

PANORAMIC

RAIL TRANSPORT 2026

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LEXOLOGY

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights into industry structure and regulatory bodies: market entry; market exit; competition law; price regulation; network access; service standards; safety regulation; financial support; labour regulation; environmental regulation; and recent trends.

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Global overview

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Railways have been a global phenomenon since their invention nearly two centuries ago. When the Liverpool and Manchester Railway, the world's first intercity rail service, premiered in 1830, construction had already started across the Atlantic on the United States' first railway, the Baltimore and Ohio Railroad. As detailed by railway historian Christian Wolmar in *Blood, Iron and Gold*, within a decade of the Liverpool and Manchester Railway's successful debut, railways were spreading across Europe to nations such as France, Belgium and Italy. By the 1840s, the new technology was being introduced in Asia and South America and was well on its way to revolutionising transport around the globe.

This rapid expansion is not surprising. While for centuries (and indeed millennia), waterways provided the only avenues for low-cost, high-volume transport, the advent of the railway opened up new opportunities for transporting people and goods across virtually any terrain. However, as this unique new technology was adopted worldwide, the burgeoning rail industries in different nations often took divergent paths. Geography, political circumstances and economic needs have led to significantly different approaches in the structure of the industry and the laws that govern it. Many of these distinctions endure to the present day.

Nearly two centuries after railways were established internationally, they remain a key part of the global transport network. The chapters in this volume illustrate the significant jurisdictional differences in the laws regulating the rail transport industry. However, all jurisdictions face some of the same issues related to technology and economics, which permits some observations about the legal frameworks governing the industry and what the future may hold.

The first observation that the reader will note is that the basic structure of the rail industry and the regulations governing it varies significantly from jurisdiction to jurisdiction. Systems dominated by privately run, vertically integrated railways (such as in the United States and Canada) have significantly different rules for licensing and economic regulation than systems where infrastructure management and rail operations are conducted by different entities (as is typically the case in Europe). Furthermore, both types of systems are themselves quite different from those where a single state entity has responsibility for conducting rail operations and managing infrastructure.

While one should be cautious about oversimplifying the diverse array of regulatory regimes in different jurisdictions, most rail legal systems fall into one of the following basic models: vertically integrated railways; separated infrastructure and operating railways; and centralised state operations. Each of these models has distinct approaches to licensing and to economic regulation, but there are significant commonalities in how most jurisdictions approach safety regulation.

Vertically integrated railways

The rail systems of Canada and the United States feature vertically integrated railways, in which the same entity owns the rail infrastructure and operates over that infrastructure. In general, US and Canadian railways are privately owned and focus on freight operations. (Passenger rail receives public support in both Canada and the United States, through VIA Rail in Canada and Amtrak in the United States.) Canada and the United States do not currently provide substantial government financial support to freight railways; instead, railways are expected to recover the funds necessary to fully fund their operations through the rates they charge to freight rail customers. This is no small matter: railways have intensive infrastructure needs, flowing from the need to construct and maintain track over every mile of the transport route. This distinguishes rail transport from other modes, such as motor carriers (which can take advantage of publicly available roads), and air and water transport (which can traverse the seas and the skies between ports and terminals). The high infrastructure costs inherent in rail transport thus require a revenue stream that both covers the incremental operating costs of running individual trains and provides sufficient additional funds to support that infrastructure.

Railways' need for adequate revenue to support both operations and infrastructure has often been at odds with political pressure for railways to charge lower rates or to maintain unprofitable routes deemed in the public interest. Both the United States and Canada have undergone significant changes to their legal regimes in an effort to strike the right balance. In the United States, the most significant reforms were made in the late 1970s and early 1980s in response to serious financial difficulties in the railway industry, including multiple bankruptcies. In a series of pieces of legislation culminating in the Staggers Rail Act of 1980, railways were given general freedom to price their services without government approval, the ability to more easily abandon unprofitable lines and the option to transfer unprofitable passenger service to the government-supported passenger provider Amtrak. Shippers retained the ability to challenge the quality of a railway's services or the level of rates in certain circumstances, but it was generally recognised that railways had the right to set rates at a level sufficient to support their infrastructure costs. The result of these successful reforms was the financial recovery of the US freight rail system, which continues to flourish today. The US regulatory landscape continues to be contested territory, with some freight shipper interests arguing for more aggressive regulation of freight service and rates and some passenger interests arguing that freight railroads should be more accommodating of Amtrak and commuter service. Furthermore, that landscape may be significantly altered by the July 2025 announcement of a proposed merger between Union Pacific and Norfolk Southern, which if approved by regulators would be the largest railway merger in US history and create the first US transcontinental railroad.

Canada's regulatory system has also undergone significant changes in recent decades, reflected in legislation such as the National Transportation Act of 1987 and the Canada Transportation Act of 1996 and in the 1995 privatisation of the Canadian National Railway. While Canadian and US practitioners can identify myriad differences in the details of the two regulatory systems, from a wider perspective there are many parallels:

- each system features large privately owned freight railways that each control their own infrastructure (supplemented by a number of short-line carriers);
- each country generally gives railways the freedom to price their services as they deem appropriate, but provides a mechanism for shippers to challenge rates that they believe to be unreasonable in certain circumstances (through final offer

arbitration in Canada and Surface Transportation Board rate complaints in the United States);

- each system provides mechanisms for shippers to challenge the quality of service they receive; and
- each country has separate state-supported national passenger railways.

In both nations, freight railways are expected to operate largely without public support and are permitted to charge rates allowing them to recover the costs of infrastructure. Indeed, both major Canadian railways – Canadian National Railway and Canadian Pacific Kansas City – have extensive operations in the United States and operate successfully in both countries.

Separated infrastructure and operating companies

A second type of rail regulatory regime (the ‘separated model’) is more common in Europe. In this model, an entity is charged with maintaining infrastructure and providing access to that infrastructure to rail operators. Operators are given licences to operate over the tracks maintained by the central infrastructure entity. In some jurisdictions, the infrastructure entity is entirely separate from operating entities. Examples of this arrangement include Network Rail in the United Kingdom and ProRail in the Netherlands. Other jurisdictions have hybrid models, where the infrastructure entity is part of a holding company that also controls operating entities. For example, in Germany, separate subsidiaries of Deutsche Bahn AG manage infrastructure and operations. Distinctions also arise among jurisdictions that have different mixes of operating entities. In some countries, the market continues to be dominated by a single operating entity (often the historic state-owned incumbent), whereas in others, market shares are more evenly distributed among several operating competitors.

To some degree, these separated models have been implemented to comply with EU rail laws. A series of EU railway packages has been enacted over the past two decades to support the ultimate goal of a single European railway area. In the interest of creating a level marketplace for operators to compete across borders, successive EU railway packages have required members to separate infrastructure and operating entities, to permit open access to rail operators and to eliminate state aid that could distort rail competition. Some level of government support of the rail industry remains common, particularly support of the infrastructure entity.

As discussed above, in vertically integrated systems the focus of economic regulation is on the rates charged by integrated railways to rail customers. In separated regimes, by contrast, the primary focus has been on the terms of network access and the charges payable by passenger and freight operators to infrastructure managers for network access. There is relatively little direct regulation limiting the rates charged by rail operators to freight shippers, although some jurisdictions limit fare increases for passengers.

Nationalised control

The third model, which has been tried historically in many jurisdictions and persists in some today, is nationalised control of rail infrastructure and some or all rail operations. The general

trend has been towards privatisation of nationalised railways, although the United Kingdom is currently considering re-nationalisation into the proposed Great British Railways.

Future trends

As the 21st century unfolds, the railway industry will face new challenges and opportunities, and the legal frameworks governing the industry will have to adjust to meet these new realities. One critical issue in the coming years will be how best to structure regulation to allow for smoother cross-border operations. Eliminating technical and legal obstacles to operating trains across national borders is essential to maximise the efficiencies of rail transport. One of the key successes of the US system was the centralisation of rail regulation in the national government so that railways could comply with national standards for rail equipment and safety rules rather than facing different regimes from state to state. Agreeing on equipment and safety standards across national borders is certainly more challenging than it was for the United States to do so internally, but efforts to streamline international rail transport are critical to enhancing its usefulness and sustainability. In particular, the European Union's progress in developing unified interoperability standards is a key trend to watch.

Another trend to watch is the extent to which rail systems on both sides of the Atlantic may be seeking lessons from the other. In the United States, many are pushing for the freight-centred US rail network to become more of a passenger-based network, citing the European passenger rail network as an inspiration. Amtrak has announced plans for a significant expansion of its passenger routes through the Amtrak Connects US programme, with a stated goal of doubling ridership by 2040. Privately funded passenger rail projects in the United States are also progressing, such as the Brightline service, which began operating between Orlando and Miami, Florida in 2024 and has begun construction on a route between Las Vegas, Nevada and the Los Angeles, California metropolitan area. Conversely, in Europe, the EU and several European nations have announced a focus on increasing freight rail's modal share of transportation and diverting truck traffic to rail, which would serve the twin goals of reducing CO2 emissions and mitigating traffic congestion.

Despite significant jurisdictional differences, international understanding and cooperation are key for the rail transport industry: from the physical movement of freight or passengers across country lines, to the marketing of rail technology equipment and the capital funding for cross-border investments. As the bicentennial of the Liverpool and Manchester Railway's intercity rail service approaches, rail transport remains both a critical part of the global supply chain network for freight and a continued vital avenue for the transport of people in our increasingly interconnected world.



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GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

Canadian National Railway (CN) and Canadian Pacific Kansas City Railway (CPKC), both of which operate across Canada, dominate the freight rail industry in Canada. They control the most important segments of rail trackage in Canada and move the vast majority of Canadian rail freight. Many shortline freight railways also operate in Canada, often to connect branch lines to the networks of CN and CPKC. Railway companies typically, but not always, own the track over which they operate.

VIA Rail is a publicly owned national rail carrier that provides passenger rail service, as do various regional commuter railways in major metropolitan areas. In some areas of the country, shortline railways provide rail tours.

Some American rail service providers such as BNSF Railway and CSX Transportation operate to a limited extent in Canada.

In general, federal jurisdiction extends to all railways that cross provincial or international boundaries, while railways that operate wholly within a province are subject to provincial jurisdiction. As CN and CPKC handle the majority of rail traffic in Canada, this section will primarily focus on federal statutes, regulations and rules.

Law stated - 25 August 2025

Ownership and control

2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

National passenger carrier VIA Rail is a Crown corporation wholly owned by the federal government. Regional commuter railways in the Montréal, Toronto and Vancouver areas are also owned by their respective provincial governments. Most passenger operations occur over track owned by Canada's two major freight railways.

The Canadian federal government is not directly involved in providing freight rail service.

Law stated - 25 August 2025

3 | Are freight and passenger operations typically controlled by separate companies?

Freight and passenger operations are typically controlled by separate companies, with a few limited exceptions serving remote areas.

Law stated - 25 August 2025

Regulatory bodies

4 | Which bodies regulate rail transport in your country, and under what basic laws?

The Canadian Transportation Agency is the primary economic regulator of federal railway companies under the [Canada Transportation Act](#). The provinces regulate provincial railways to varying extents.

The Minister of Transport and her department, Transport Canada, regulate the safety of federal railway companies under the [Railway Safety Act](#) and regulations, rules and standards thereunder.

Law stated - 25 August 2025

MARKET ENTRY

Regulatory approval

5 | Is regulatory approval necessary to enter the market as a rail transport provider? What is the procedure for obtaining approval?

A person wishing to operate a federal railway in Canada must obtain both a certificate of fitness and a railway operating certificate before beginning operations.

Any person may apply to the Canadian Transportation Agency (the Agency) for a certificate of fitness. The application must include a completed certificate of insurance form along with a list of the termini and route of each operation. The Agency must be satisfied that there will be adequate third-party liability insurance coverage for passenger rail services, or the applicable minimum liability insurance coverage for freight railway companies, as defined in the Canada Transportation Act and its regulations.

Railway companies must also apply to the Minister of Transport for a railway operating certificate before commencing operations. The application must include a description of the proposed operations of the company, as well as all relevant safety rules and requirements applicable to those operations. The Minister may issue railway operating certificates subject to terms and conditions.

Individual provinces each have their own approval processes for railways under their jurisdiction that require similar information about operations, insurance and safety rules.

Law stated - 25 August 2025

6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

A proposed merger or acquisition that meets certain prescribed financial thresholds requires pre-merger notification filings under the Competition Act. Where a proposed notifiable transaction involves a 'transportation undertaking', the proposed acquirer must

also notify the Minister of Transport, who may determine that the proposed transaction requires review to determine whether the transaction is in the public interest.

Law stated - 25 August 2025

7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

The Investment Canada Act applies to non-Canadians who seek to obtain control of any Canadian business, including railway companies. If a transaction meets certain prescribed financial thresholds, pre-closing approval is required. Any investment by a non-Canadian may be subject to national security review if the investment could be 'injurious to national security'. No special foreign investment approval is required for acquisitions of railway companies.

Law stated - 25 August 2025

8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

Railway companies must obtain the approval of the Canadian Transportation Agency before constructing new rail lines other than a rail line within the right of way of an existing rail line or within 100 metres of the centre line of an existing rail line for a distance of no more than three kilometres. Approval is generally granted if the Agency considers the location of the new rail line to be reasonable, taking into consideration requirements for rail operations and services and the interests of affected localities.

An application for approval must contain a detailed description of the proposed rail line construction and operations, as well as information about the location of the proposed rail line and any alternative locations that were considered. The company must also provide notice and information regarding the proposed construction to any relevant local or other government bodies, including any potentially affected Indigenous groups, and conduct engagement activities with impacted stakeholders. The company may also be required to conduct an environmental assessment with respect to the proposed project area.

Additionally, under certain circumstances, the railway company may be required to obtain approval for the construction of the rail line from other federal authorities such as Transport Canada, Fisheries and Oceans Canada or territorial authorities.

Law stated - 25 August 2025

MARKET EXIT

Discontinuing a service

9 | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

Regulatory approval is not required to sell, lease or otherwise transfer a rail line, or an operating interest in a rail line, for continued operation.

However, if a railway company wishes to discontinue service on a rail line, it must comply with a series of prescribed steps.

First, the railway company must publish its intent to discontinue the line in a three-year plan. The company must notify the Canadian Transportation Agency, the federal Minister of Transport (Minister), and any provincial or local governments or urban transit authorities through whose territory the rail line passes, of any changes made to the plan. A railway company may not take steps to discontinue operating a rail line before the company's intention to discontinue operating the line has been indicated in its plan for at least 12 months.

Thereafter, if the company intends to proceed with discontinuance, it must advertise the availability of the line for transfer for continued operations and engage in good faith negotiations with any party expressing an interest in acquiring the line. This part of the process can take anywhere from 60 days (the time during which the company must remain open to receiving expressions of interest) to eight months (the time for expressions of interest plus a prescribed six-month period to reach an agreement with an interested party). Either party to such a negotiation can seek a determination by the Agency of the net salvage value (NSV) of the line.

If no transfer results from this process, the company may decide to continue operating the line, in which case it must amend its three-year plan accordingly. If the company still intends to proceed with discontinuance, it must offer to transfer the line at NSV to the governments and urban transit authorities through whose territory the line passes.

If no transfer results from the foregoing process, the railway may file a notice of discontinuance with the Agency and stop providing service on the railway line.

The discontinuance process does not apply to yard trackage, sidings or spurs. Before dismantling a siding or spur in a metropolitan area, however, a railway company may, depending on the location of the track, be required to provide advance public notice and to offer to transfer it to specified public entities.

A modified discontinuance process applies to certain grain-dependant lines identified in the Canada Transportation Act.

Law stated - 25 August 2025

- 10** | On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

The Minister of Transport may suspend or cancel a company's railway operating certificate if the company no longer meets the requirements for obtaining the certificate, or if the company breaches any provision of the Railway Safety Act (RSA) or any regulations, rules, standards, orders or emergency directives made under the RSA. Other enforcement measures short of suspension or cancellation of a railway operating certificate are possible.

Any decision to suspend or cancel a railway operating certificate may be appealed to the Transportation Appeal Tribunal of Canada.

