The last word | RDC

RDC seeks diverse opportunities in European market

Railroad Development Corporation, United States, is continuing to increase its footprint in the European market. RDC chairman, Henry Posner III, outlines the company’s recent experiences to Keith Fender.

AILROAD Development Corporation (RDC) has steadily grown its European operations in recent years and is now active in four countries in both freight and passenger operations, and a train manufacturing business.

RDC’s first European venture was in 2001 when it, along with others, took part in the privatisation of Estonian Railways, although this ended six years later when a new government re-nationalised the railway albeit on terms that were profitable to the private investors.

RDC chairman Mr Henry Posner III says that part of RDC’s approach is consistently “importing global best practices,” often significantly improving operations and employee safety, which he says was the case with the former Estonian operation and with other railways around the world owned by the group, such as FCCA in Peru.

Not long after the Estonian experience RDC started looking at opportunities in Germany, and with local “pioneering” as there were and remain few open-access operators in Germany. “We have seen how the market has evolved with long-distance buses and ride-sharing apps offering alternatives to rail,” he says. “We are getting better, re-launching the service in late 2015 to serve Frankfurt, but also reducing costs by limiting the number of trains and days of operation.”

In both France and Belgium, RDC is actively seeking opportunities for railfreight. Posner has been looking at France for a decade and admits that “a reluctance to take risks, which leads to a culture of hopelessness at times, seems to stifle any hope of progress.”

Progress

However, progress is now being made. RDC, in partnership with Belgian logistics and railfreight firm Eurorail International, in which RDC owns a 25% stake, now owns four French regional freight operators, three-times a day. Evian Shuttle, which runs for 150km from near Evian to Ambérieu, north east of Lyon, began operating in early December 2015 and now carries 60% of the main bottling plant’s output. “The contract with Evian doubles the size of the French company,” Posner says, adding that it is crucial to RDC’s plans to grow its French business.

Until recently RDC was not active in Britain despite it being one of the earliest European proponents of private investment in the rail industry. “We have looked at Britain since as long ago as 1995 but until now have not found the right niche,” Posner says. However, this has changed with RDC becoming a partner in the Vivarail project led by former Chiltern Railways boss Mr Adrian Shooter (IRJ May 2015 p32). Vivarail aims to rebuild former London Underground metro cars for use as diesel-powered regional trains on rural or lower-speed domestic routes.

Posner says that in essence RDC is acting as a venture capital partner for the project, which he believes will be a success, although admits that operations is what RDC normally does rather offering other operators rolling stock.

Taking on such projects where there is an opportunity but are perhaps out of the comfort zone of a company like RDC reflects what Posner describes as the railway industry’s “complex and dynamic market,” which thrives with diversity of operators and suppliers.

Of course RDC is already contributing to this diversity, and Posner says the company will remain open to further expansion when the right opportunity arises. “The more diversity there is, the more likely a solution to a problem or market opportunity will be found,” he says. “Europe needs a more diverse railway industry and RDC aims to be part of that.”

"We have looked at Britain since as long ago as 1995 but until now have not found the right niche. Henry Posner III partners launched the HKX open-access inter-city passenger service between Hamburg and Cologne in 2012. RDC has also set up a new subsidiary to operate car shuttle services to and from the north German island of Sylt, which will start later this year.

Posner says that the early days of HKX were most branded Regio Rail. These operations have contracts in several French regions, and unlike state operator Fret SNCF, actively cultivate single wagonload traffic, just like RDC-owned short lines do in the United States.

The largest of these contracts is to carry Evian mineral water. The 1800-tonne,