stems from a range of factors, including the impact of infrastructure improvements, the availability of funding for investment, improved economic conditions in key markets and an increasingly liberalised rail market



If yes, what is the principal reason for your view?



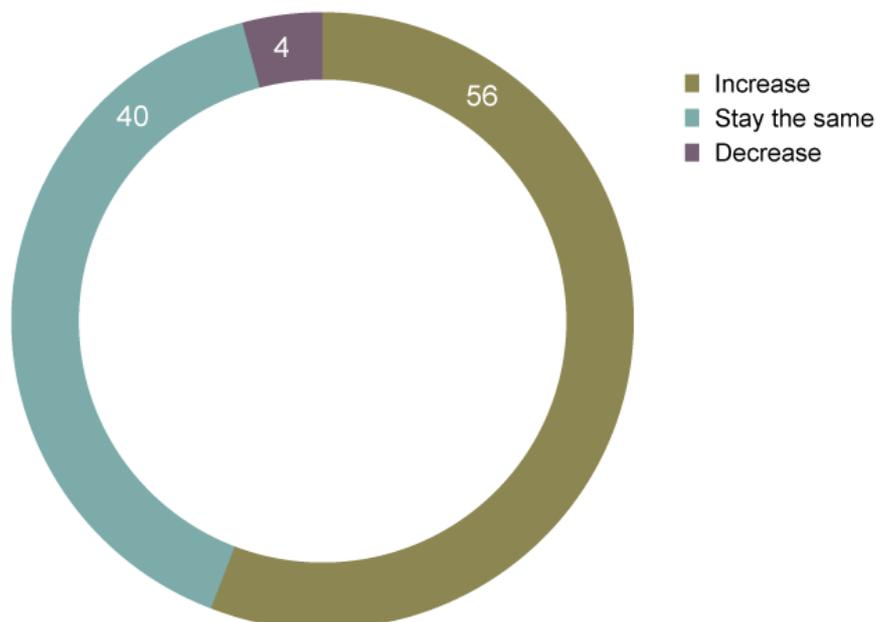
If no, what is the principal reason for your view?



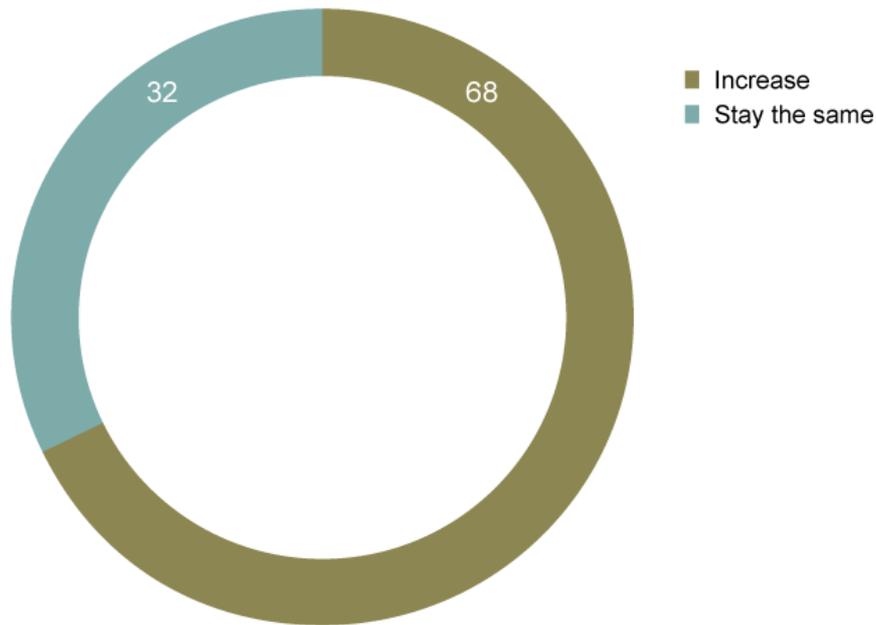
What do you believe will happen over the next five years in the rail industry?

Ultimately, rail respondents can take confidence from the expectation that passenger numbers and freight volumes will continue to rise over the next five years, driving the continued growth of the industry. Not a single respondent believes that passenger numbers and freight volumes will decrease, nor that infrastructure investment will be cut. Just 4 percent of respondents anticipate a reduction in the number of routes and services offered, that fares and freight costs will fall, and that investment in technology will be cut. 88 percent believe that the availability of funding will stay the same or even increase.