The Agency must suspend or cancel a certificate of fitness if it determines that the holder does not maintain the liability insurance coverage required by the Canada Transportation Act.

Law stated - 25 August 2025

Insolvency

- 11 | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

General bankruptcy and insolvency statutes, regulations and rules apply to federal railway companies. The Canada Transportation Act does not relieve a railway company from its service obligations during bankruptcy or insolvency.

Law stated - 25 August 2025

COMPETITION LAW

Competition rules

- 12 | Do general and sector-specific competition rules apply to rail transport?

Under the Competition Act, the Commissioner of Competition (Commissioner) may review any merger (which is defined broadly to include direct and indirect leases of shares or assets, amalgamations, combinations or other transactions that result in control over, or significant interest in, the whole or a part of a business of a competitor, supplier, customer or other person) to assess its competitive impact.

Generally, and subject to narrow exemptions under the Competition Act, if a merger exceeds certain prescribed 'size-of-party' and 'size-of-transaction' thresholds, each of the parties to the merger must prepare and file a pre-merger notification (PMN) with the Commissioner that includes prescribed information. The parties also typically file a narrative description of the transaction that analyses any competitive overlap between the parties, the extent of which can vary significantly depending on the circumstances.

Following both parties' PMN filings, the parties are subject to a statutory obligation not to complete the transaction for 30 days, during which period the Commissioner may determine whether further information is required to assess the transaction. If further information is required, the Competition Bureau (Bureau) may issue a supplementary information request (SIR), whereby the parties must submit further information if they still wish to proceed, which triggers a further waiting period. Once the parties have submitted their SIR responses and certified their completeness, the Commissioner has a further 30 days within which to apply to the Competition Tribunal for a remedial order, during which time the parties are subject to a statutory obligation not to close the transaction.

The Canada Transportation Act applies to the rail industry in the context of a merger. If a proposed merger is notifiable under the Competition Act (ie, requires the parties to prepare and file PMNs) and involves a 'transportation undertaking', such as a federal railway line, the parties must also notify the Minister of Transport (Minister) at the same time as the Commissioner. Following notification, the Minister may decide that a public interest review is necessary, in which case the Minister likely would consider the factors outlined in its [Guidelines for Mergers and Acquisitions involving Transportation Undertakings](#), including economic, environmental, safety, security and social factors. If the transaction raises public interest issues related to national transportation, it cannot proceed without the approval of the Governor in Council, which may be granted subject to any terms and conditions that the Governor in Council considers appropriate.

Law stated - 25 August 2025

Regulator competition responsibilities

- 13** | Does the sector-specific regulator have any responsibility for enforcing competition law?

The Commissioner of Competition and the Competition Bureau, and not the transportation regulators (Minister of Transport and the Canadian Transportation Agency), are responsible for enforcing competition law, except in the context of the Minister's review of the public interest in a notifiable merger involving a transportation undertaking, as explained above.

Law stated - 25 August 2025

Competition assessments

- 14** | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

Under the Competition Act, the Commissioner of Competition assesses mergers involving railways in the same manner as for other mergers; that is, to assess whether the merger prevents or lessens, or is likely to prevent or lessen, competition substantially.

The Competition Bureau has published [Merger Enforcement Guidelines](#), which as of mid-2025 the Competition Bureau is in the process of updating, that outline the factors the Commissioner considers when assessing the competitive effects of a transaction. The Bureau will analyse the relevant product and geographic markets, including both downstream and upstream markets. The analysis includes the combined post-merger market share of the merged entity (unilateral conduct), the post-merger four-firm concentration ratio (combined market shares of the largest four firms), the extent to which effective competition remains in the relevant product and geographic markets, the extent to which barriers to entry exist, the extent to which substitutes for the applicable products or services are available in the relevant markets and other factors.

Law stated - 25 August 2025

PRICE REGULATION

Types of regulation

15 | Are the prices charged by rail carriers for freight transport regulated? How?

Federal railway companies can establish prices for the transportation of freight from origin to destination (rates) and related services (ancillary charges) either unilaterally by issuing and publishing tariffs of rates and charges or by entering a confidential contract with a shipper.

The rates a federal railway company may charge for transferring or 'interswitching' freight traffic between a point of origin or destination on its network and the connection with another federal railway company within a prescribed radius are determined annually by the Canadian Transportation Agency. Rates differ based on distance 'zones' and size of shipment, with shipments in larger blocks of railcars attracting lower rates.

The transportation of grain grown in Western Canada is subject to revenue cap regulation. While railways are entitled to set their own grain rates, this regime constrains pricing by imposing a maximum revenue entitlement (MRE) on each of Canada's two major railways, Canadian National Railway and Canadian Pacific Kansas City Railway. The Agency determines each railway company's MRE annually using a formula that reflects changes in grain volumes transported, length of haul and railway input prices. Excess revenue and a penalty are payable if a railway exceeds its MRE.

The Canada Transportation Act also provides for several types of complaint-driven proceedings, in which rates or ancillary charges are determined on a case-by-case basis.

Law stated - 25 August 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

Federally regulated passenger railways are generally free to set their own prices but must publish them in tariffs that contain the information prescribed by regulation. In relation to the carriage of persons with disabilities, the [Accessible Transportation for Persons with Disabilities Regulations](#) prohibit a passenger railway from imposing any fare or other charge for certain services that the railway is required by the Regulations to provide to passengers with disabilities.

Law stated - 25 August 2025

17 | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

A freight shipper who is dissatisfied with the freight rates charged or proposed to be charged by a federal railway company can submit the rates for the movement of goods and any conditions associated with that movement to the Canadian Transportation Agency for final offer arbitration (FOA). At the request of either party, FOA proceedings are confidential.

The Canada Transportation Act (CTA) mandates the steps in the FOA process and associated timelines. Subject to agreement between the parties, these may be supplemented by procedural rules established by the Agency ([Procedures for the conduct of final offer arbitration pursuant to part IV of the CTA](#)). The Agency acts as a clearing house for the exchange of the parties' final offers, appoints the arbitrator and adjudicates any preliminary railway objections to a referral to an arbitrator. It can also provide administrative, technical or legal assistance if requested by the arbitrator.

The arbitrator must select one of the two final offers in its entirety, having regard to whether there is available to the shipper an 'alternative, effective, adequate and competitive means of transporting the goods' to which the FOA relates. Unless the parties agree to an extension, the arbitrator must render a decision within 60 days of the shipper's initial submission. The decision is retroactive to the date of that submission and remains in effect for a period of up to two years, as agreed by the parties or, failing agreement, as requested by the shipper in its initial submission.

With respect to prices for incidental services, excluding freight rates, a shipper may apply to the Agency to challenge the reasonableness of charges for the movement of traffic and associated conditions contained in a tariff that applies to multiple shippers. In making its determination, the Agency must consider the objective of the charge or conditions, industry practice and the existence of an effective, adequate and competitive alternative to the provision of the incidental service. If the Agency finds the challenged tariff provisions unreasonable, it may establish new charges or associated conditions to remain in effect for up to one year. The process is governed by procedural rules established by regulation ([Canadian Transportation Agency Rules \(Dispute Proceedings and Certain Rules Applicable to All Proceedings\)](#)).

While the CTA contains a number of other remedies related to freight rates, these have either never been used or fallen out of use.

There is no procedure under Canadian federal law for challenging prices charged for the transportation of passengers by rail generally. In relation to the transportation of persons with disabilities, Part V of the CTA allows the Agency, on application, to determine that specific fees or charges constitute an undue barrier to mobility and to require the carrier to take appropriate corrective action.

Law stated - 25 August 2025

- 18** | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

There is no such requirement under federal law.

Law stated - 25 August 2025

NETWORK ACCESS

Sharing access with other companies

19 | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

Railway companies are generally not required to grant network access to other parties, subject to the narrow, and generally unused, exceptions in the Canada Transportation Act (CTA).

Section 138 of the CTA allows a railway company, defined as a person who already holds a certificate of fitness, but not a shipper or other interested party, to apply to the Agency for the right to operate its trains over and on any portion of the network of any other railway company.

The Agency may grant the right and impose any conditions as appear just or desirable to the Agency, having regard to the public interest. No contested running rights application under section 138 has ever succeeded and few cases have been decided under predecessor statutes.

Section 139 of the CTA allows the Governor in Council to order that two or more railway companies allow joint or common use of a right-of-way. To our knowledge, no public decision has ever been issued under the current section 139 of the CTA.

Law stated - 25 August 2025

Access pricing

20 | Are the prices for granting of network access regulated? How?

If a railway company agrees to grant access to its network to another carrier, the pricing for such access is not subject to regulatory oversight.

In theory, if a railway company were to succeed in obtaining running rights over the line of another railway company under section 138, the Canada Transportation Act (CTA) would require the Agency to fix the amount of the access charge. Similarly, if the Governor in Council orders that two or more railway companies allow joint or common use of a right-of-way, the Governor in Council may, by order, fix the amount to be paid. Given the failure of contested running rights applications and the lack of public orders for joint or common use under section 139 of the CTA, the potential access prices are unaddressed under Canadian law.

The CTA allows urban transit authorities and other specified public passenger service providers to apply to the Agency for a determination of any matter, including access prices, raised in the context of the negotiation of any agreement concerning the use of the railway company's railway, land, equipment, facilities or services by the public passenger service provider. Other passenger rail service providers may use the final offer arbitration remedy in respect of rates or conditions associated with the provision of services by a railway company.

Law stated - 25 August 2025

Competitor access

- 21** | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

Canada does not have a declared policy on allowing access to existing rail networks. However, the national transportation policy set out in the Canada Transportation Act states that competition and market forces, both within and among the various modes of transport, are the prime agents in providing viable and effective transport services.

Law stated - 25 August 2025

SERVICE STANDARDS

Service delivery

- 22** | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

Sections 113–116 of the Canada Transportation Act (CTA) require federally regulated railway companies to provide ‘adequate and suitable accommodation’ for receiving all freight traffic offered for carriage on their railway. The service obligations extend to providing adequate facilities for connecting private sidings to the rail network and for transferring freight between rail carriers.

While a federal railway company accordingly cannot refuse to carry traffic, the service obligations are not absolute but have been described as requiring the railway company to provide the highest level of service that is reasonable in the circumstances. Jurisprudence going back more than 100 years has recognised exceptions in various circumstances beyond the railway’s control and that it could not reasonably have anticipated and managed or avoided. The availability of such justification is driven by the facts of each case.

Federal legislation does not address passenger service obligations generally. The [Accessible Transportation for Persons with Disabilities Regulations](#) prohibit federal passenger railways from refusing certain services to passengers with disabilities, provided the services are requested within prescribed timelines. In the absence of advance notice, a carrier must make ‘every reasonable effort’ to provide those services.

Law stated - 25 August 2025

- 23** | Are there legal or regulatory service standards that rail transport companies are required to meet?

Federally regulated freight railway companies must meet the standards enshrined in sections 113–115 of the Canada Transportation Act. A considerable body of jurisprudence addresses these standards in the context of specific disputes over railcar supply, frequency of service, embargoes and the rail infrastructure needed to accommodate traffic. Where these standards are particularised or modified by confidential contract, the terms of that

contract are binding in any proceeding about service inadequacy, but the mere existence of a confidential contract does not set aside the statutory service standards.

Apart from the standards set out in the [Accessible Transportation for Persons with Disabilities Regulations](#), there are no federal legal or regulatory service standards for passenger transportation by rail.

Law stated - 25 August 2025

Challenging service

24 | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

The statutory service obligations in respect of freight transportation and any service-related terms in a confidential contract are enforceable on complaint to the Canadian Transportation Agency (Agency). Complaints may be brought by a shipper or another party in the rail logistics chain, such as a transloader. The process is governed by the [Canadian Transportation Agency Rules \(Dispute Proceedings and Certain Rules Applicable to All Proceedings\)](#). The Agency's remedial powers include the ability to direct the allocation of equipment, the acquisition of property and generally the manner in which service must be provided, in addition to the power to award compensation for out-of-pocket expenses incurred due to a service failure. An Agency finding that a rail carrier has breached its service obligations also provides the basis for a court action for damages.

Since 2018, the Agency also has the ability to initiate a service investigation on its own motion.

While a complaint under section 116 is necessarily based on past or ongoing service shortfalls, a shipper may also require its rail carrier to offer to enter a forward-looking confidential contract dealing with service obligations. Where no agreement is reached, the shipper may initiate an arbitration before an arbitrator appointed by the Agency. The steps in this arbitration process and the relevant timelines are mandated by statute, supplemented by the [Rules of Procedure for Rail Level of Service Arbitration](#). The arbitrator's decision sets operational terms governing service for one year from the date of the decision (unless the parties agree otherwise) and is deemed to be a confidential contract. There have been few of these arbitration proceedings in recent years.

Service obligations related to the transportation of persons with disabilities are enforceable by application to the Agency. The procedural rules are the same as for complaints in respect of freight. If the Agency finds an undue barrier to the mobility of persons with disabilities, it may order corrective measures as well as financial compensation.

Law stated - 25 August 2025

SAFETY REGULATION

Types of regulation

25 How is rail safety regulated?

The Railway Safety Act (RSA) governs the safety of federal railway companies. It provides for the development of safety rules by the rail industry, subject to approval by the Minister of Transport (Minister), and requires federal railway companies to establish safety management systems. The Minister is responsible for railway safety regulation within federal jurisdiction.

Provincial governments are responsible for regulating the safety of railways under their jurisdiction. Provincial legislation often incorporates some or all of the requirements contained in federal statutes, regulations, rules and standards.

The Minister may enter into agreements with provincial ministers responsible for provincial railways regarding the administration of any law respecting railway safety and security.

Law stated - 25 August 2025

Competent body

26 | What body has responsibility for regulating rail safety?

The Minister is responsible for railway safety regulation within federal jurisdiction. Transport Canada develops and implements policies and regulations and administers the RSA. Provinces are generally responsible for railway safety regulation within the legislative authority of the province.

Law stated - 25 August 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

The Railway Safety Appliance Standards Regulations apply to the manufacture of rail equipment. The Railway Locomotive Inspection and Safety Rules require new freight and passenger locomotives to be designed and constructed as a minimum in accordance with the latest revision of the 'Association of American Railroads Manual of Standards and Recommended Practices' or an equivalent standard. The Railway Freight Car Inspection and Safety Rules contain similar requirements for new freight cars.

Law stated - 25 August 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

Part II of the Railway Safety Act regulates the maintenance of railway lines as well as road and utility crossings.

The Rules Respecting Track Safety prescribe minimum safety requirements for federally regulated standard gauge railway track, although a railway may adopt more stringent requirements. Railway companies must conduct track inspections in compliance with the Rules. Track inspectors, track supervisors and track maintenance persons must have certain qualifications.

Law stated - 25 August 2025

29 | What specific rules regulate the maintenance of rail equipment?

Rules regulating the maintenance of railway equipment and established under the Railway Safety Act include the Railway Freight Car Inspection and Safety Rules, the Railway Locomotive Inspection and Safety Rules and the Railway Passenger Car Inspection and Safety Rules.

Law stated - 25 August 2025

Accident investigations

30 | What systems and procedures are in place for the investigation of rail accidents?

The Canadian Transportation Accident Investigation and Safety Board Act (CTAISBA) establishes the Canadian Transportation Accident Investigation and Safety Board (Board) and governs the investigation of rail accidents.

The Board may investigate any transportation occurrence (including in relation to rail) on its own initiative or at the request of a government department, the lieutenant governor in council of a province or the Commissioner of NWT, Nunavut or Yukon, and must do so if requested by the Governor in Council.

Findings of the Board may not be construed as assigning fault or determining civil or criminal liability, and the CTAISBA restricts the admissibility of evidence gathered by the Board in its investigations for the purposes of civil or criminal proceedings.

The Board may enter into an agreement with a province relating to investigations into transportation accidents.

Regulations under the CTAISBA govern investigations of transportation accidents, including in respect of the preservation of information and the rights and privileges of observers attending an investigation.

Reporting of certain types of accidents to the Board is mandatory.

