

## Part III

# The Micro Perspective on Chinese Railways' Efficiency: Improvement of Operational Effectiveness

Part II has looked at the efficiency of Chinese Railways from the macro perspective, i.e., it has exclusively considered questions around Chinese Railways' efficiency in regulation and reform and has developed suggestions for improvement. Part III will now focus entirely on efficiency improvement in Chinese Railways' operations.

Chapter 7 will describe Chinese Railways' present operational situation, and will point out its sources of inefficiency, as derived from both key performance indicators and from the research interviews. The sources of inefficiency will be grouped around the business areas holding, passenger, freight, and infrastructure. This structure corresponds to the efficiency improvement framework described in chapter 3.2.2., which will be applied to Chinese Railways in chapter 8 in order to develop approaches for improving its operational efficiency<sup>38</sup>. The framework will facilitate comparison with the benchmark railways of the US, Russia, Germany and Japan. The resulting suggestions for improving Chinese Railway's operational efficiency will finally be presented in chapter 9.

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<sup>38</sup> The analysis of Chinese Railways from the macro perspective followed primarily the efficiency levers on the horizontal axis of the benchmark framework (especially in chapters 4.3 and 6.3). The analysis of Chinese Railways from the micro perspective will deliberately deviate from this approach and will focus on the sources of influence as listed on the vertical axis of the benchmark framework. This approach has been chosen because as opposed to the macro perspective, where the entire railway is concerned, the micro perspective requires the efficiency improvement measures to be much more tailored to the specific characteristics of the different business areas (e.g., efficiency measures which are suitable for the passenger business are not necessarily helpful or even applicable for the freight business, etc.).