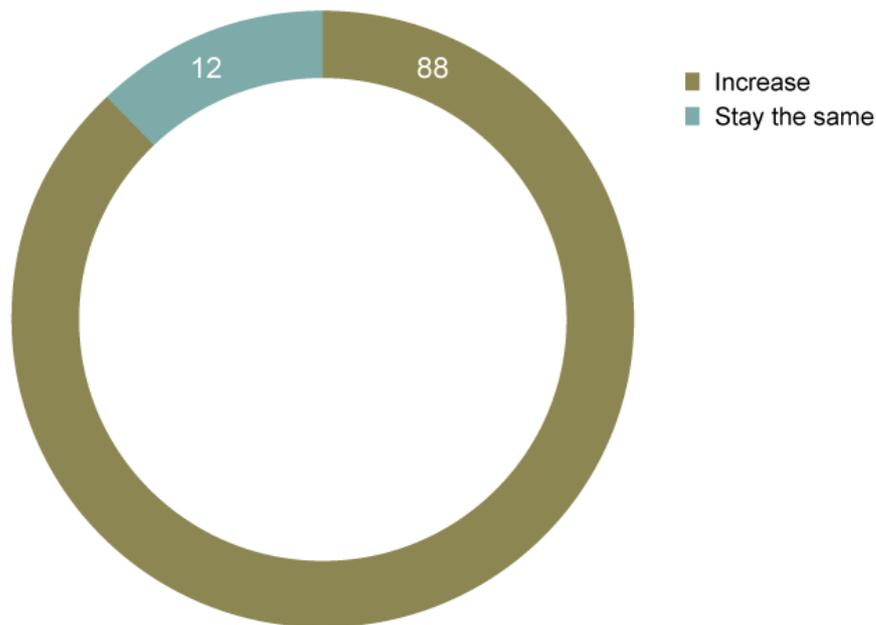
Fares / freight costs will



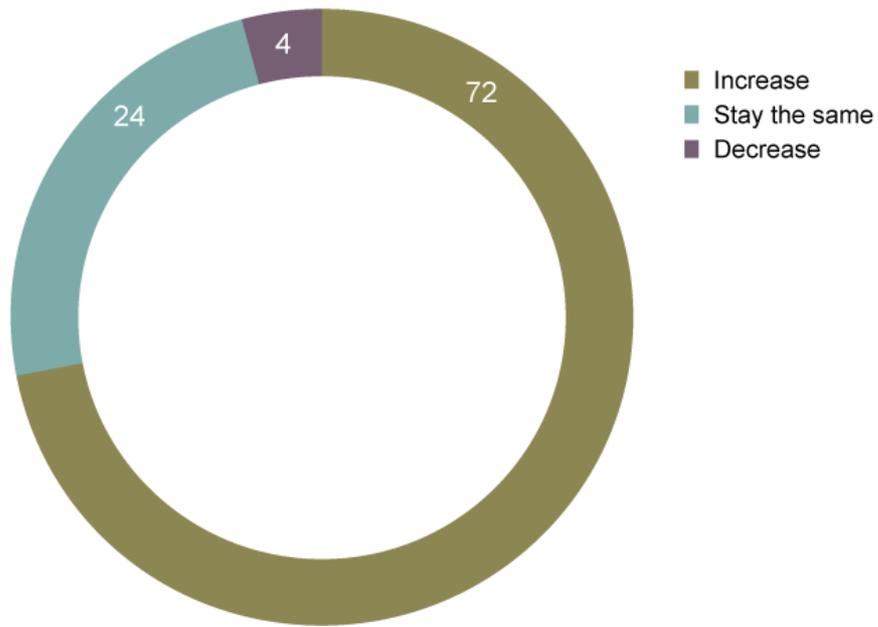
Investment in infrastructure will



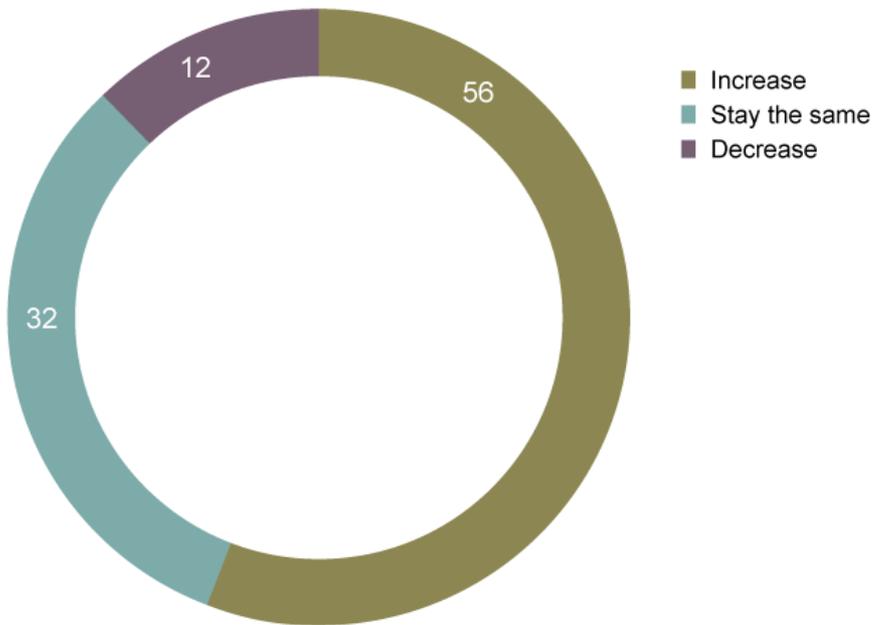
Passenger numbers / freight volumes will