Law stated - 25 August 2025

Accident liability

31 | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

The ordinary liability regime generally applies, except as follows:

Division VI.2 of the Canada Transportation Act relates to liability for accidents involving crude oil and other designated goods. In such circumstances, the railway company is liable regardless of fault or negligence. Damages and costs are limited to the amount of the minimum liability insurance coverage the company is required to carry, unless the accident resulted from an act or omission that was committed either with intent to cause the accident or recklessly and with knowledge the accident would probably result.

The Railway Traffic Liability Regulations apply to the loss of, or damage to, goods or delay in their transportation.

Law stated - 25 August 2025

FINANCIAL SUPPORT

Government support

- 32** | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

The Canadian government provides both direct and indirect financial support to the industry. Railway companies are eligible for and have received funding through various initiatives and programmes, including the Canada Infrastructure Bank, which uses equity loans and other products to invest in infrastructure generally, as well as direct grants under programmes that are more narrowly focused on trade and transportation, including the National Trade Corridors Fund (NTCF). In 2016, the federal government announced the allocation of C\$2 billion over 11 years to the NTCF, with an additional C\$5 billion to be invested in trade and transportation projects through the Canada Infrastructure Bank.

Law stated - 25 August 2025

Requesting support

- 33** | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

Rules governing various government funding initiatives apply generally.

Law stated - 25 August 2025

LABOUR REGULATION

Applicable labour and employment laws

- 34** |

Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

The Canada Labour Code (the Code) governs labour relations and employment standards for federally regulated industries, including railway companies. The Code allows for regulations or orders to apply to specific classes of employees or industrial establishments. Sector-specific regulations include regulations governing the safety of employees on moving trains and exempting railway running-trades employees from general hours of work standards.

Law stated - 25 August 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

35 | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

Railway companies in Canada are subject to both federal and provincial environmental laws and specialised regulations, tailored to address the impacts associated with rail operations. The [Canadian Environmental Protection Act 1999](#) serves as a foundational law, ensuring the regulation of pollutants released into the environment and setting out penalties for non-compliance. This Act applies broadly to various sectors, including rail transport. The [Transportation of Dangerous Goods Act 1992](#) also plays an important role in governing the safe transportation of dangerous goods across all transport modes.

In addition, railway companies must adhere to specific rules and regulations designed for their sector. For instance, the [Locomotive Emissions Regulations](#) under the Railway Safety Act (RSA) directly address the rail transport sector by regulating emissions from locomotives. Additionally, the [Railway Safety Administrative Monetary Penalties Regulations](#) allow for monetary penalties for contraventions of certain provisions of the RSA or its regulations, including those related to environmental protection.

Provincial environmental laws and regulations apply to railways within their legislative authority. Municipal and local laws and bylaws may also apply.

Law stated - 25 August 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

The Building Canada Act (BCA), which took effect in June 2025, permits the Governor in Council, effectively the federal cabinet, to designate projects, including transportation infrastructure projects, as in the national interest. The BCA is aimed at ensuring that

such projects are advanced through an accelerated regulatory approval process. For the construction of rail-related infrastructure, designation as a national interest project has the potential to streamline the process for obtaining the requisite approval from the Canadian Transportation Agency under the Canada Transportation Act. Any approvals that may be required under the Railway Safety Act, however, are excluded from the application of the BCA.

Law stated - 25 August 2025



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UPDATE AND TRENDS

Key developments of the past year

GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

China's railway system is composed of state railways, local railways, industrial railways and private railway sidings. China State Railway Group Co, Ltd (China Railway) is mainly responsible for the construction and operation of national railways, and local railway companies are mainly responsible for the construction and operation of local railways. Industrial railroads refer to railways managed by enterprises or other entities to provide transportation services exclusively for the enterprise or within the entity. Railway private sidings, which refer to the branch lines managed by enterprises or other entities, are connected to state railways or other railway lines. Enterprises that have ownership of railway infrastructure have the right to independently determine the business operation of the railway transportation, including independent, cooperative, entrusted and other lawful modes of business operation. In China, the railway infrastructure owned by China Railway is usually operated by the transportation companies affiliated to it. Apart from those operated by local railway companies, the railway infrastructure owned by the latter is commonly entrusted to the transportation companies affiliated to China Railway because of the need for unified scheduling and operation.

Law stated - 28 August 2025

Ownership and control

2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

The Chinese central government is the shareholder of China Railway. Local railway companies are usually funded and established by China Railway, local state-owned enterprises, private capital and railway funds. Railway transportation companies are independent legal entities established in accordance with the Company Law (Company Law of the People's Republic of China (revised in 2023)). The central government or local governments only enjoy direct or indirect shareholder rights in the above-mentioned railway transportation companies. At present, China encourages domestic and foreign private capital to invest in the railway field.

Law stated - 28 August 2025

3 | Are freight and passenger operations typically controlled by separate companies?

As the railway transport permit usually includes both passenger transportation and cargo transportation, these two forms of transportation are, in principle, controlled by the same company.

Law stated - 28 August 2025

Regulatory bodies

4 | Which bodies regulate rail transport in your country, and under what basic laws?

According to the Railway Law (Railway Law of the People's Republic of China (revised in 2015)), the National Railway Administration is responsible for railway activities throughout the country, implementing over the state railway network a transport control system, which is highly centralised and under unified command, and shall provide guidance for, coordination among, supervision over and assistance to local railways, industrial railways and railway private sidings. The local governments are responsible for the management of local railways. According to the Railway Law, China Railway exercises part of the administrative functions granted by laws and administrative regulations.

Law stated - 28 August 2025

MARKET ENTRY

Regulatory approval

5 | Is regulatory approval necessary to enter the market as a rail transport provider? What is the procedure for obtaining approval?

Railway transportation providers need to apply to the National Railway Administration before entering the market and obtain the railway transportation licence only after passing the review. Measures for the Access and Licensing of Railway Transport Enterprises (revised in 2017) and Detailed Implementation Rules for the Access and Licensing of Railway Transport Enterprises (National Railway Transport Supervision Regulation No. 2 [2021]) stipulate specific licensing procedures. The general process is as follows:

- the applicant applies to the National Railway Administration by submitting documents, which mainly include the application form, the ownership or use right of the railway infrastructure and the rolling stock, as well as other relevant documents that prove technical ability, management ability and safety protection ability;
- the National Railway Administration then reviews the above-mentioned documents and, if necessary, conducts on-site inspections, organise appraisals and expert review. If local railways are involved, the National Railway Administration invites the relevant departments of local governments to participate in the review; and
- the National Railway Administration finally makes a written decision and approves the administrative licence to the applicants deemed qualified by the review; for those deemed unqualified by the review, a written decision is made not to grant the administrative licence, explaining the reasons and informing them of the rights to apply for administrative reconsideration or file an administrative lawsuit.

Law stated - 28 August 2025

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- 6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

No regulatory approval is required. However, if control is acquired through the transfer of state-owned equity or assets of the railway transport provider, the transferor needs to obtain in advance the consent of the regulatory authority supervising state-owned assets and undergo the legal procedures for state-owned asset transactions.

Law stated - 28 August 2025

- 7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

Since 2018, China has removed all restrictions on foreign entities from owning or controlling railway transportation companies.

Law stated - 28 August 2025

- 8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

For newly built railway projects (including build-out projects) listed in the national approved plans, those funded mainly by China Railway are decided by themselves and reported to the National Development and Reform Commission (the NDRC) for record, while those invested by other enterprises are generally to be approved by the provincial government. Local intercity railway projects are approved by provincial government in accordance with national approved plans and reported to the NDRC for record; other projects are to be approved by provincial government.

Law stated - 28 August 2025

MARKET EXIT

Discontinuing a service

- 9 | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

The voluntary suspension of services by railway transportation companies is governed by Measures for the Access and Licensing of Railway Transport Enterprises (revised in 2017) and Detailed Implementation Rules for the Access and Licensing of Railway Transport Enterprises (National Railway Transport Supervision Regulation No. 2 [2021]). The demolition of railway infrastructure on specific routes is governed by the Railway Law and Regulation on the Administration of Railway Safety (Decree No. 639 of the State Council).

Law stated - 28 August 2025

- 10** | On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

The National Railway Administration may revoke the operation authorisation of the railway transportation provider in accordance with the circumstances stipulated in article 27 of Measures for the Access and Licensing of Railway Transport Enterprises (revised in 2017) and article 34 of Detailed Implementation Rules for the Access and Licensing of Railway Transport Enterprises (National Railway Transport Supervision Regulation No. 2 [2021]) (mainly in the event that the railway transportation licence is obtained illegally), upon the request of interested parties or ex officio. The authorised provider may apply for administrative reconsideration or administrative lawsuits in accordance with the Administrative Reconsideration Law of the People's Republic of China (revised in 2023) and Administrative Litigation Law of the People's Republic of China (revised in 2017).

Law stated - 28 August 2025

Insolvency

- 11** | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

There are no specific departmental rules or regulations governing the bankruptcy of railway transport providers in China. The general bankruptcy principles stipulated in the Enterprise Bankruptcy Law are uniformly applied. According to the relevant provisions of the Enterprise Bankruptcy Law, whether the enterprise can continue to operate during the period of bankruptcy liquidation shall be decided by the administrator or the meeting of the creditors. If they decide to continue business operations, the business may be continued. Otherwise, according to the Detailed Implementation Rules for the Access and Licensing of Railway Transport Enterprises (National Railway Transport Supervision Regulation No. 2 [2021]), the railway transportation provider must submit a written application to the National Railway Administration 90 days in advance, and make an announcement to the public 60 days in advance to properly arrange the relevant transportation business in accordance with relevant regulations.

Law stated - 28 August 2025

COMPETITION LAW

Competition rules

- 12** | Do general and sector-specific competition rules apply to rail transport?

At present there is no specific competition law applied to the railway transportation industry only, which is subject to the Anti-Monopoly Law of the People's Republic of China (revised in 2022) and the Anti-Unfair Competition Law of the People's Republic of China (revised in 2019).

Law stated - 28 August 2025

Regulator competition responsibilities

13 | Does the sector-specific regulator have any responsibility for enforcing competition law?

In China, competition law generally contains two aspects: anti-monopoly and anti-unfair competition. The state and provincial administration authorities for market regulation are responsible for the enforcement of the Anti-Monopoly Law. The enforcement of the Anti-Unfair Competition Law is carried out by the administration authorities for market regulation and other departments.

In addition, to prevent the release of policies and measures eliminating and restricting competition, the Opinions on Establishing a Fair Competition Review System in the Construction of a Market System promulgated by the State Council (Guiding Case No. 34 [2016]) establish a system that requires specific departments in charge of the rail transport industry to conduct a pre-fair competition self-review on their policy-making.

Law stated - 28 August 2025

Competition assessments

14 | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

According to the relevant provisions of competition law in China, such as the Anti-Monopoly Law and Regulation on Fair Competition Review (Decree No.783 of the State Council), the main standard refers to:

- the business operator and, inter alia, whether operators with a competitive relationship have entered into a monopoly agreement, whether a concentration of operators or unfair trade practices are involved, and whether it holds a dominant market position and abuses it. The dominant market position of a business operator is determined based on the following factors:
 - the business operator's market share in a relevant market, as well as the competitive situation of the relevant market;
 - the ability of the business operator to control the sales market or the market from which raw materials are purchased;
 - the financial and technical ability of the business operator;
 -

the degree of reliance of other business operators on the business operator in terms of trading;

- the degree of difficulty for market entry by other business operators; and
- other factors relevant to the determination of a dominant market position of the business operator); and
- the government and whether there is abuse of administrative power to exclude or restrict competition by corresponding regulatory policies on market access, industrial development, bidding and tender, government procurement, codes of business and qualification standards (including standards on market access and exit, free circulation of goods and other factors, and costs and operation of production and business).

Law stated - 28 August 2025

PRICE REGULATION

Types of regulation

15 | Are the prices charged by rail carriers for freight transport regulated? How?

The freight rates charged by rail carriers are regulated by the [Price Law of the People's Republic of China](#), the Railway Law and other laws in China. Freight rates for railways are subject to government guidance or government pricing, while competitive fields are subject to market-regulated pricing. The pricing authority on government guidance and government pricing and its scope of application are based on the pricing catalogues issued by the central government and local governments.

The items, rates of miscellaneous charges for railway cargo transportation and the railway parcel tariff rates are set independently by railway transportation enterprises. The railway goods, parcel tariff rates, items and rates of miscellaneous charges for the transportation of goods must also be announced before implementation.

In accordance with the Notice of the National Development and Reform Commission (NDRC) on Deepening the Market-Oriented Reform of Railway Freight Prices and Other Relevant Issues (NDRC Price No. 2163 [2017]). For all categories of carload freight transport subject to government-guided pricing, railway transport enterprises may autonomously determine specific freight rates based on the state-mandated benchmark rates, within a range of up to 15 per cent upward adjustment and no limit for downward adjustment, according to market supply and demand conditions. The freight rates for railway container and less-than-carload shipments of all goods, as well as for 12 categories of carload shipments (including mineral building materials, metal products and industrial machinery), are subject to market-regulated pricing and are independently set by railway transport enterprises in accordance with the law.

Law stated - 28 August 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

Passenger transport prices are also regulated accordingly. Passenger fare rates and luggage rates for railways are subject to government guidance or government pricing, while market-regulated pricing is applied in competitive fields.

The pricing authority on government guidance and government pricing and its scope of application are based on the pricing catalogues issued by the central government and local governments.

The items and rates of miscellaneous charges for railway passenger transportation are set independently by railway transportation enterprises.

Passenger fare rates, luggage rates for railways, items and rates of miscellaneous charges for the transportation of passenger must also be announced before implementation.

Law stated - 28 August 2025

- 17** | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

In practice, challenges on the pricing can be made by applying to the competent authorities for information disclosure procedures such as fare hearings. There are also cases of dispute raised by freight carriers or passengers who challenged pricing, and finally can be heard and decided by the competent arbitration centres, courts or other dispute resolution institutions, in accordance with the Civil Procedure Law (the Civil Procedure Law of the People's Republic of China (Amended in 2023)), the Arbitration Law (the Arbitration Law of the People's Republic of China (Amended in 2017)) or other relevant laws.

Law stated - 28 August 2025

- 18** | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

Generally, except for special groups of people (eg, minors, school students, disabled soldiers and police officers) who are entitled to enjoy preferential policies, a unified pricing standard on passenger and freight transport is implemented for shippers and passengers.

Law stated - 28 August 2025

NETWORK ACCESS

Sharing access with other companies

- 19** | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

The Chinese Railway Authority coordinates and regulates transport routes and timetables in a unified manner, and therefore the entity controlling rail infrastructure has no right to deny network access to other railway transport companies. However, there are exceptions,

such as certain industrial railways or railway private sidings that are built or operated and managed exclusively by enterprises or other entities, which are aimed at providing internal transport services only.

Law stated - 28 August 2025

Access pricing

20 | Are the prices for granting of network access regulated? How?

In practice, some pricing standards might exist; however, to our knowledge, no pricing standards or rules have currently been announced to the public.

Law stated - 28 August 2025

Competitor access

21 | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

In recent years, China has vigorously encouraged social capital to enter the railway industry. On 10 July 2015, the National Development and Reform Commission (NDRC), the Ministry of Finance, the former Ministry of Land and Resources, the State Railway Administration and the former China Banking Regulatory Commission jointly issued Implementing Opinions on Further Encouraging and Expanding the Investment of Private Capital in the Construction of Railways (NDRC Infrastructure No. 1610 [2015]) to further encourage and expand the investment of private capital in railways, promoting market competition and accelerating the development of the railway undertakings. The Implementing Opinions state that the market of railway investment and operation shall be fully opened up, to actively encourage private capital to enter the railway sector in all aspects, and to focus on encouraging private capital to invest in the building and operation of intercity railways, urban (suburban) railways, railways designed for resource development and branch railways, to encourage private capital to participate in the investment in railway passenger and freight transportation service business and in 'go-global' railway projects, and to support competent businesses to invest in the building and operation of main railway lines according to relevant provisions of the state.

