



Ukraine

**Railway market
opening:
Where is the market?**

The World Bank
May 20, 2019



The market to be opened is the use of the rail network

- The working rail network is nearly 20,000 km long
 - 10,000 km is electrified (with two voltages)
- There is a wide range in usage
 - The most heavily-used sections carry 70 million net tonnes of freight each year
 - About 20 % of the network carries under 250,000 net tonnes p.a.
- There is likely to be on-rail competition on about 30-40 % of the network, both for cargo and possibly for long-distance passenger service.



Over 30 % of the network carries over 10 million tonnes of cargo each year

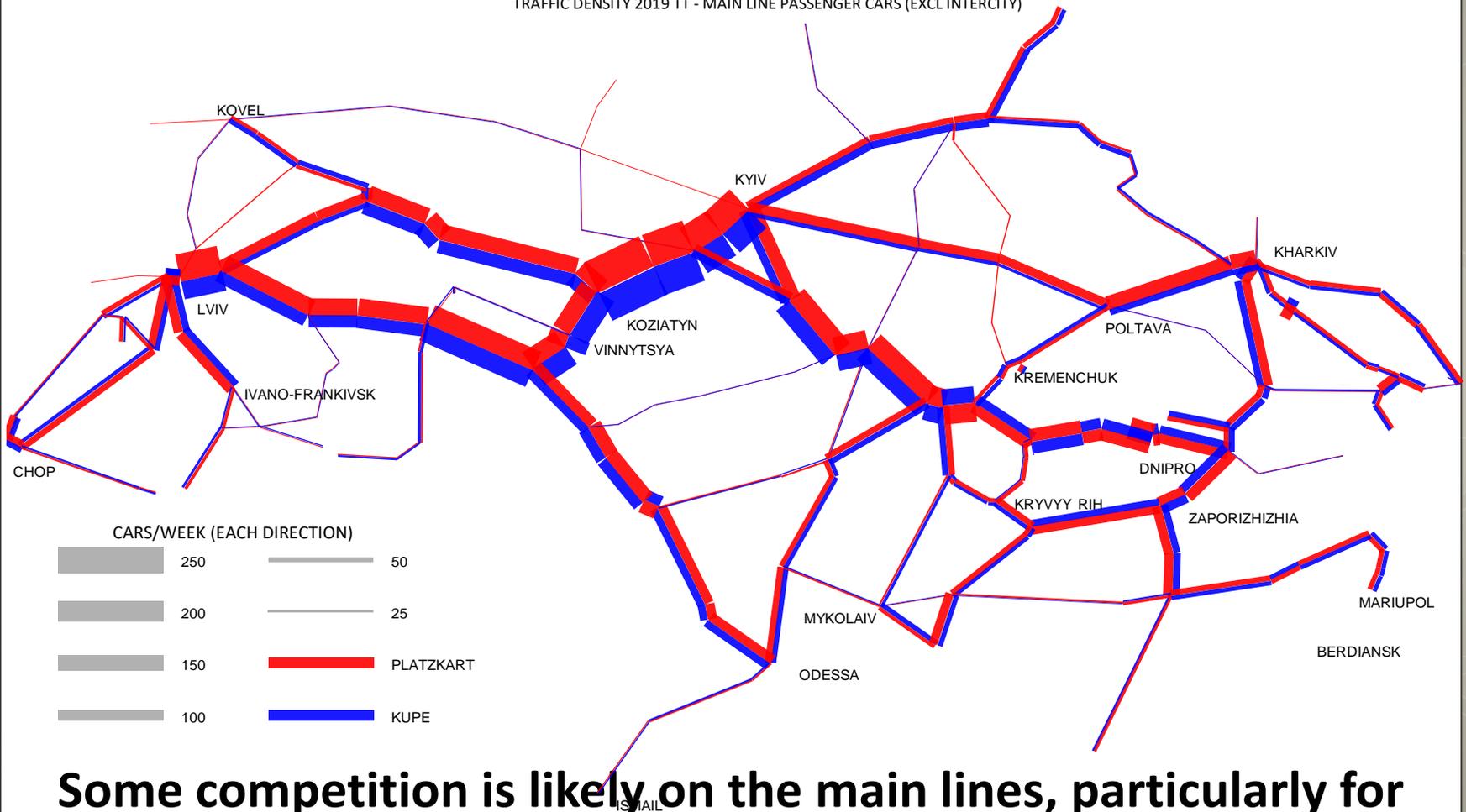


These lines will almost certainly carry multiple cargo train operators



Mainline passenger services operate over 60 % of the network

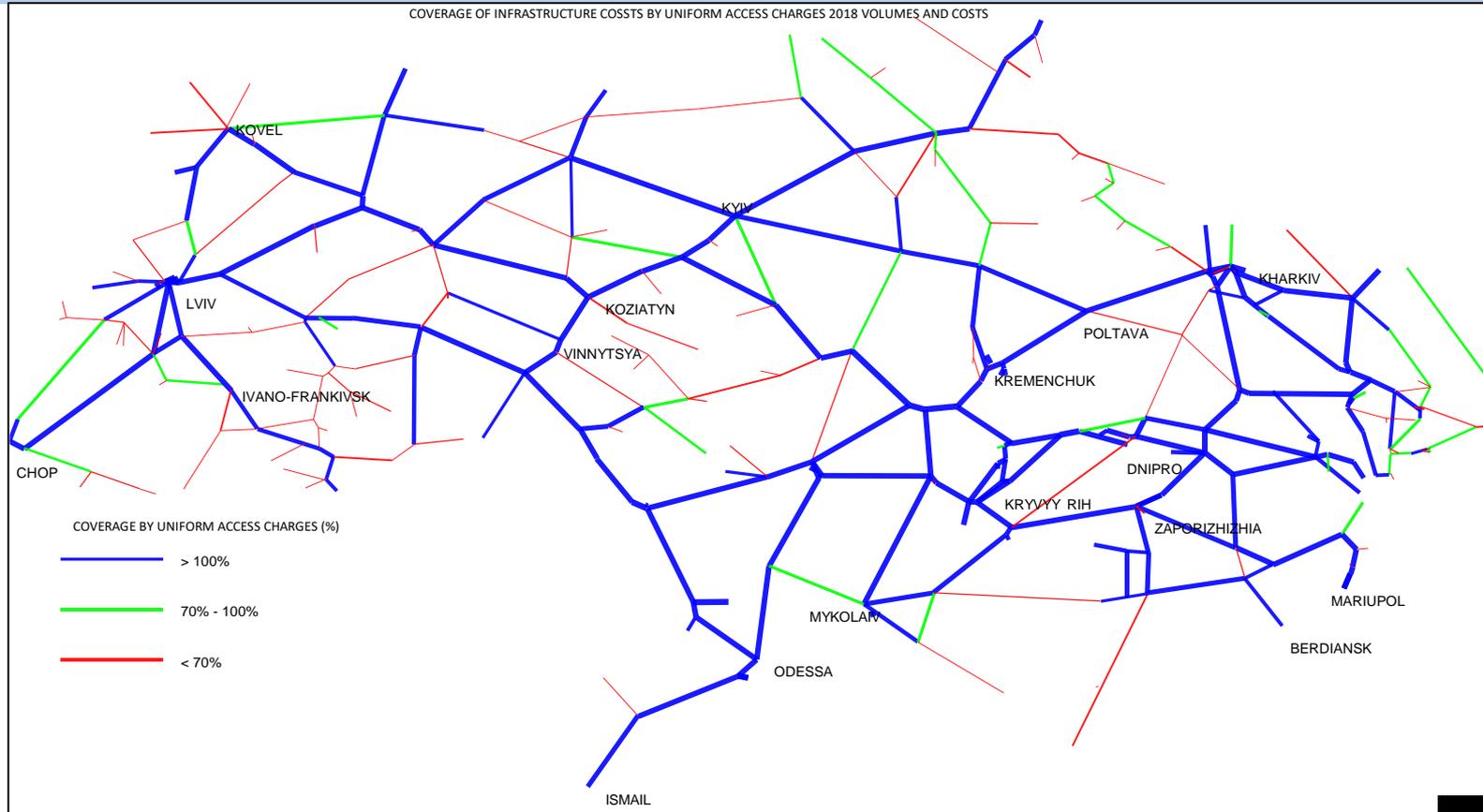
TRAFFIC DENSITY 2019 TT - MAIN LINE PASSENGER CARS (EXCL INTERCITY)



Some competition is likely on the main lines, particularly for the kupe (blue) market



About 55 % of the network could be financially self-supporting without any internal cross-subsidy



The remainder (about 8,000 km and carrying about 3% of the current cargo traffic) would need to be either cross-subsidised or budget funded as a network or train operating PSO



Outlook

- Much of the network is likely to see more than one cargo train operator and several main lines could see competition for the long-distance kupe market
- Parts of the busiest main lines could be used by 5-10 cargo train operators and maybe two passenger operators
- A significant proportion of the Ukraine network is unlikely to be able to cover its infrastructure operations costs from access charges alone;
 - Such lines will either need direct financial support for these costs from the government in one form or another or indirect support from lines with greater volumes.