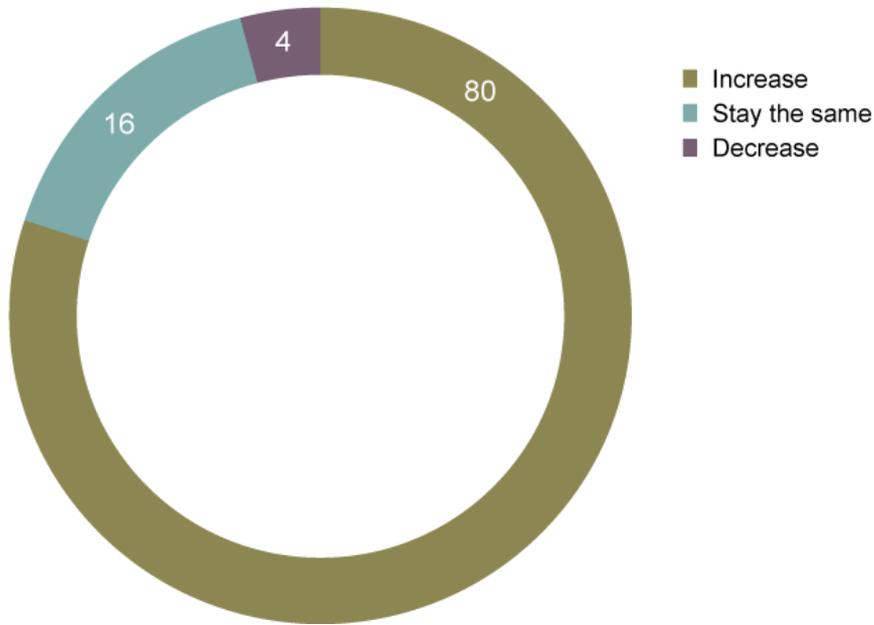
The number of routes/services offered will



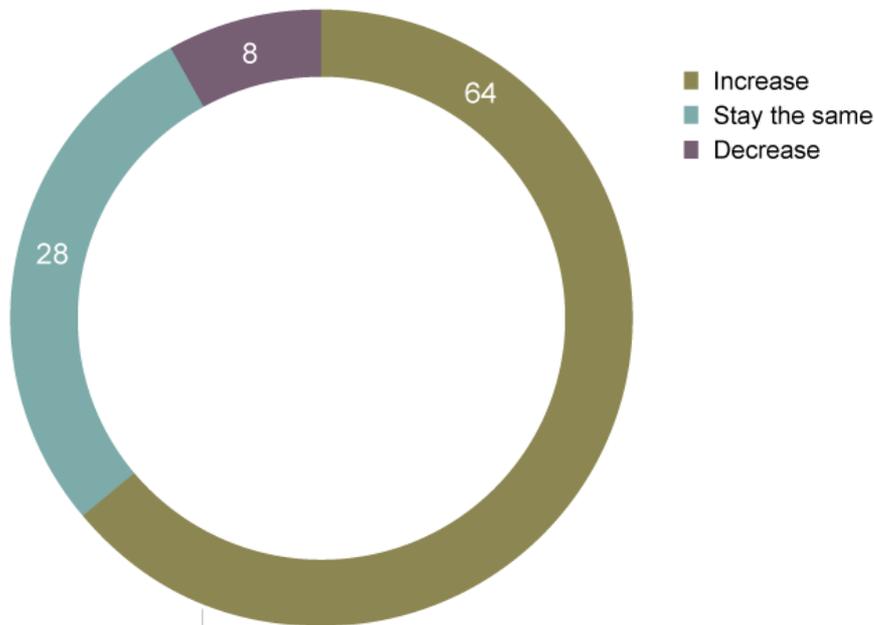
The availability of funds will



Investment in technology will



Fuel costs will

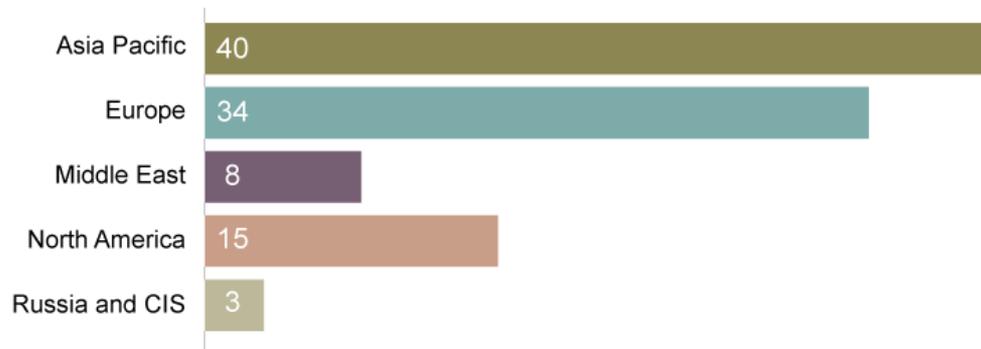


Which of the following countries/regions offer the best investment opportunities for the rail industry over the next two to five years?