On 12 December 2024, the General Office of the CPC Central Committee and General Office of the State Council issued the Opinions on Accelerating the Construction of a Unified and Open Transportation Market, which emphasises the need to steadily advance the reform of the natural monopoly segments in the railway transportation field, accelerating the market-oriented reform of the competitive segments in industries such as railways. Meanwhile, it encourages and guides social capital to participate and invest in railway construction and operation in accordance with laws and regulations, to promote the diversification of railway transport business operators and moderate competition. In addition, it supports eligible enterprises to independently operate intercity railways and

suburban (urban–suburban) railways, and supports locally controlled railway enterprises to independently choose their operation and management models.

Law stated - 28 August 2025

SERVICE STANDARDS

Service delivery

- 22** | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

Basically, rail transport providers must provide services to all customers at their request. However, there are some exceptions or restrictions.

For example, the Regulations for Railway Passenger Transport (Order No. 37 of the Ministry of Transport of the People's Republic of China, 2022) stipulate that railway transportation enterprises may refuse to transport the following people:

- those who refuse to pay the required fare supplements or surcharges, and to undergo security checks;
- those who purchase tickets with real names but fail to accept identity information verification or whose ticket information does not match the ID held or their actual identity;
- those who have infectious diseases and are thus subject to isolation management; and
- passengers who disrupt the order at stations or on trains, and those who carry dangerous or prohibited items.

In the event that passengers insist on carrying dangerous or prohibited articles (eg, explosives, flammable substances) despite dissuasion by railway staff, rail transport providers must refuse to transport them.

Law stated - 28 August 2025

- 23** | Are there legal or regulatory service standards that rail transport companies are required to meet?

In terms of the transport services, railway transport companies are required to conform to the relevant laws and regulations, including the Railway Law, the Civil Code (the Civil Code of the People's Republic of China) and the Regulation on the Administration of Railway Safety (Decree No. 639 of the State Council), as well as the requirements of standards, norms and codes such as the Regulations of Railway Passenger Transport (Order No. 37 of the Ministry of Transport of the People's Republic of China, 2022), Quality of Railway Passenger Transport Service (GB/T 25341), Measures for the Supervision and Administration of Railway Transport Service Quality (Order No. 5 of the Ministry of Transport of the People's Republic of China, 2023).

Law stated - 28 August 2025

Challenging service

24 | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

The Measures for the Supervision and Administration of Railway Transport Service Quality (Order No. 5 of the Ministry of Transport of the People's Republic of China, 2023) detail the procedures for passengers to challenge the quality of service. Passengers, consignors and consignees may raise complaints to railway transport companies or railway regulatory authorities regarding issues with railway transport service quality. If passengers, consignors or consignees are dissatisfied with the complaint handling results of railway transport companies, they may also file appeals with the railway regulatory authorities. The railway regulatory authorities must investigate the matters involved in the appeals. Meanwhile, the Market Monitoring and Evaluation Center of the National Railway Administration, entrusted by the National Railway Administration, is to uniformly accept complaints, appeals and suggestions from passengers, consignors and consignees regarding railway transport service quality to the National Railway Administration. If the railway regulatory authorities find that railway transport companies have issues with the quality of the railway transport service, they must order them to make corrections. Where laws, administrative regulations and rules stipulate that penalties are required, penalties are to be imposed.

Furthermore, cases of dispute raised by freight carriers or passengers concerning the quality of service can be heard and decided by the competent arbitration centres, courts or other dispute resolution institutions, in accordance with the Civil Procedure Law, the Arbitration Law and other relevant laws.

Law stated - 28 August 2025

SAFETY REGULATION

Types of regulation

25 | How is rail safety regulated?

A multi-dimensional regime of supervision on railway safety that is implemented in China involves:

- Overall supervision: the State Railway Administration is responsible for the supervision and management of railway safety nationwide, and eight local railway supervision administrations under the State Railway Administration are responsible for the supervision and management of railway safety within their jurisdictions.
- Local government assistance: local governments at all levels and the relevant departments of the local governments at or above county level alongside railway lines must, according to their respective functions and duties, strengthen

railway safety protection education, implement the accountability system for road maintenance and joint protection, prevent and stop behaviour endangering railway safety, coordinate and handle matters related to railway safety, and conduct to a high standard the work related to railway safety.

- Multi-dimensional supervision: railway safety involves a wide range of fields, such as quality of railway construction and special equipment, safety of railway line and railway operation. The national railway supervision and management authority has adopted multi-dimensional supervision measures in these fields to ensure railway safety.

Law stated - 28 August 2025

Competent body

26 | What body has responsibility for regulating rail safety?

The State Railway Administration is responsible for the supervision and management of railway safety nationwide, and eight local railway supervision administrations under the State Railway Administration are responsible for the supervision and management of railway safety within their jurisdictions.

Law stated - 28 August 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

When conducting production and business operation, the manufacture of railway equipment is regulated by the Work Safety Law (Work Safety Law of the People's Republic of China (2021 Amendment)), which is the basic law applicable in the field.

Chapter III of the Regulations on the Administration of Railway Safety (Decree No. 639 of the State Council) specifically provide for the quality and safety of special railway equipment and are specifically related to the safety of railway equipment.

In addition, relevant authorities have also formulated regulations or normative documents such as the Approval Measures for Railway Transportation Infrastructure Equipment Production Enterprises (revised in 2021), the Implementation Rules for the Supervision and Administration of the Quality and Safety of the Use and Maintenance of Railway Equipment (Order No. 7 of the Ministry of Transport of the People's Republic of China, 2023), the Implementation Rules for the Supervision and Administration of the Quality and Safety of the Source of Railway Equipment (National Railway Administration Regulation on Equipment Supervision No. 6 of 2024), the Design Specifications for Railway Wagon Vehicle Equipment (TB 10031-2021), the Design Specifications for Railway Passenger Vehicle and Equipment (TB 10029-2022) and other relevant regulations or normative documents, as well as technical standards, industry standards and other documents of standards involving the production of various types of railway equipment.

Law stated - 28 August 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

The Railway Law and Regulation on the Administration of Railway Safety (Decree No. 639 of the State Council) provide for the maintenance of railway infrastructure, and railway transport enterprises bear the main responsibility for the daily management and maintenance of railway infrastructure. In addition to the main infrastructure, railway transport involves other facilities such as communications and road warning signs, and therefore requires maintenance by other professional bodies, such as telecommunications enterprises and road operating enterprises.

Law stated - 28 August 2025

29 | What specific rules regulate the maintenance of rail equipment?

In addition to the general provisions of the Railway Law and Regulation on the Administration of Railway Safety (Decree No. 639 of the State Council), the National Railway Administration has also issued many departmental regulations related to the maintenance of railway equipment, such as High-Speed Railway Signal Maintenance Rules (CR Operation No. 322 [2015]), General Railway Signal Maintenance Rules (CR Operation No. 238 [2015]), Railway Communication Maintenance Rules (CR Operation No. 295 [2014]), Railway EMU Application Maintenance Rules (CR Operation No. 238 [2017]), Railway Bus Electric Equipment Maintenance Rules (for Trial Implementation) (CR Operation No. 29 [2015]) and other maintenance rules.

Law stated - 28 August 2025

Accident investigations

30 | What systems and procedures are in place for the investigation of rail accidents?

According to the relevant provisions of the Regulation on the Emergency Rescue, Investigation and Handling of Railway Traffic Accidents (revised in 2012), the competent railway department under the State Council is responsible for organising, directing and coordinating the investigation of railway accidents as stipulated by the state, and is responsible overall for the investigation of railway accidents. Railway regulatory agencies must organise, participate in and coordinate the investigation of accidents within their jurisdiction in accordance with prescribed authorities and procedures. Furthermore, other relevant departments of the State Council and relevant local governments must organise and participate in accident investigation in accordance with their respective duties and responsibilities.

The specific procedures for railway accident investigation are mainly as follows:

- Establishing an accident investigation team: the severity of the accident can be divided into four levels: particularly significant accident, significant accident, relatively significant accident and general accident. The investigation authority and investigation time limit of each level are different. Before the accident investigation team arrives on the scene, the authorities organising the accident investigation may appoint a temporary investigation team to investigate the scene, learn about the casualties, derailment of locomotives and vehicles, damage to equipment, preserve traces and physical evidence, search for clues and causes of the accident, and report to the investigation team. Among them, particularly significant accidents are investigated by an accident investigation team organised by the State Council or a department authorised by the State Council and a team organised by the railway authority under the State Council. Relatively significant accidents and general accidents are investigated by an accident investigation team organised by the railway management institution at the place where the accident occurred. Where the railway authority under the State Council deems necessary, it may organise an accident investigation team to investigate relatively significant accidents and general accidents.
- Providing a technical appraisal or assessment (if necessary): in the event that technical appraisal or assessment is required during accident investigation and handling, such as for evaluating damage to railway equipment, facilities and other property, or direct economic losses resulting from railway service disruption, an investigation team must entrust institutions with qualifications mandated by the state to conduct such technical appraisal or assessment.
- Drafting the railway traffic accident investigation report: the investigation team must draft the Railway Traffic Accident Investigation Report, which shall be submitted to the authority organising the accident investigation for approval.
- Drafting the confirmation of a railway traffic accident: the confirmation of railway traffic accident is the basis for accident compensation, accident handling and accident liability investigation.

Law stated - 28 August 2025

Accident liability

- 31** | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

According to article 1240 of the Civil Code and article 58 of the Railway Law, the principle of liability without fault shall apply in terms of the liability of the railway transport company in a railway accident. The business operator will be held liable for any damage due to a traffic accident or other operational accident. However, the operator will not be liable for any damage as a result of *force majeure* or when the victim is at fault. If the victim has been grossly negligent, thereby causing the damage, the liability of the business operator may be mitigated.

Law stated - 28 August 2025

FINANCIAL SUPPORT

Government support

- 32** | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

In general, the funds needed by railway transport companies are raised by themselves through equity capital, loans and bond issuance. However, the government also provides policy-based transport financial support in accordance with the current state of the railways.

On 12 December 2023, the National Development and Reform Commission (NDRC) issued the Administrative Measures for the Special Management of Central Budgetary Investment in Railway Projects (Measures), which will remain in force until the end of 2027. According to the Measures, Central Budgetary Investment arranged by the NDRC through capital injection and other methods shall be invested into the projects by China Railway as the representative investor. The government will focus on supporting railway projects in remote or underdeveloped areas, intercity railway projects (eg, Beijing–Tianjin–Hebei intercity railways) and projects that enhance railway freight capacity, and it will provide central government financial support ranging from 10 to 40 per cent of project capital depending on the type of project.

Furthermore, some local governments may grant special subsidies based on the operating conditions of railway companies, such as subsidies for their losses.

Law stated - 28 August 2025

Requesting support

- 33** | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

At present, there is no sector-specific legislation or regulation governing financial support for railway companies in China. Such support is generally provided through policies issued by central or local finance authorities for a specified period.

At the central government level, the NDRC issued the Measures (as mentioned in the previous subsection), which provide for financial support to key railway infrastructure projects. To request such support, in practice, China Railway must submit applications to the NDRC in accordance with the annual construction plan, and the NDRC is responsible for reviewing the applications and allocating the annual investment plan in a lump sum or in instalments.

At the provincial level, a number of provincial governments have also issued policies to support local railway development. For example, the Department of Finance of Jiangxi

Province issued the 2022–2030 Policy Scheme on Fiscal Support for Railway Construction and Operation (the Jiangxi Scheme), which stipulates that, from 2022 onward, the provincial capital contributions for new railway projects are to be shared between the provincial government and the municipalities or counties along the railway line in a 4:6 ratio. It further provides that 70 per cent of the interest expenses on railway construction debt financing are to be subsidised through interest support, jointly borne by the province and the local governments. Similarly, in the first half of 2025, the Department of Finance of Jiangsu Province allocated 6 billion yuan in subsidies to support local railway construction.

Law stated - 28 August 2025

LABOUR REGULATION

Applicable labour and employment laws

- 34** | Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

Measures for Labour Employment Management in National Railways (Tie Lao No. 94 [1997]) apply to railway enterprises, workers who establish labour relations with them and personnel employed by them through service agreements.

Furthermore, the Labour Law ([Labour Law of the People's Republic of China \(revised in 2018\)](#)), the Labour Contract Law ([Labour Contract Law of the People's Republic of China \(revised in 2012\)](#)), the Civil Code and the Regulations on Personnel Management of Public Institutions (Order of the State Council No. 652) may also apply depend on the type of employment relationship.

In December 1994, the Ministry of Railways (abolished and succeeded by the National Railway Administration), the Ministry of Labour and Social Security issued the Notice by the Ministry of Railways, Ministry of Labour on Implementing Several Provisions of the Labour Law of the People's Republic of China, which clarifies that generally the working time standards stipulated by the state shall apply to the railway enterprises, except that the working time shall be subject to a comprehensive calculation weekly, monthly, quarterly and annually, respectively, according to the characteristics of the operation of railway enterprises. The shift work system is characterised by a pattern of centralised schedule of work and rest or shift work, under which the average monthly working time for all kinds of positions shall not exceed 186.6 hours annually. This departmental rule is currently in effect.

Law stated - 28 August 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

- 35** | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

The construction and operation of railways are governed by the Environmental Protection Law (Environmental Protection Law of the People's Republic of China (revised in 2014), Environmental Impact Assessment Law (Law of the People's Republic of China on Environmental Impact Assessment (revised in 2018) and other relevant laws.

In addition, in April 1997, the Ministry of Railways issued the Regulations on Railway Environmental Protection (Tie Ji No. 46 [1997]), which set out specific provisions on the environmental supervision and management of railway enterprises, the prevention and control of environmental pollution by transportation, the treatment and comprehensive utilisation of industrial pollution, the prevention of new pollution and other issues. This departmental rule is currently in effect.

Law stated - 28 August 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

Two notable trends that have emerged in China's railway sector are as follows:

- The revision of the Railway Law has been included in the State Council's 2025 legislative agenda and is expected to be submitted to the Standing Committee of the National People's Congress for deliberation. This agenda, together with updates made to related regulations such as the Railway Safety Management Regulation, reflects a stronger emphasis on rule-of-law governance and safety management in the railway industry.
- The central government has expanded the use of special treasury bonds to support infrastructure in 2025, including railway construction. At the same time, new financing models such as public real estate investment trusts for railway assets continue to attract attention.

Law stated - 28 August 2025



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UPDATE AND TRENDS

Key developments of the past year

GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

The rail transport industry in Mexico is part of both the public and private sectors, and nowadays, it plays an important role. In Mexico, the railroad industry is a priority economic area for national development in accordance with the Mexican Constitution and the state is in charge of its regulation and supervision. The general railroad communication routes are part of the federal public domain. The state grants concessions to the private sector or assignments to public entities to build, operate and detonate the railroads and to provide the public with railroad transportation services. Railroads built pursuant to concessions become part of the public domain, even when they are built by the private sector.

Additionally, the state grants authorisations to the private and public sector to provide auxiliary services for passenger terminals, cargo terminals, transshipment and transfer of liquids, railroad equipment maintenance shops and supply centres for the operation of railroad equipment. Likewise, the state may grant permits to build and operate bridges, accesses, crossings or facilities on or over railroad tracks, or to install advertisements and advertising signs on the same.

The state exercises its powers in railway matters through the Ministry of Infrastructure, Communications and Transportation (SICT), specifically through the Integrated Rail and Public Transport Agency.

As at December 2023, the Mexican Railway System covers 27,732km, including main, secondary and private tracks. Of this, 18,024km are operated under private concessions.

Law stated - 25 September 2025

Ownership and control

2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

Yes, the state may grant assignments to public entities for the provision of rail transport services. The state has recently granted assignments to public entities to provide rail transport services. For example, the majority state-owned company Tren Maya, S.A. de C.V. has an assignment granted by the state to provide freight and passenger railroad services on the Tren Maya railroad in the south of Mexico.

Law stated - 25 September 2025

3 | Are freight and passenger operations typically controlled by separate companies?

In Mexico, freight and passenger operations in Mexico are commonly controlled or provided by different companies. However, the state may grant concessions and assignments to the

private and public sectors, respectively, for the provision of both railroad service and freight and passenger transportation. For example, the majority state-owned company Tren Maya, S.A. de C.V. has an assignment granted by the state to provide railroad services for the transportation of cargo and passengers.

Regarding rail freight transportation in Mexico, the main companies that provide the services are as follows:

- Kansas City Southern de Mexico, S.A. de C.V.;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V.;
- Ferrocarril Mexicano, S.A. de C.V.;
- Línea Coahuila-Durango, S.A. de C.V.; and
- Ferrosur, S.A. de C.V.

The main company providing rail passenger transportation services in Mexico is Ferrocarriles Suburbanos, S.A.P.I. de C.V.

Law stated - 25 September 2025

Regulatory bodies

4 | Which bodies regulate rail transport in your country, and under what basic laws?

The SICT regulates rail transport through the Integrated Rail and Public Transport Agency.

The primary laws and regulations governing rail transport in Mexico include:

- the Law on the Regulation of Rail Services;
- the Law on General Communication Routes;
- the General Law of National Assets; and
- the Railway Services Regulations.

Additionally, the SICT has issued several Mexican Official Standards on railroad matters, which are binding and whose purpose is to promote quality in the development of railroad activities by establishing technical specifications applicable both to the provision of railroad services and to the facilities, equipment and goods involved in the exploitation of the rail transport industry.

Law stated - 25 September 2025

MARKET ENTRY

Regulatory approval

5 | Is regulatory approval necessary to enter the market as a rail transport provider? What is the procedure for obtaining approval?

To enter the market as a rail transport provider, it is required to obtain a concession granted by the Ministry of Infrastructure, Communications and Transportation (SICT). The SICT grants concessions through public bidding and issues requests for proposals for interested parties to submit their proposals. The bids are published in the Federal Official Gazette and in the gazettes of the states where the railroads will be built.

Interested parties must submit their bids in accordance with the requests for proposal (RFP). The SICT through the relevant agency prepares and publishes the RFP. Interested parties must prove to the SICT their legal, technical, administrative and financial capacity to provide the rail transport service being tendered and must have a favourable opinion from the Antitrust Authority regarding their participation in the bid. The SICT issues and publishes a ruling based on the proposals received. The concession is granted to the bidder that has submitted the best offer guaranteeing the greatest benefits for the state in terms of quality, price and efficiency. The SICT grants concessions for a term of up to 50 years, which may be extended on one or more occasions. The SICT must publish the concession granted in the Federal Official Gazette and will issue the RFP, which will contain the terms of each of the stages of the bidding process.

The party interested in obtaining a concession may request the SICT to issue an RFP for the concession in which it is interested. To grant a concession, the SICT must carry out, among other things, the following actions before the Ministry of Finance and Public Credit:

- obtain its favourable opinion on the economic profitability of the project for the state;
- register the project in the state's portfolio of investment projects so that federal resources can be allocated for its execution; and
- present the consideration that the concessionaire must pay to the state (federal government) for the detonation of the concession granted. Additionally, the SICT may grant assignments to provide railroad transportation services to states, municipalities and state-owned entities.

Therefore, for private entities to enter the market as a rail service provider in Mexico, it must be awarded with a public bid where the state offers a route of the national railway system. In other words, the government must first offer the route and then the bidders can submit an RFP to be awarded the concession. The interested rail service provider meeting the requirements of the RFP and offering the best in terms of quality, price and efficiency will be awarded the concession.

Law stated - 25 September 2025

6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

Concessionaires must give notice to the SICT when they make a change in the participation of their capital stock if this change is equal to or greater than five per cent of their capital stock in one or more simultaneous or successive operations. The same requirement exists in the event of a merger, transformation or spin-off. This notification must be made within 30 calendar days after the transaction takes place. Additionally, depending on the amount of the transaction, a favourable resolution from the Antitrust Authority may be required.

The SICT shall authorise the total or partial transfer of rights and obligations of any railway concession within a period not exceeding 90 days after the application is submitted. Notice shall be given to the Antitrust Authority before requesting authorisation to the SICT. It is prohibited to transfer in any respect the rights and obligations of a railway concession to a foreign government.

Law stated - 25 September 2025

7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

Railway concessions in Mexico are reserved for Mexican companies. Foreign investment may participate up to 49 per cent in the share capital of the concessionary companies. The National Foreign Investment Commission must provide a favourable resolution and the foreign investment would be required to participate at a higher percentage. With respect to the above, the Commission in question will consider whether the investment favours the regional and technological development of the region and if it will safeguard Mexico's sovereignty.

Law stated - 25 September 2025

8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

The SICT must provide a concession to build railways that are general communication routes. Mexican regulations consider a railway to be a general communication route when:

- it connects two states or Mexico City with another state;
- part of the route is within the border zone of 100km or 50km in the case of coasts (unless it does not cross the border with another country and does not operate outside the boundaries of towns); or
- it connects with any other railway considered a general communication route and is used to provide rail freight or passenger transport services to the public.

The SICT grants concessions through a public bidding process to the entity that meets the requirements set out in the request for proposal and submits the bid that represents the best conditions for the state in terms of price, quality and efficiency. Concessionaires may contract with third parties for the construction, conservation and maintenance of the railroad. To issue a call for a bid for the granting of a concession for the construction of railways, the SICT must obtain a favourable opinion from the Ministry of Finance and Public Credit regarding the profitability of the relevant project.

Additionally, the SICT may also grant assignments to states, municipalities and state-owned entities for the construction of railways, in which case the bidding process referred to above is not carried out.

Law stated - 25 September 2025

MARKET EXIT

Discontinuing a service

- 9 | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

According to the Law on the Regulation of Rail Services, concessions may terminate upon the resignation of the concessionaire. However, authorisation from the Ministry of Infrastructure, Communications and Transportation (SICT) is required to permanently interrupt the provision of rail transport services. The resignation of the concession and the request to discontinue the provision of transport services must be submitted to the SICT at least three months in advance of the date on which it is intended to discontinue the service. The SICT may authorise the suspension of services at an earlier date. The SICT will resolve the request within 45 days of the submission of the request and, in the respective resolution, will establish the period from which the concessionaire may discontinue the service. The concessionaire may not remove infrastructure from the concessioned railway route as it is part of the public domain of the Nation (even if constructed by a private party). Therefore, any modification of the rail route and its infrastructure requires the authorisation of the SICT.

Law stated - 25 September 2025

- 10 | On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

In the case of natural disaster, war, serious disturbance of public order or when an imminent danger to national security, internal peace of Mexico or to the national economy is foreseen, the state may requisition railroad tracks and railway equipment and dispose of it as it deems appropriate as long as the conditions that motivated the requisition subsist. Except in the case of international war, the state shall compensate the concessionaires for the damage caused at their real value.

Furthermore, according to the Law on the Regulation of Rail Services, the SICT may revoke railway concessions:

- for failure to exercise the rights contained in the concession within 180 calendar days;
- for transferring the concession in contravention of the law (eg, to a foreign government);
- if the concessionaire changes its nationality;
- if service is interrupted without justification;
- for hindering or limiting the railway system;
- for preventing other concessionaires from carrying out their operations;

- for failing to pay compensation payments;
- for applying rates different from those registered with the Integrated Rail and Public Transport Agency; and
- for any other significant violation of the relevant laws.

The revocation will be carried out through an administrative procedure in which the concessionaire will have the possibility to file allegations and evidence to demonstrate that it did not incur in any of the aforementioned scenarios. The SICT will issue a resolution based on the above.

The concessionaires may file an appeal against a decision of the SICT to revoke a rail transport concession. The respective rail transport concessionaire may opt for an appeal for review before the SICT itself or it may opt to file a nullity suit before the Federal Court of Administrative Justice (FCAJ). If the concessionaire decides to file an appeal for review and does not obtain a favourable resolution, it may file a nullity suit before the FCAJ. Finally, if the concessionaire does not obtain a favourable resolution from the FCAJ, it could appeal the resolution of the FCAJ through a constitutional challenge before the Judicial Power.

Law stated - 25 September 2025

Insolvency

- 11** | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

There are no sector-specific rules that govern the insolvency of rail transport providers in Mexico; general insolvency rules apply. The concession is terminated by liquidation or bankruptcy of the concessionaire, in which case the concessionaire must terminate its railway service activities. The SICT must issue a resolution on the termination of the concession, indicating the date on which the concessionaire must suspend the service.

Law stated - 25 September 2025

COMPETITION LAW

Competition rules

- 12** | Do general and sector-specific competition rules apply to rail transport?

Broadly speaking, only general and federal competition rules apply to rail transport activities, as there are no industry-specific antitrust rules or laws. Article 28 of the Mexican Constitution sets out the constitutional rules for Mexico's competition laws and policy, which is governed by the Mexican Competition Act (MCA) of May 2014 as amended in July 2025, and certain secondary regulations enacted from the MCA.

Complementary, the Law on the Regulation of Rail Services also provides specific references as to when, why and how the MCA applies to specific rail transport activities

(sections 1, 9, 18, 35, 36, 36 *bis*, 46 and 47). Most of these cross-reference with the MCA and focus on involving Mexico's Antitrust Authority – or its antitrust enforcer – within ordinary rail transportation activities, in order to promote and guarantee competition conditions within the sector, allowing the Mexican antitrust enforcer to work in tandem with industry-specific authorities and regulators.

Moreover, substantive case law issued by former Mexican antitrust enforcers is relevant to all rail transport activities, including:

- Mexico's former Cofece (Federal Economic Competition Commission, 2013–2025), which [determined](#) the lack of effective competition conditions on 20 routes of the public rail freight service in the southern region of the State of Veracruz, all of which are operated by Kansas City Southern de México or by Grupo México through Ferrosur and Ferromex, around February 2020. This allowed the Rail Transport Regulatory Agency to regulate the rates of service or establish rights of way on these lines for the transportation of chemical and petrochemical products;
- in August 2021, Mexico's former Cofece published a [study](#) on competition within the public rail freight transport industry. The study concluded that there is limited competition in the Mexican rail system and that the rail network operates in a disjointed manner, resulting in conditions that cause low service efficiency to the detriment of the country's competitiveness;
- within its Strategic 2022–2025 Plan, Mexico's former Cofece identified the transport industry in general as a priority for antitrust enforcement, along with seven other targeted industries; and
- in January 2024, Mexico's former Cofece Investigative Authority announced the initiation of an ex officio investigation into possible barriers to competition in the market for public rail freight transport services. Although the investigation is currently suspended due to recent law reforms that will replace Cofece with a new National Antitrust Agency (the National Anti-Monopoly Commission, 2025), the investigation is expected to resume in the upcoming months.

Law stated - 25 September 2025

Regulator competition responsibilities

13 | Does the sector-specific regulator have any responsibility for enforcing competition law?

Not formally, but cooperation is mandatory. Although antitrust enforcement is exclusively reserved to the Antitrust Authority under constitutional restrictions, sector-specific regulators must guarantee and promote competition conditions within the sector, which implies a mandatory involvement and cooperation with the Mexican Antitrust Authority in various activities, as provided in the Law on the Regulation of Rail Services. Some of these include:

- regarding concessions, the sector regulator shall require that any interested parties, prior to submitting a proposal in a public bid for the granting of a railway concession,

obtain a favourable opinion from the Mexican Antitrust Authority, with respect to their participation in such bid;

- for the assignment of rights or obligations under any railway concession and permit, interested parties must give prior notice to the Mexican Antitrust Authority;
- the Mexican Antitrust Authority will participate in the preparation and review of criteria and principles to establish the conditions and charges applicable to railway services, through an independent opinion destined to the sector regulator;
- the Mexican Antitrust Authority can also render independent opinions with respect to maximum tariffs and charges to be set by the sector regulator;
- following a resolution by the Mexican Antitrust Authority determining the absence of effective competition conditions, sector regulator must establish tariff regulation guidelines; and
- the Mexican Antitrust Authority may initiate a special procedure to resolve issues of effective competition in markets related to rail service, aside from any action conducted by the sector regulator.

Law stated - 25 September 2025

Competition assessments

- 14** | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

Merger control theories of harm applied by the Antitrust Authority to assess transactions within the rail transport industry in general may not vary from how the agency assesses transactions in other markets.

Usually, the Antitrust Authority conducts a series of tests, including the standard hypothetical monopolist test (the HMT or SSNIP test), and identifies any concerns within current and achievable concentration indexes through the application of the Herfindahl–Hirschman Index.

However, given the intrinsic characteristics of the rail transport industry, the Antitrust Authority also focuses on additional non-standard factors such as potential efficiency gains that result from a combination, whether consumer welfare will be enhanced or not, the entry barriers and barriers to the competition that might exist, current behaviour by leading market players and whether the resulting firm or entity could exert or increase its market power without facing any countervailing power, in addition to sector-specific rules and restrictions that might be required (eg, maximum tariffs, access to infrastructure).

Law stated - 25 September 2025

PRICE REGULATION

Types of regulation

|

15 | Are the prices charged by rail carriers for freight transport regulated? How?

Rail carriers for freight transport are free to set rates according to terms that allow for the provision of services under satisfactory conditions of quality, efficiency, competitiveness, safety and permanence. However, rail carriers must register its maximum rates before the Integrated Rail and Public Transport Agency, which may issue recommendations and, if it deems it necessary, may request opinion to the Antitrust Authority. Rates are maximums and, based on these rates, carriers can structure promotions and grant discounts.

The Antitrust Authority has the power to determine that there is no effective competition in rail freight transport, in which case the Integrated Rail and Public Transport Agency shall, on its own or at the request of an affected party, regulate rates.

Law stated - 25 September 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

Rail carriers for passenger transport are free to set rates on terms that allow for the provision of services under satisfactory conditions of quality, efficiency, competitiveness, safety and permanence. However, rail carriers must register its maximum rates before the Integrated Rail and Public Transport Agency, which may issue recommendations and, if it deems it necessary, resort to the Antitrust Authority. Rates are maximums and, based on these rates, carriers can structure promotions and grant discounts.

The Antitrust Authority has the power to determine that there is no effective competition in rail passenger transport, in which case the Integrated Rail and Public Transport Agency shall, on its own or at the request of an affected party, regulate rates.

In the case of isolated communities that have no other means of public transport, rates will be set by the Integrated Rail and Public Transport Agency. Likewise, the federal government may grant subsidies to concessionaires to provide passenger transport services to these communities.

Law stated - 25 September 2025

17 | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

If a user does not agree with the prices of rail transport service, they may submit a request to the Ministry of Infrastructure, Communications and Transportation (SICT) to determine if it is necessary to establish tariff regulation bases. To that end, the following steps will be followed.

- Within three days of receipt of the request, the SICT will send the request to the Antitrust Authority to determine whether or not effective competition conditions exist in the market.
- If the Antitrust Authority determines that conditions of effective competition do not exist, within five days, the SICT shall notify the user that submitted the request and

the transport company of the initiation of the procedure to determine the basis for tariff regulation of the respective service.

- The user and the transport company will have 10 days to present arguments and evidence in their favour to the SICT. The SICT will summon both the user and the transport company to a hearing to be held within five calendar days.
- Within 30 days, the SICT will decide on the basis of the tariff regulation applicable to the transport service for which it was determined that conditions of effective competition do not exist.

Additionally, if a transport company does not adhere to the maximum rates for its services registered with the SICT, users can file a complaint with the SICT. Once the relevant procedure has been carried out, the transport company may present a defence, and the SICT may impose a sanction on the transport company if it is verified that it did apply higher rates than those registered with the SICT.

Law stated - 25 September 2025

- 18** | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

Transportation companies must apply the same rates to users on equal terms for comparable services. The SICT has the power to determine which services are considered comparable. The rates applied must be in accordance with the maximum rates that the transport company has registered with the SICT. On the basis of these maximum rates, transport companies may grant promotions and discounts, provided that they are granted in a fair and non-discriminatory manner to all users on an equal basis.

Law stated - 25 September 2025

NETWORK ACCESS

Sharing access with other companies

- 19** | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

Rail transport service concessionaires and assignees are compelled to grant each other the interconnection of their rail tracks in exchange for an agreed consideration. The copy of the corresponding agreement must be delivered to the Ministry of Infrastructure, Communications and Transportation (SICT), so that it can verify that the continuity, safety and efficiency in the provision of rail service is not affected by the agreement.