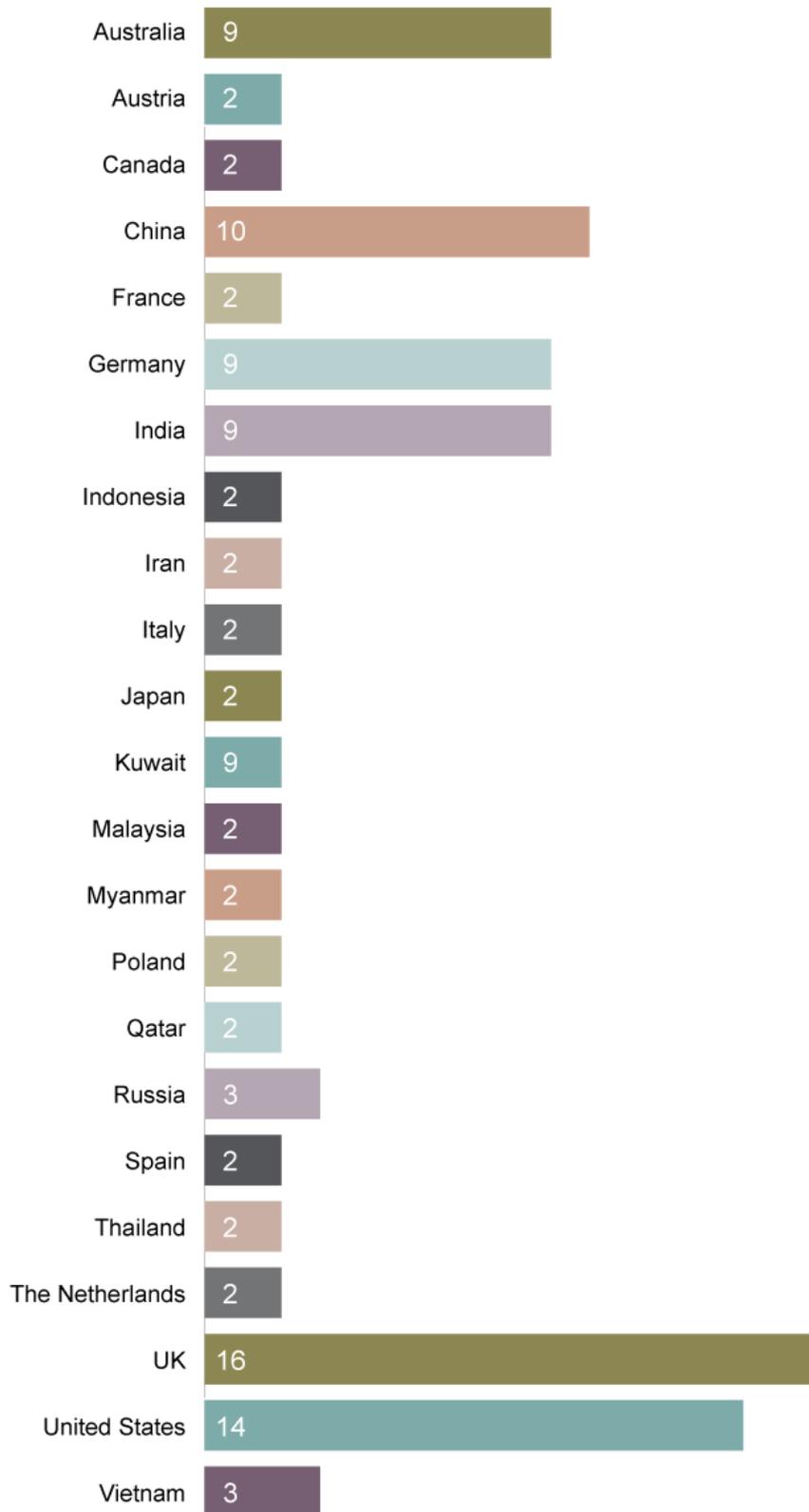
The rail industry is turning its attention to Asia Pacific. Asia Pacific is thought to offer the best investment opportunities over the next two to five years, followed by Europe - which was the most popular market for investment in 2015. When measured by country, however, the UK leads the field, followed by the US, China and India.