There are no exceptions for the granting of interconnection between rail transport companies. However, if the concessionaires of the transport service do not reach an agreement on interconnection within 60 days from the beginning of the negotiations, they must inform the SICT, which, after following the relevant procedure in which it will hear the

arguments of the parties involved, will set the conditions and considerations under which the interconnection must be agreed.

One of the conditions of the concession for the provision of rail transport services is to grant interconnection to other rail transport companies. The SICT may revoke the respective concession if it determines, through a procedure in which the transport company may present a defence, that the transport company performed or failed to perform acts that resulted in unjustifiably preventing or limiting interconnection to its rail tracks.

Law stated - 25 September 2025

Access pricing

20 | Are the prices for granting of network access regulated? How?

Prices for granting network interconnection are not regulated, but must be agreed between the concessionaires by mutual consent. If the concessionaires do not reach an agreement within 60 calendar days from the date on which the negotiations were initiated, the SICT should hear the parties to establish the conditions and considerations upon which network interconnection shall be granted within a maximum period of 30 days of being notified of the situation. In the same vein, the SICT may rely on the opinion of the Antitrust Authority in determining considerations.

Law stated - 25 September 2025

Competitor access

21 | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

Articles 35 and 36 of the Law on the Regulation of Rail Services establish the right of concessionaires and assignees to interconnect the national railroad system and provide mechanisms to allow it.

Law stated - 25 September 2025

SERVICE STANDARDS

Service delivery

22 | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

As a general rule, transport providers must provide services to all customers who request them. However, in the case of passenger transport, transport providers may refuse to transport:

- unaccompanied children;
- pregnant women from seven months of pregnancy onwards;
- persons who, by the nature of their illness, present risks to the other passengers, or who by their state of health their transportation can imply a risk for their life;
- persons who are intoxicated or under the influence of narcotics or psychotropic drugs, unless they have a medical prescription in the latter case; or
- persons carrying weapons (without the required permit), explosives, dangerous substances or, in general, any other element that constitutes a risk for users.

Likewise, in the case of freight transportation, transport providers may refuse to provide the service when:

- the dimensions of the load exceed the gauges or clearances of the route by which it is intended to be transported;
- the gross weight of the load exceeds the limits established for the capacity of the car or the route and its division is not feasible;
- the transport provider finds that the cargo does not correspond to the characteristics and specifications declared in the consignment note and this could endanger the safety of the operation of the service; or
- the cargo is not properly packed or the nature of the cargo prevents it from being stowed in accordance with the minimum safety requirements.

In addition, transport providers must refuse to provide freight transport service when illegal or prohibited goods are involved.

Law stated - 25 September 2025

23 | Are there legal or regulatory service standards that rail transport companies are required to meet?

Rail transport companies must comply with the following legal and regulatory standards:

- The Law on the Regulation of Rail Services establishes general bases for the operation and provision of rail transport services. For example, it states that services must be provided to all requesting users on a permanent, uniform and equitable basis in terms of timeliness, quality and prices.
- The Railway Services Regulations complements the law referred to above by providing specific provisions for the provision of rail transport services, including technical, safety and service quality aspects.
- There are Mexican Official Standards issued by the Rail Transport Regulatory Agency that establish technical and safety standards that rail equipment and infrastructure must comply with for the provision of rail transport services. Some of the most relevant Mexican Official Standards are NOM-002-ARTF-2019 – Railway System-Safety-Tractional Equipment Inspection, and NOM-005-ARTF-2023 – Railway System-Operation-Testing of air brakes for freight trains-Safety Provisions.

The Integrated Rail and Public Transport Agency may verify compliance with the standards referred to above. The Agency also issues the National System of Railway Indicators, which contains provisions on rail transport performance.

Law stated - 25 September 2025

Challenging service

24 | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

There is no specific procedure for rail transport service users to file complaints about the quality of the services they receive. However, if a user considers that the rail service provider is not complying with the applicable legal provisions, they may file a complaint with the Integrated Rail and Public Transport Agency so that the Agency may initiate a procedure to determine whether the rail service provider has indeed failed to comply with the regulation and, if so, impose a penalty. Likewise, users may file a complaint with the Federal Consumer Protection Agency (PROFECO) if they consider that the rail service provider is not complying with the agreed to or purchased service. PROFECO would act as arbitrator between the affected user and the rail service provider and may issue rulings on the service provider's non-compliance and quantify the amount of the claim. Similarly, rail service providers have their own means to receive complaints from users.

Law stated - 25 September 2025

SAFETY REGULATION

Types of regulation

25 | How is rail safety regulated?

Railway safety is strictly regulated through Mexican Official Standards (NOMs), which aim to specify the conditions in which rail tracks and other equipment must be built, kept and maintained. These are issued by the Rail Transport Regulatory Agency (now the Integrated Rail and Public Transport Agency).

Some of the NOMs include: NOM-EM-003-ARTF-2023, Railway System-Safety-Classification and Track Specifications; and NOM-001-ARTF-2023, Railway System-Infrastructure-Monolithic Bearings-Specifications and Test Methods.

Law stated - 25 September 2025

Competent body

26 | What body has responsibility for regulating rail safety?

The Integrated Rail and Public Transport Agency is responsible for supervising, sanctioning and verifying all procedures related to railway safety.

Law stated - 25 September 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

Mexican Official Standards regulate the manufacture of railway equipment. One of the main regulations is the NOM-002-ARTF-2019, Railway System-Safety-Inspection of Tractive Equipment.

This NOM outlines specific tests that rolling stock must undergo, such as static and dynamic load tests, braking performance tests and inspections for structural components. Furthermore, it includes guidelines for documentation, record-keeping and reporting to facilitate compliance and traceability. This NOM helps rail transport service providers meet safety requirements during the construction and operation of rail infrastructure.

Law stated - 25 September 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

The Law on the Regulation of Rail Services establishes general standards for the maintenance of the track and other rail infrastructure. The Railway Services Regulations complements the law referred to above. The Mexican Official Standards contain more specific provisions on track and other rail infrastructure maintenance. One of them is the NOM-EM-003-ARTF-2023-1, Railway System-Safety-Classification and Track Specifications.

Law stated - 25 September 2025

29 | What specific rules regulate the maintenance of rail equipment?

The Law on the Regulation of Rail Services establishes general standards for the maintenance of rail equipment. The Railway Services Regulations complements the law referred to above. The Mexican Official Standards contain more specific provisions on rail equipment maintenance. One of them is the NOM-002-ARTF-2019, Railway System-Safety-Inspection of Tractive Equipment.

Law stated - 25 September 2025

Accident investigations

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30 | What systems and procedures are in place for the investigation of rail accidents?

Rail services providers are required to have a programme to implement in the case of an accident, which shall be provided to the Integrated Rail and Public Transport Agency before beginning operations. Depending on the extent of the accident, rail service providers shall notify the Agency about the accident and provide evidence to identify the causes that originated the same, as well as a technical report establishing such causes and the assessment of the damage caused. When reviewing the technical report, the Agency may issue recommendations or issue corrective or preventive measures to be implemented by the rail service provider. If the accident causes body damages to third parties, the Agency may form a commission for the purpose of conducting an investigation. The Mexican Official Standard NOM-004-ARTF-2020, Railway System - Safety - Notification of accidents - Methodology provides details on the notifications to be made to the Agency in case of accidents.

Law stated - 25 September 2025

Accident liability

31 | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

The liability of rail transport companies is regulated in the Law on the Regulation of Rail Services and the Railway Services Regulations. These regulations establish the damages for which transport companies are liable in the case of damage to users or their luggage in the provision of the service, and when providing freight transportation services, for the loss of or damage to the goods or products they transport. However, to calculate the amount of damages, the general liability regime foreseen in the civil regulation is applicable.

Law stated - 25 September 2025

FINANCIAL SUPPORT

Government support

32 | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

The Federal Government may grant subsidies to private companies to provide rail transport service to isolated communities that have no other means of transport.

Due to a recent decree issued by the President of Mexico stating that the railways are a priority for national development, specifically for passenger transport, public entities have granted financing for the construction of railways and the provision of rail passenger transport service. For example, in 2021, the Banco Nacional de Obras y Servicios Públicos (Banobras) authorised the financing of 700 million pesos for the construction

of Section 1 of the Tren Maya (Palenque-Escárcega), one of the priority projects of the past government administration. This financing was granted through a syndicated loan with Nacional Financiera (Nafin) for a total of 1.4 billion pesos. However, the financing was granted to a majority state-owned company in charge of the implementation of the Tren Maya project. Similarly, the President of Mexico announced recently new public bids for railway tracks for the trains running between Querétaro–Irapuato, Saltillo–Nuevo Laredo, and Mexico City–Pachuca.

Law stated - 25 September 2025

Requesting support

- 33** | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

There are no sector-specific rules on the financing of rail transport companies. Financing and loans depend largely on each government's National Development Plan and its priority projects. For example, rail transport is one of the top priorities of the current administration, which makes it more likely to obtain financial support from the government.

Law stated - 25 September 2025

LABOUR REGULATION

Applicable labour and employment laws

- 34** | Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

Regarding labour and social security laws in Mexico that are specific to the rail transport industry, the following are important:

- the Federal Labor Law, which is the cornerstone of labour laws in Mexico and applies to all sectors, including a specific chapter applicable for rail transport employees. It outlines the rights and obligations of workers and employers, including those related to working conditions, wages and benefits;
- the Social Security Law, which governs the social security benefits available to all employees in Mexico, including those in the rail transport industry. It covers healthcare, pensions and other social security benefits provided by the Social Security Mexican Institute;
- the Regulations of the Social Security Law on Membership, Classification of Companies, Collection and Auditing, which classify rail transport as class V (this is considered a higher-risk activity and therefore the social security fees payable are higher);
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the Integrated Rail and Public Transport Agency, which, while not a labour law per se, oversees the rail transport industry's regulations, including labour-related aspects such as safety and technical qualifications; and

- recent amendments to overhaul the labour and employment industry, which aim to harmonise Mexico's labour and employment legal framework with international instruments, affecting all sectors, including rail transport. These amendments follow principles such as labour justice, freedom to unionise and collective bargaining.

These laws and regulations work in conjunction to ensure that workers in the rail transport industry are provided with fair labour practices and social security benefits. Employers must adhere to these regulations to maintain compliance and protect the rights of their employees.

Law stated - 25 September 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

35 | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

In Mexico, rail transport companies are primarily subject to the general environmental legal framework, rather than a specific environmental regime tailored exclusively to rail activities. This framework applies to both the construction and operation of railway infrastructure, as well as the provision of rail transport services for cargo, passengers or both.

Under Article 4 of the Mexican Constitution, every person has the right to live in a healthy environment. This right imposes a mandate on the state to enact and enforce environmental legislation across all levels of government (federal, state and municipal), aimed at protecting natural resources, ensuring environmental sustainability and promoting sustainable development.

The core environmental laws applicable to rail transport activities include:

- the General Law of Ecological Balance and Environmental Protection (LGEEPA);
- the Regulations to the LGEEPA on:
 - environmental impact assessment,
 - prevention and control of atmospheric pollution; and
 - natural protected areas;
- the General Law on Sustainable Forest Development and its regulations;
- the General Climate Change Law and its regulations;
- the General Law for the Prevention and Integral Management of Waste and its regulations; and
-

applicable Mexican Official Standards and technical guidelines, particularly those addressing air emissions, noise, soil and water, as well as occupational health and safety during both construction and operational stages.

Environmental authorisations and regulatory obligations

Pursuant to the Mexican Constitution and the LGEEPA, the federal government has the power to impose conditions and modalities on any productive activity, including rail transport, to safeguard the environment. As a result, rail-related projects and operations that involve environmental impacts, emissions, waste generation, natural resource use or potential contributions to climate change must secure the applicable environmental authorisations, permits, licences, concessions or registrations from competent authorities, which may vary on the characteristics and impacts of the project. Key permits include:

- environmental impact authorisation, particularly for new alignments or significant modifications;
- forestry land use change authorisation, where forested areas are affected;
- hazardous waste generator registration and waste management plan registration, applicable to both hazardous and special management waste, with procedures governed by state regulations; and
- proof of legal origin for timber used in railway ties (sleepers), in compliance with traceability obligations under the forestry legal framework.

All such authorisations must be obtained prior to commencement of the corresponding activities and maintained in force throughout the project life cycle.

Atmospheric emissions: fixed and mobile sources

The regulation of air emissions from rail transport distinguishes between fixed and mobile sources:

- fixed sources, such as maintenance yards, workshops or industrial operations like ferroalloy production, are subject to federal jurisdiction where applicable and require a comprehensive environmental licence issued by the Ministry of the Environment and Natural Resources; and
- mobile sources, such as locomotives, are expressly defined in the Regulation to the LGEEPA on Atmospheric Pollution as vehicles and machinery equipped with combustion engines. Emissions from mobile sources are regulated through Mexican Official Standards that establish maximum permissible emission limits, compliance methods and verification obligations.

Rail operators holding federal concessions must ensure that their rolling stock complies with such limits. Verification programmes are coordinated by the Ministry of Infrastructure, Communications and Transport (SICT), which may suspend or revoke authorisations in cases of repeated non-compliance.

In addition, specific guidelines issued by the SICT in 2016 regulate noise and pollutant emissions from railway operations within urban areas, and are mandatory for all concessionaires and operators using traction and rolling stock in populated zones.

Transport of hazardous materials

The transport of hazardous substances and waste by rail is subject to strict regulation under the jurisdiction of the SICT. Railway operators must comply with Mexican Official Standard NOM-021-SCT2/2017, which sets out compatibility and segregation requirements for the arrangement of trains transporting hazardous materials. These provisions aim to prevent adverse interactions during transit and ensure proper labelling, documentation and handling.

Law stated - 25 September 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

Rail transport boomed under the past government of President Andrés Manuel López Obrador. His main infrastructure project was the development of the Mayan Train. This train is located in the southeast of Mexico and is approximately 1,525km in length, mainly passing through the states of Chiapas, Tabasco, Campeche, Yucatan and Quintana Roo. The aim of this project was to comprehensively connect the south, promote tourism and create new passenger rail transport routes. On 20 November 2023, previous President Andrés Manuel López Obrador issued a decree declaring public passenger rail transport a priority area for national development. The decree:

- provides that in the general railway communication routes under concession, public passenger transport has preference and the public rail freight service is respected in terms of the provisions of the respective concession;
- invites passenger transport concessionaires to present projects for the implementation of passenger rail service; and
- offers the first seven routes to be concessioned to those who provide passenger service in 2024.

In addition, as Mexico's current president, Claudia Sheinbaum is aggressively advancing new passenger rail infrastructure. Her administration has outlined plans to construct approximately 3,000km of new rail lines – nearly double the distance built under the previous president, Andrés Manuel López Obrador – including routes from Mexico City to Pachuca, Nuevo Laredo and Nogales. In April 2025, Sheinbaum officially began construction on the Mexico City–Querétaro–Guadalajara–Nogales corridor, beginning with the CDMX–Querétaro segment (approximately 225km), with completion expected between 2028 and 2030 at a projected cost of US\$13–14 billion over five years. She also initiated the Mexico City–Pachuca line (approximately 55 km) in March 2025, aimed to be inaugurated in 2027.

To oversee the implementation, Sheinbaum submitted a rail reform bill to Congress proposing the creation of the Integrated Rail and Public Transport Agency, which has already been approved. Additionally, she allocated nearly \$157 billion pesos (approximately US\$7.8 billion) in the 2025 federal budget to begin construction of 3,000 km of passenger rail to the northern border, to be developed in four phases.

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Law stated - 25 September 2025



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UPDATE AND TRENDS

Key developments of the past year

GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

In Pakistan, the rail transport industry operates as a highly centralised and state-owned system. Both the rail infrastructure, comprising tracks, stations, bridges and signalling systems, and the operation of passenger and freight train services are owned, managed and controlled by a single public entity: the Pakistan Railways. This organisation functions under a unified structure where the same authority is responsible for both infrastructure and operational activities, thereby eliminating the separation between infrastructure management and service provision.