Read more: ['The Belt & Road Initiative' – A modern day silk road](#)

By region

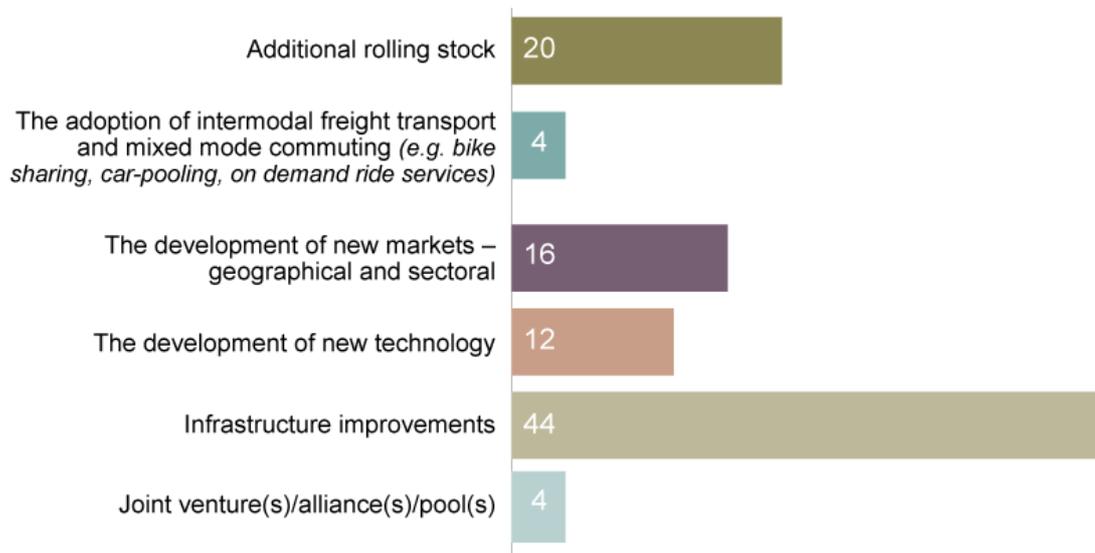


By country



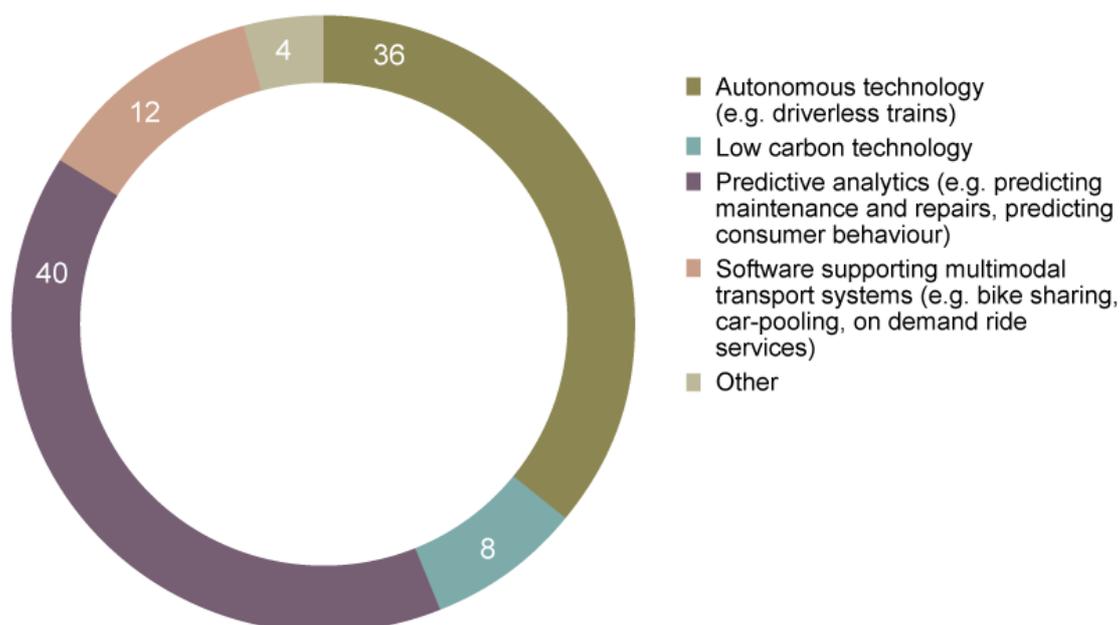
What is the optimal investment opportunity currently for the rail industry?

Based on the anticipated growth in demand for rail transport, 44 percent believe that infrastructure improvements offer the optimal investment opportunity for the rail industry, while 20 percent favour investment in additional rolling stock.



What form of technology will be the most significant driver of change in the rail industry over the next five years?

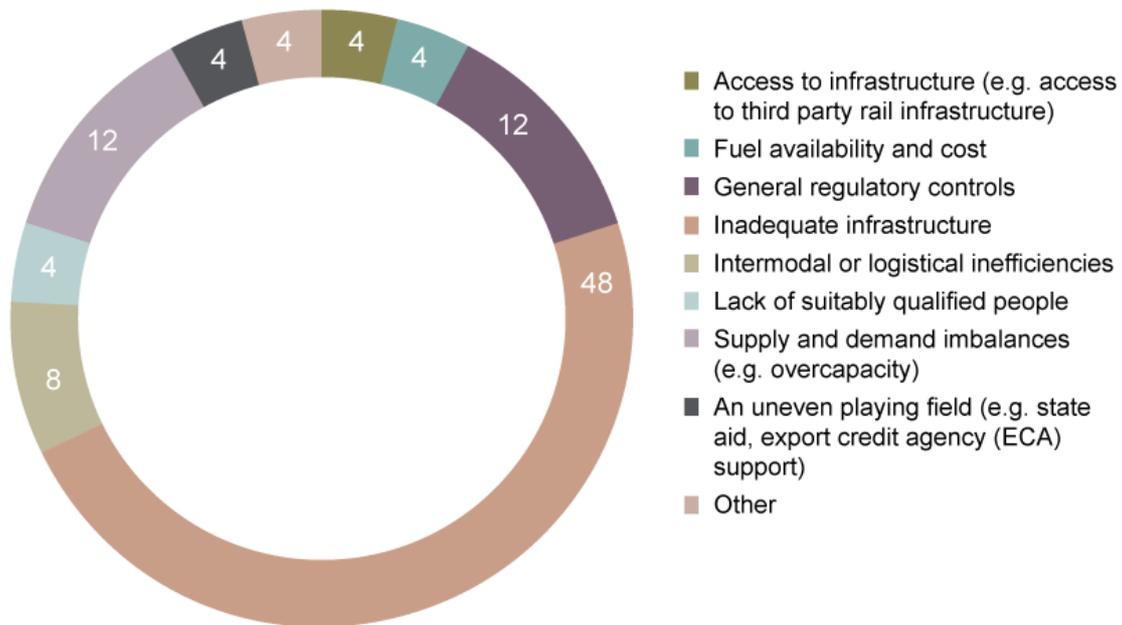
Most respondents anticipate that investment in technology will increase over the next five years. During this period predictive analytics and the use of autonomous technology (i.e. driverless trains) are expected to act as the most significant driver of change.



What is the greatest challenge to the operational efficiency of the rail industry?

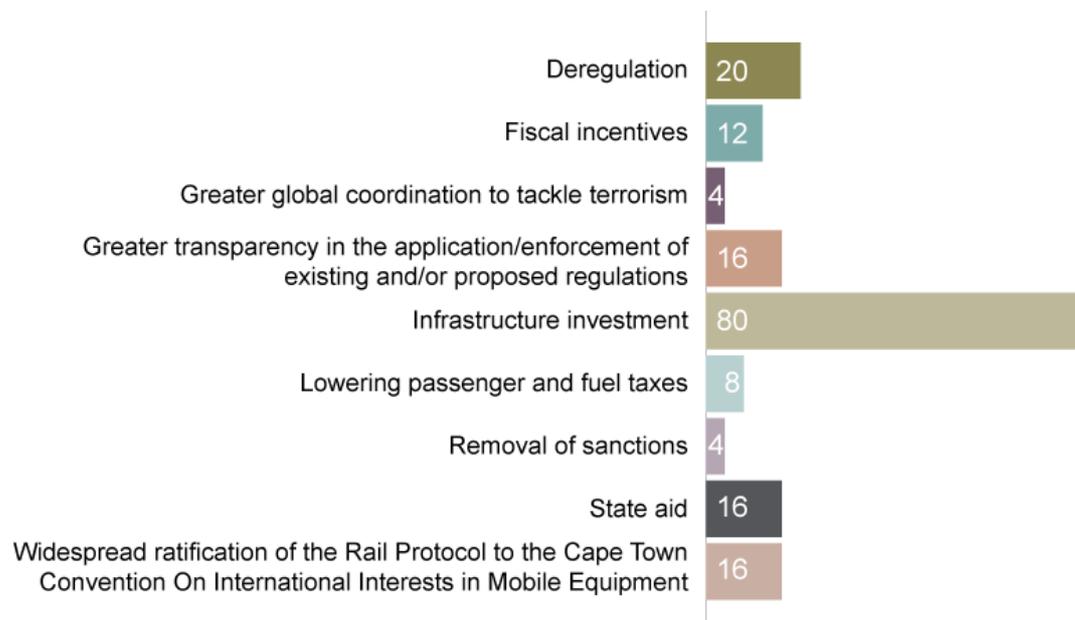
Infrastructure remains firmly on the rail industry's agenda. While 26 percent report that the impact of infrastructure improvements is creating positive market conditions for the rail industry, 48 percent believe that inadequate infrastructure presents the greatest challenge to the operational efficiency of the industry.

Read more: [Making light rail work](#)



Which of the following forms of government support would help the rail industry most?