Expanding on this centralised framework, Pakistan Railways functions under the administrative control of the Ministry of Railways, which is primarily responsible for policy formulation, regulation and overall governance of the sector. As per the Rules of Business, 1973, the Railway Division operating within the Ministry handles a wide range of functions critical to the sector. These include the oversight of all matters relating to Pakistan Railways, the prioritisation and coordination of defence traffic, maintenance of strategic railway lines and engagement with international stakeholders through negotiations and implementation of bilateral or multilateral agreements. The Railway Division also coordinates railway development projects within the broader national development framework, ensures the standardisation and specification of railway materials and stores, supervises operational safety and efficiency, and manages the movement of rail traffic to and from national ports.

This integrated governance model, where infrastructure and operations are centrally managed by a single public authority, defines the overall structure of the rail transport industry in Pakistan.

Law stated - 28 August 2025

Ownership and control

2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

Yes, the government of Pakistan retains full ownership and direct operational control over both the rail infrastructure and the provision of rail transport services. The entire railway system, which comprises of tracks, stations, signalling systems and rolling stock, is operated by Pakistan Railways, a state-owned entity functioning under the administrative control of the Ministry of Railways.

Pakistan Railways also operates through its state-owned subsidiaries, including Pakistan Railways Advisory & Consultancy Services, Pakistan Railways Freight Transportation Company, and Railway Constructions Pakistan Limited, which handle specialised services such as consultancy, freight operations and infrastructure construction.

To date, there are no private sector entities with ownership or operational rights over railway infrastructure or services. The entire rail transport sector in Pakistan remains fully state owned and centrally operated, with the federal government playing an exclusive and direct role in both infrastructure management and service delivery.

Law stated - 28 August 2025

3 | Are freight and passenger operations typically controlled by separate companies?

In Pakistan, both freight and passenger operations are controlled by the same entity, Pakistan Railways. The federal government retains full ownership and operational control over both types of services through this single, integrated public sector organisation.

This is expressly supported by section 16 of the Railway Regulatory Authority Ordinance, 2002, which deems Pakistan Railways (the railway administration) a licensee by default for all existing railway services and infrastructure. This includes both freight and passenger services. The relevant definitions are as follows:

- (i) "licence" means, in relation to a licensed section, the grant by the Authority of exclusive or non-exclusive operating rights for the carriage of passengers and goods by railway and includes integrated licences. (j) "licensed section" means the section of railway identified in the licence within the boundaries of which railway services may be offered by a licensee on an exclusive or non-exclusive basis.

Law stated - 28 August 2025

Regulatory bodies

4 | Which bodies regulate rail transport in your country, and under what basic laws?

Rail transport in Pakistan is regulated primarily by the Ministry of Railways, which holds full administrative control and policy-making authority. Under the Rules of Business, 1973, the Railway Division within the Ministry oversees a wide range of functions, including the formulation of policies, maintenance of strategic lines, operational safety, standardisation of materials and coordination with international stakeholders.

The legal framework governing the sector is based on two principal statutes:

- the Railways Act, 1890, which regulates the construction, operation, management and maintenance of railways, defines the powers and duties of railway administrations, and prescribes penalties for violations; and
- the Railway Regulatory Authority Ordinance, 2002, which was enacted to establish an independent regulatory body responsible for licensing, safety compliance and technical standards.

However, the Regulatory Authority has never been constituted, leaving all regulatory and operational powers concentrated with the Ministry of Railways. This raises concerns about whether the absence of the Authority is due to negligence or an intentional design to retain centralised control, allowing the government to remain both regulator and operator. The World Bank (Report No. PID6804) has also recommended the creation of an independent regulator to enhance transparency, accountability and competition. Nevertheless, these reforms remain unimplemented, and Pakistan Railways continues to function under a centralised, state-dominated structure.

Law stated - 28 August 2025

MARKET ENTRY

Regulatory approval

- 5 | Is regulatory approval necessary to enter the market as a rail transport provider? What is the procedure for obtaining approval?

Under the Railway Regulatory Authority Ordinance, 2002, regulatory approval in the form of a licence is mandatory to operate as a rail transport provider in Pakistan. Section 11(1) grants the proposed Railway Regulatory Authority the exclusive power to grant, issue, renew, extend, modify, suspend, revoke or terminate licences for the carriage of passengers and goods by railway. Section 12 further requires that the licence be awarded only through a transparent and competitive bidding process conducted by the Authority in accordance with prescribed rules.

Notably, under section 3 of the Railway Regulatory Authority Ordinance, 2002, the federal government was under a mandatory obligation to establish, within two months of the Ordinance's commencement, an independent Railway Regulatory Authority comprising a chairman and three specialised members. However, despite this clear statutory duty, the Authority was never constituted, most likely due to institutional resistance within the Ministry of Railways to cede regulatory control, lack of political will to separate regulatory and operational functions, and financial or administrative inertia in prioritising railway sector reforms. Therefore, to date, the rail transport sector remains entirely under the control of Pakistan Railways, with no private participation.

Law stated - 28 August 2025

- 6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

There is currently no operative legal mechanism in Pakistan for obtaining regulatory approval to acquire control over an existing rail transport provider. Pakistan Railways remains the sole active rail transport provider in the country and functions as a government department under the administrative control of the Ministry of Railways. Consequently, no statutory framework exists under the Railway Regulatory Authority Ordinance, 2002, or the Railways Act, 1890, for private entities to acquire ownership or controlling interest in a rail

transport operator. However, any merger or acquisition, including of the rail sector, would fall under the merger control regime of the Competition Commission of Pakistan.

Law stated - 28 August 2025

7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

The Railway Regulatory Authority Ordinance, 2002, and the Railways Act, 1890, do not expressly require special or separate regulatory approval specifically on the basis of foreign ownership or control of a rail transport company. Notwithstanding the same, while there are no limits on foreign ownership, the government's preference indicates control over critical infrastructure.

Law stated - 28 August 2025

8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

Yes, regulatory approval is required for the construction of a new railway line in Pakistan. Under section 7 of the Railways Act, 1890, a licensee may, subject to the provisions of the Act and any applicable laws governing the acquisition of land for public purposes, undertake the construction of new rail lines and related accommodation works. Where the immovable property does not belong to the railway administration, construction may only proceed in accordance with such land acquisition laws. The exercise of these powers is further subject to the terms and conditions of the licence granted to the licensee. In addition, section 7(2) provides that the exercise of construction powers by a licensee is expressly subject to the control of the federal government or the Railway Regulatory Authority, as the case may be. Accordingly, no new railway line can be constructed without the prior approval and oversight of the competent authority, typically obtained through the licensing process or other sanction procedures prescribed by the Authority.

However, projects can be solicited or unsolicited in accordance with the following procedure:

- a feasibility study and a detailed project report are submitted to the Ministry so that they can check whether the project makes sense technically, financially and environmentally;
- the proposal then goes through an internal review and, depending on the project, approvals from other bodies, such as the Planning Commission, the National Highway Authority (especially if the railway crosses any highways) and the Environmental Protection Agency, which looks into the environmental impact, may be needed; and
- once all the reviews and clearances are completed, the federal government grants its approval. For bigger projects or those with foreign funding, approval is normally granted by the Cabinet or the Executive Committee of the National Economic Council .

Law stated - 28 August 2025

MARKET EXIT

Discontinuing a service

- 9** | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

A rail transport company in Pakistan cannot voluntarily discontinue service or remove rail infrastructure over a particular route without prior regulatory approval. Under section 9(2)(t) of the Railway Regulatory Authority Ordinance, 2002, the power to direct the closing of a section of the railway network or the discontinuation of particular rolling stock lies exclusively with the Railway Regulatory Authority.

However, regulatory and operational functions, and financial or administrative controls remain with the Ministry due to the Authority never being constituted. The railway Ministry has preferred to retain both policy-making and regulatory powers rather than cede authority to a separate body. An independent regulator would invariably mean the Ministry relinquishing control.

Additionally, section 23 of the Railways Act, 1890, addresses closures primarily from a safety perspective, empowering the federal government to order suspension of operations where safety concerns exist. This framework reflects that any operational closure, whether voluntary or otherwise, remains subject to governmental oversight rather than unilateral action by the company.

Law stated - 28 August 2025

- 10** | On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

The government may compel a rail transport provider to discontinue service over a particular route or withdraw its authorisation to operate under two primary legal bases:

- section 9(2)(t) of the Railway Regulatory Authority Ordinance, 2002, empowers the Railway Regulatory Authority to direct the closure of a section of the railway network or the discontinuation of particular rolling stock; and
- section 23 of the Railways Act, 1890, authorises the federal government, upon an inspector's report that the operation poses a danger to the public, to order closure or discontinuation, or to impose operational conditions for safety.

Although the Ordinance contemplates a mechanism for challenging such decisions, such as appeals under section 34 and reviews under section 35, these provisions are not operational because the Authority is not functional.

Law stated - 28 August 2025

Insolvency

- 11** | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

No sector-specific insolvency regime exists for rail transport providers in Pakistan. Pakistan Railways, the primary rail transport operator, functions as a government department under the Ministry of Railways and is not subject to ordinary corporate insolvency proceedings.

However, several subsidiaries of Pakistan Railways, such as Pakistan Railways Advisory & Consultancy Services, Pakistan Railways Freight Transportation Company and Railway Constructions Pakistan Limited are incorporated under the Companies Act, 2017, and therefore fall within the general insolvency and winding-up provisions of that Act. In fact, notifications for their winding up have recently been issued by the federal government.

Under Pakistani law, when a company enters winding-up proceedings, it is generally required to cease normal business operations, except to the extent necessary for the beneficial completion of the winding-up process. There is no statutory obligation for the company to continue providing services during insolvency. Accordingly, in the case of Pakistan Railways' subsidiaries, their operational activities would ordinarily be discontinued once the winding-up process begins, unless continuation is deemed necessary to protect assets or facilitate liquidation.

Law stated - 28 August 2025

COMPETITION LAW

Competition rules

- 12** | Do general and sector-specific competition rules apply to rail transport?

Both general and limited sector-specific competition principles apply to rail transport in Pakistan. The general competition regime is set out under the Competition Act, 2010, which applies to all sectors, including rail transport, and is enforced by the Competition Commission of Pakistan. While there are no detailed sector-specific competition rules for rail transport, the Railway Regulatory Authority Ordinance, 2002, contains provisions such as sections 9(2)(a), 9(2)(b) and 40(2)(d), which require the Railway Regulatory Authority to promote and protect the interests of railway users through fair competition and to encourage the provision of efficient and competitive railway services.

Law stated - 28 August 2025

Regulator competition responsibilities

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13 | Does the sector-specific regulator have any responsibility for enforcing competition law?

The Railway Regulatory Authority (RRA) does not have the statutory mandate to enforce Pakistan's general competition law, which is the exclusive responsibility of the Competition Commission of Pakistan under the Competition Act, 2010. While there are no standalone sector-specific competition enforcement rules for the railway sector, the RRA is mandated under sections 9(2)(a) and 9(2)(b), read with section 40(2)(d) of the Railway Regulatory Authority Ordinance, 2002, to promote and protect the interests of railway users through fair competition and to encourage the provision of efficient and competitive railway services.

However, the Railway Regulatory Authority envisaged under the 2002 Ordinance was never established, despite the law requiring its creation within two months of enactment. As a result, the sector continues to be regulated by the Ministry of Railways, with no significant private participation, effectively creating a government monopoly that undermines the competitive principles envisioned in the Ordinance. The Competition Commission of Pakistan has also not taken any notable action to address this lack of competition. International bodies have highlighted this gap; for instance, a 1988 World Bank report (PID6804) recommended establishing an independent regulator to promote transparency, accountability and competition. Similarly, the SBP Annual Report, citing ADB (2008), observed that the RRA remains non-functional, leaving the government as the de facto regulator of the sector. Thus, while competition rules exist in law, they are not practically implemented in the rail transport sector.

Law stated - 28 August 2025

Competition assessments

14 | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

No sector-specific standards exist for assessing the competitive effect of transactions in the rail sector. Such matters potentially fall under the Competition Act, 2010, which applies across all industries and is enforced by the Competition Commission of Pakistan.

Law stated - 28 August 2025

PRICE REGULATION

Types of regulation

15 | Are the prices charged by rail carriers for freight transport regulated? How?

The prices charged by rail carriers for freight transport in Pakistan are regulated under the Railway Regulatory Authority Ordinance, 2002. Section 9(2)(j) empowers the Railway Regulatory Authority to determine rates, subject to section 13, which allows rates for the rail services to be prescribed within the terms of a licence. Section 13(2) specifically requires

that, where a licensee holds a monopolistic position, the licence must contain provisions ensuring that the rates charged are reasonable in all the circumstances. Furthermore, under section 40, the Authority, with the approval of the federal government, may make rules for determining rates, terminals and tariffs for regulated activities.

However, despite this regulatory framework, the Railway Regulatory Authority has never been constituted. In practice, Pakistan Railways, as the sole public rail transport provider, independently determines its freight rates under the administrative control of the Ministry of Railways, without the oversight originally envisioned under the Ordinance.

Law stated - 28 August 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

The prices charged by rail carriers for passenger transport in Pakistan are regulated under the Railway Regulatory Authority Ordinance, 2002. Section 9(2)(j) empowers the Railway Regulatory Authority to determine rates, subject to section 13, which allows rates for the rail services to be prescribed within the terms of a licence. Section 13(2) specifically requires that, where a licensee holds a monopolistic position, the licence must contain provisions ensuring that the rates charged are reasonable in all the circumstances. Furthermore, under section 40, the Authority, with the approval of the federal government, may make rules for determining rates, terminals and tariffs for regulated activities.

In practice, Pakistan Railways, as the sole public rail transport provider, independently determines the rates under the administrative control of the Ministry of Railways, without the oversight originally envisioned under the Ordinance.

Law stated - 28 August 2025

17 | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

The Railway Regulatory Authority Ordinance, 2002, does not set out a detailed statutory procedure for freight shippers or passengers to challenge price levels. However, any such challenge could potentially fall within the regulatory jurisdiction of the Railway Regulatory Authority, which is responsible for ensuring that, under section 13(2), rates charged by a monopolistic licensee are reasonable.

In practice, complaints regarding pricing must be directed to the Ministry of Railways, typically through its legal department or public complaints mechanism. However, there are no codified rules or procedures governing how such complaints are processed or resolved.

Law stated - 28 August 2025

18 | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

There is no explicit statutory provision in the Railway Regulatory Authority Ordinance, 2002, that requires identical rates to all shippers or passengers requesting similar services. The Ordinance empowers the Railway Regulatory Authority under sections 9(2)(j) and 13 to ensure reasonable and consistent rates, particularly for monopolistic licensees.

Law stated - 28 August 2025

NETWORK ACCESS

Sharing access with other companies

- 19** | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

Under the Railway Regulatory Authority Ordinance, 2002, the legal framework contemplates the possibility of granting network access to licensed rail transport companies. The Authority is vested with exclusive power to regulate such access, including approving the terms of track access agreements under section 9(2)(c). More specifically, section 18 empowers the Authority, on the application of a licensee, to direct the railway administration to enter into a track access agreement, subject to certain statutory exceptions. Pursuant to section 19, no railway administration may enter into such an agreement unless it is in compliance with directions issued under section 18 and the agreement is approved by the Authority.

However, the Authority under the Ordinance has never been established and so, as a matter of operational reality, Pakistan Railways remains the sole rail transport operator and infrastructure owner within the country. In 2011, the Pakistan Railways did develop a limited Open Access Policy to attract private investment in freight services, but to date, no private or independent rail transport companies have been licensed to operate on the national railway network, and therefore, no network access arrangements with third-party operators exist in practice.

Law stated - 28 August 2025

Access pricing

- 20** | Are the prices for granting of network access regulated? How?

The prices for granting network access are regulated under the Railway Regulatory Authority Ordinance, 2002. Access charges are defined in section 2(ze) as the amounts payable by a licensee to the railway administration under a track access agreement. Such agreements, which must be based on the model prepared and published by the Authority, are subject to the Authority's approval. However, the Ordinance has not resulted in the formation of the Railway Regulatory Authority, and thus the Pakistan Railway is currently responsible for granting network access.