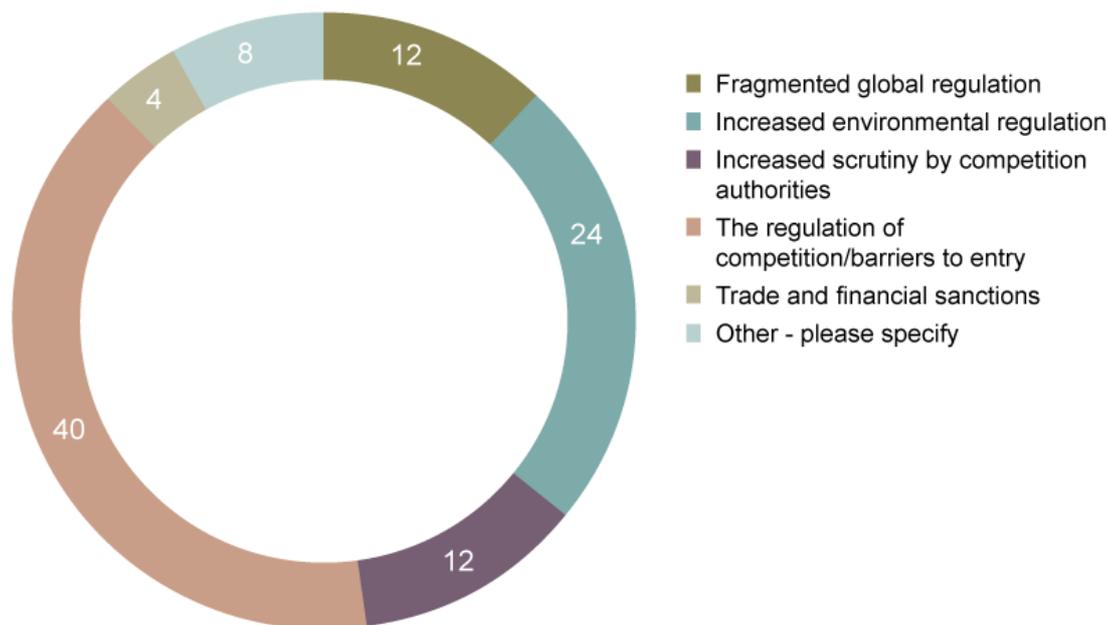
Respondents return to the theme of infrastructure again when asked which form of government support would help the rail industry the most, with 80 percent calling for investment in infrastructure. To a far lesser extent, deregulation, greater transparency in the application and enforcement of existing and proposed regulation, state aid and widespread ratification of the Rail Protocol to the Cape Town Convention on International Interests in Mobile Equipment (also known as the Luxembourg Rail Protocol), which aims to create a global system for the recognition, registration and prioritisation of security interests held by creditors in railway equipment, would also be considered helpful to the industry.



Which regulation has had the greatest impact on the rail industry over the past decade?

When asked to consider which regulatory developments have affected the rail industry the most over the past decade, 40 percent point to competition laws and barriers to entry. This is followed by

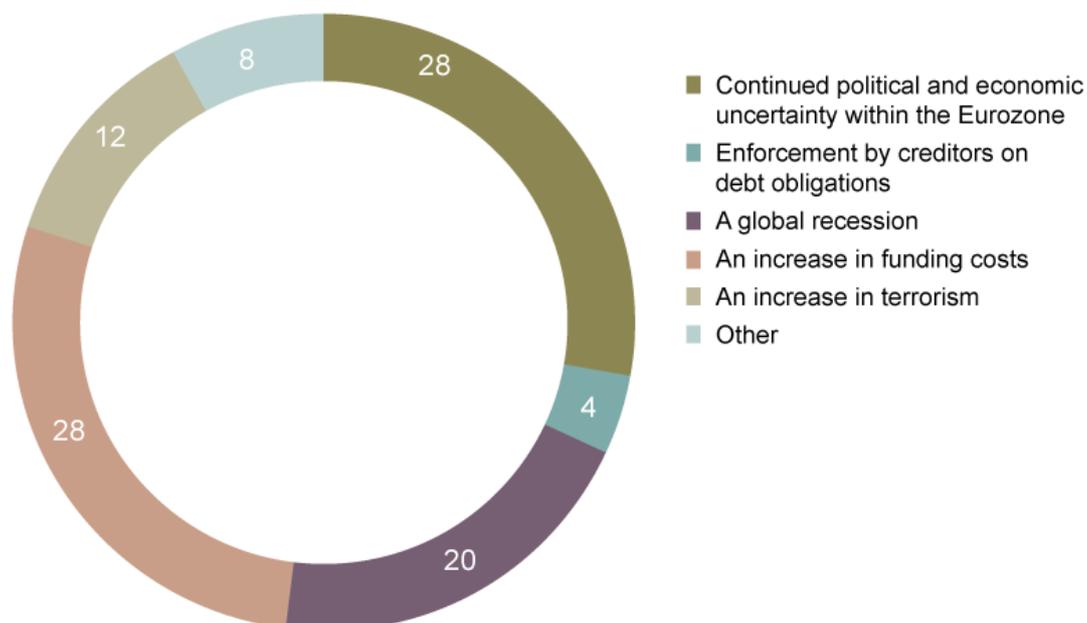
almost a quarter who cite increased environmental regulation.



What do you see as the greatest threat to the rail industry over the next five years?

Respondents hold widely divergent views when asked what they see as the greatest threat to the rail industry over the next five years, pointing to continued political and economic uncertainty within the Eurozone, an increase in funding costs and a global recession.

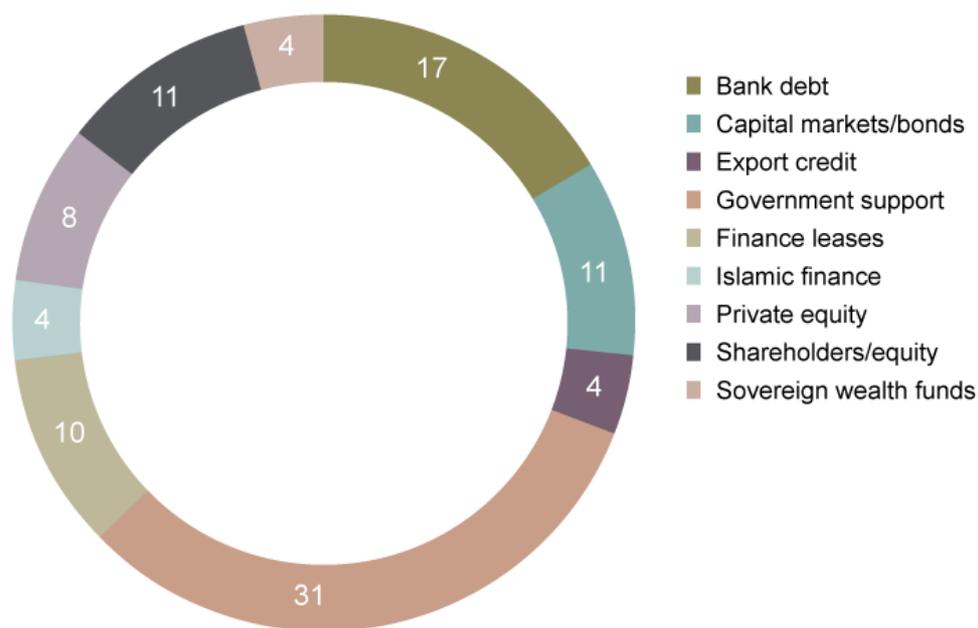
[Read more: Brexit: what next?](#)



What will be the primary source of funding for the rail sector over the next two years?

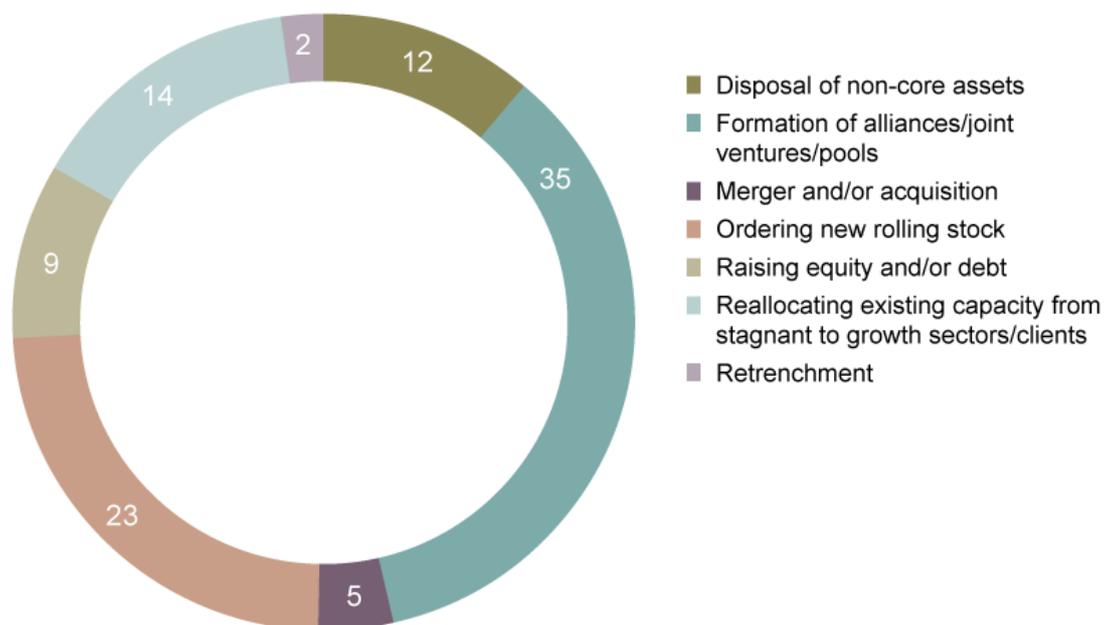
Governments are expected to provide the rail industry's primary source of funding over the next two years by 31 percent, followed by bank debt, selected by 17 percent. In 2015, bank debt was

expected to meet the majority of the industry's funding needs.



Which of the following will form the most important part of rail businesses' strategy over the next 12 months?

While just 4 percent view joint ventures, alliances and pools as the optimal investment opportunities for the rail industry currently, 35 percent consider that these forms of co-operation will form the most important part of rail businesses' strategy over the next 12 months. This is followed by the ordering of new rolling stock as the industry seeks to meet the expected increase in demand for rail transport.



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