Law stated - 28 August 2025

Competitor access

- 21** | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

The Railway Regulatory Authority Ordinance, 2002, sets out a clear legislative policy of encouraging private sector participation and fostering competition in the railway sector. Its preamble expressly identifies the objectives of fostering competition, facilitating private investment, and providing effective and efficient regulation. This policy is reflected in provisions requiring the Authority to promote fair competition (section 9(2)(a)) and introducing a licensing regime for railway services through a transparent bidding process (sections 11–13).

However, the Railway Regulatory Authority envisaged under the Ordinance has never been established. As a result, the sector continues to be regulated by the Ministry of Railways, with Pakistan Railways exercising complete control over operations and pricing. No private party has been able to enter the market, and there has been no practical implementation of the competitive framework envisioned by the law. The absence of an independent regulator and the continued monopoly of Pakistan Railways have effectively nullified the declared policy objectives of fostering competition and private participation in the rail transport sector.

Law stated - 28 August 2025

SERVICE STANDARDS

Service delivery

- 22** | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

There is no express provision in either the Railway Regulatory Authority Ordinance, 2002, or the Railways Act, 1890, specifically obligating rail transport providers to serve all customers who request service without exception.

Law stated - 28 August 2025

- 23** | Are there legal or regulatory service standards that rail transport companies are required to meet?

There are no sector-specific enforceable service standards currently in operation for rail transport companies in Pakistan. The Railway Regulatory Authority Ordinance, 2002, empowers the Railway Regulatory Authority to establish and enforce technical and safety standards for rail transport providers. For instance, section 9(2)(m) authorises the Authority to prescribe technical standards for railway infrastructure and rolling stock, including their testing, while sections 9(2)(f) and 9(2)(v) empower it to conduct periodic inspections of infrastructure and rolling stock to ensure the safety and reliability of train operations.

Section 41 also allows the Authority to make regulations, thereby providing the legal mechanism to codify service and performance standards for licensed operators. However, this framework has never been implemented because the Authority was never established.

In practice, service-related obligations are primarily governed by the Railways Act, 1890, which imposes duties on railway administrations relating to safe operation, accident reporting, and liability for loss or injury (notably sections 83–87). However, the Act does not prescribe specific performance benchmarks or quality-of-service standards.

Most operational standards followed by Pakistan Railways are contained in its internal codes and manuals, rather than in any statutory or regulatory instrument.

Law stated - 28 August 2025

Challenging service

24 | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

There is no provision directly addressing a procedure for freight shippers or passengers to challenge the quality of service that they receive. However, the Railway Regulatory Authority Ordinance, 2002, provides a broader complaint mechanism. Section 33 allows any 'interested person' to file a written complaint with the Authority against a licensee for contravening the Ordinance, rules, regulations, licence conditions or track access agreements, after which the Authority hears the parties and then gives their decision.

However, in practice, this procedure is not followed as the Authority has never been established. Instead, any complaints (including challenges to the quality of service) are brought to Pakistan Railways, which operates a Complaint Resolution Wing. Complaints can be lodged either by contacting the phone number provided on its website or by raising the matter with its legal department.

Law stated - 28 August 2025

SAFETY REGULATION

Types of regulation

25 | How is rail safety regulated?

Rail safety in Pakistan is governed by the Railway Regulatory Authority Ordinance, 2002, and the Railways Act, 1890. The Ordinance assigns the Railway Regulatory Authority powers under sections 9(2)(f) and 9(2)(m) to conduct safety inspections and prescribe technical standards, but this body has never been established. Therefore in practice, rail safety and overall efficiency are managed by the Railway Division of the Ministry of Railways under section 33(7) of the Rules of Business, 1973.

Law stated - 28 August 2025

Competent body

26 | What body has responsibility for regulating rail safety?

As per section 33 of the Rules of Business 1973, it is the function of the Railway Division that falls under the Ministry of Railway to deal with the overall safety of railways. At the same time, the Railways Act, 1890, also remains applicable, under which the federal government appoints railway inspectors (section 4) with specific duties to inspect and certify railway infrastructure before it is opened for passenger use.

Law stated - 28 August 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

Under the Railway Regulatory Authority Ordinance, 2002, the Railway Regulatory Authority is empowered to regulate the technical and safety standards applicable to the manufacture and use of rail equipment, including engines and rolling stock. Specifically, section 9(2)(m) authorises the Authority to prescribe technical standards for the railway infrastructure and rolling stock, and for the testing thereof.

Additionally, section 9(2)(u) provides that the Authority must sanction the use of any rolling stock on the railway network after ascertaining its suitability and compliance with prescribed standards. This means that before any manufactured rail equipment can be operated on Pakistan's railway network, it must meet the safety and technical criteria laid down by the Authority. Unfortunately, these regulations have never been implemented because the Railway Regulatory Authority was never established.

Under section 9(2)(f), the Railway Regulatory Authority is responsible for carrying out periodic inspections of railway infrastructure to ensure the safety of train operations. However, owing to the non-formation of this Authority, the Railway Division under section 33 of the Rules of Business oversees all matters pertaining to Pakistan railways, which includes the maintenance of railway lines.

Law stated - 28 August 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

Under section 9(2)(f), the Railway Regulatory Authority is responsible for carrying out periodic inspections of railway infrastructure to ensure the safety of train operations. However, owing to the non-formation of this Authority, the Railway Division under section 33 of the Rules of Business oversees all matters pertaining to Pakistan railways, which includes the maintenance of railway lines.

Law stated - 28 August 2025

29 | What specific rules regulate the maintenance of rail equipment?

The Railway Regulatory Authority Ordinance, 2002, empowers the Railway Regulatory Authority, under section 9(2)(m), to prescribe technical standards for rolling stock and their testing, which extends to maintenance requirements for carriages, wagons and other rolling stock. The Railways Act, 1890, also remains in force, under which railway inspectors, appointed by the federal government, are authorised under section 5(a) to enter and inspect railways and rolling stock. However, as the Authority has been never been formed, no technical standards have been issued under the Ordinance, and maintenance continues to be governed by internal Pakistan Railways codes and manuals rather than an independent regulatory framework.

Law stated - 28 August 2025

Accident investigations

30 | What systems and procedures are in place for the investigation of rail accidents?

The investigation of rail accidents in Pakistan is primarily regulated by the Railways Act, 1890. Section 4(2)(c) of the Act assigns Inspectors of Railways, appointed by the federal government, the duty to inquire into the causes of accidents. In addition, Chapter VIII of the Act (sections 83–86) establishes the procedures relating to accidents. It requires the reporting of specified categories of accidents to the federal government, the Authority, and local officials. It also authorises the federal government to frame rules regarding accident notices and inquiries, obligates railway administrations to submit periodic accident returns, and provides for the compulsory medical examination of injured persons in connection with compensation claims.

In addition, section 9(2)(y) of the Railway Regulatory Authority Ordinance, 2002, envisages that the Authority would have the power to inquire into the cause of railway accidents, either independently or with the assistance of the railway administration. Together, these provisions establish a comprehensive framework for the reporting, inquiry and oversight of railway accidents in Pakistan.

Law stated - 28 August 2025

Accident liability

31 | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

Yes, there is a special section on this matter. Section 82A of the Railways Act 1890, states that:

when an accident of train carrying passengers occurs, the licensee shall be liable to pay compensation for death, personal injury, or destruction or deterioration of animals or goods of the passenger, sustained as a result of the accident regardless of whether the accident was caused by any wrongful act, neglect or default by the licensee.

The compensation for death of a passenger is 100,000 Pakistani rupees while it is 10,000 Pakistani rupees for personal injury under section 82A.

This rule is special because it holds the licensee liable even if the accident was not caused by a wrongful act, an omission of duty or a failure to fulfill an obligation on the part of the licensee.

Law stated - 28 August 2025

FINANCIAL SUPPORT

Government support

- 32** | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

In Pakistan, the government provides both direct and indirect financial support to the rail transport sector, largely through Pakistan Railways, a government-owned entity under the Ministry of Railways. This support is extended through annual federal budgetary allocations, operational subsidies to cover deficits, grants for passenger fare subsidies and the financing of infrastructure development. Government assistance is commonly routed via the Public Sector Development Programme (PSDP), which allocates resources for large-scale railway projects such as track upgrade, terminal improvements and capacity enhancement. In addition to federal financing, provincial governments may contribute; for instance, the Punjab government has expressed willingness to finance approximately 350 billion Pakistani rupees for the upgrade and dual-gauge tracks in the province. Overall, financial assistance is therefore delivered through a mix of federal budgetary support, PSDP allocations and occasional provincial contributions, rather than being comprehensively detailed under statutory law.

Law stated - 28 August 2025

Requesting support

- 33** | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

There are no sector-specific statutory rules governing financial support for rail transport companies, nor is there a formal legal process prescribed for requesting such support or for challenging the grant of financial support.

The Railway Regulatory Authority Ordinance, 2002, does not contain provisions detailing financial assistance mechanisms for rail transport providers beyond the creation of the Railway Regulatory Authority Fund under section 27, which relates solely to the Authority's operational expenses and regulatory functions.

Law stated - 28 August 2025

LABOUR REGULATION

Applicable labour and employment laws

- 34** | Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

In Pakistan, workers in the rail transport industry, including those employed by Pakistan Railways, are generally governed by the country's standard labour and employment laws, with certain additional sector-specific provisions. Among the general laws, the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, regulates the conditions of employment in industrial and commercial establishments and expressly extends to railways by including them within the definition of 'industrial establishment'. Similarly, the Payment of Wages Act, 1936, applies to railway employees as it expressly covers persons employed to work on any railway by a railway administration, whether directly or through contractors.

In addition to these general statutes, there are rail-specific laws that directly address employment matters within the railway sector. The Railways Act, 1890, sets out duties, liabilities and disciplinary offences of railway staff, particularly with regard to negligence, operational safety and accident reporting. Furthermore, the Payment of Wages (Federal Railways) Rules, 1938, establish a specialised regime for regulating the payment of wages to railway employees, providing detailed procedures on wage disbursement, permissible deductions and oversight mechanisms specifically tailored to the federal railway sector.

Accordingly, while there is no single comprehensive labour code enacted exclusively for the rail sector, railway employees remain subject to the general labour and employment laws of Pakistan, complemented by sector-specific statutory provisions that ensure safety, discipline and fair wage regulation within the railway industry.

Law stated - 28 August 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

- 35** | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

In Pakistan, standard environmental laws apply to rail transport companies, as there are no specialised environmental laws under either the Railway Regulatory Authority Ordinance,

2002, or the Railways Act, 1890. The governing framework is the Pakistan Environmental Protection Act (PEPA) 1997, which establishes the legal basis for environmental regulation and empowers the making of rules and regulations for environmental assessments.

Pursuant to this framework, the Pakistan Environmental Protection Agency (Review of IEE/EIA) Regulations, 2000, were issued under PEPA 1997. These regulations set out the categories of projects requiring Initial Environmental Examinations or Environmental Impact Assessments (EIAs). Under Schedule II of the 2000 Regulations, 'railway works' are specifically included, meaning that major railway projects such as the construction of new lines or significant expansions are subject to a full EIA process in accordance with section 12 of PEPA 1997.

Following the 18th Constitutional Amendment, responsibility for environmental regulation rests largely with the provincial Environmental Protection Agencies (EPAs), except for projects in the Islamabad Capital Territory and federally administered areas where the federal EPA retains jurisdiction.

Accordingly, while there is no sector-specific environmental legislation dedicated to railways, railway projects are generally addressed under the broader environmental regime established by PEPA 1997 and its subsidiary regulations, and requirements such as environmental assessments typically apply in the same manner as they do to other infrastructure sectors.

Law stated - 28 August 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

The Pakistan–China rail network, especially the flagship ML 1 upgrade under the China–Pakistan Economic Corridor (CPEC), has emerged as one of Pakistan's most significant infrastructure projects. Under this initiative, Chinese financed loans and expertise are being used to reconstruct and double-track Pakistan's Karachi–Peshawar main line, enabling train speeds to rise from around 60–105 km/h to 120–160 km/h. The project has become a national focal point not just for its scale and sophistication, but also for its broader strategic implications. It enhances Pakistan's connectivity with Gwadar Port and the wider CPEC corridor, drawing strong interest in economic zones, mining linkages and regional trade linkages reaching into China, Central Asia.

The project will have the following economic impact:

- the ML 1 upgrade is expected to stimulate a 2–3 per cent increase in the growth of gross domestic product through reduced logistics costs, faster freight movement and higher trade volumes;
- during its construction phase, the project is anticipated to generate around 20,000 direct jobs and 150,000 indirect positions; and
-



by improving efficiency, capacity and speed, the initiative will significantly lower transportation costs for industries, enhance export competitiveness and better integrate Pakistan into regional and global supply chains.

Law stated - 28 August 2025



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UPDATE AND TRENDS

Key developments of the past year

GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

Uruguayan rail infrastructure is state-owned. The infrastructure was originally mainly owned by British companies and was nationalised in 1949 as part of an agreement between the United Kingdom and Uruguay. In 1952, property to rail infrastructure was assigned by law to the State Railway Administration (AFE), a state-owned rail company.

Pursuant to a recent law passed in 2022 (Law No. 20,075), the responsibility to construct, modify and conserve, and to administer and manage the rail infrastructure and the ancillary works, passed from AFE to the Ministry of Transport and Public Works (Ministry of Transport) through its National Directorate of Rail Transport (DNTR), an operating unit of the Ministry of Transport. The Ministry of Transport is allowed to carry out these activities either directly or through third parties (concessionaires).

Rail transport services operate under a free competition regime, both in respect of passenger and freight transport (open-access system). In this sense, article 247 of Law 20,075 provides that private companies have the right to access the rail infrastructure, provided they comply with the technical requirements and pay the correspondent tolls. Legal commentators classify rail transport services as a private activity (as opposed to public services), in which sector the state (through AFE and its subsidiaries) provides services in competition with private companies, where such private companies require an authorisation (as opposed to a concession) to operate.

Law stated - 18 September 2025

Ownership and control

2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

Yes, the government owns AFE, which is a rail transport company, subject to public law. Pursuant to its organic law (No. 14,396), AFE is entrusted with the provision of passenger and freight rail services.

With regard to passenger rail operations, AFE is currently the only company providing services in the market. Such services are provided by AFE directly (ie, not by subsidiaries or through third parties). With regard to freight rail operations, AFE provides the services through its subsidiary Servicios Logísticos Ferroviarios S.A. (SELF). SELF is a government-owned company subject to private law, which is jointly owned by AFE with a 51 per cent participation and Corporación Nacional para el Desarrollo (CND), a non-state public company with a 49 per cent participation. AFE's participation in SELF was authorised by article 206 of Law 17,930 (passed in 2005) and was provided for by the Executive Power's Decree No. 473/011 (passed in 2011). In exchange for its 51 per cent shareholding participation, AFE transferred to SELF its total assets relating to freight rail operations.

In addition, the government is the owner of the total rail network infrastructure, through the Executive Power and the Ministry of Transport, in accordance with article 243 of Law 20,075. Prior to such law, which was passed recently in 2022, ownership of the rail infrastructure corresponded to AFE.

Law stated - 18 September 2025

3 | Are freight and passenger operations typically controlled by separate companies?

Currently, there is only one rail company providing passenger services, which is AFE. AFE also provides freight services, through its subsidiary SELF, which is one of the only two current companies providing freight services.

Law stated - 18 September 2025

Regulatory bodies

4 | Which bodies regulate rail transport in your country, and under what basic laws?

In accordance with Law No. 20,075, the body responsible for regulating rail transport is the Executive Power through the DNTF, which is an operating unit within the sphere of the Ministry of Transport. Pursuant to the mentioned law, the DNTF's regulatory scope includes:

- establishing the acceptable rail load and speed standards;
- establishing the requirements to obtain an authorisation to become a rail operator and the issuance of such authorisation;
- establishing the requirements to be met by traction and towed material and authorise them;
- defining the rail route for each operator and establishing priority criteria among the different operators;
- determining the preferences over each section of the infrastructure; and
- establishing the rules that the signalling and communication devices should meet.

With regard to rail transport regulation, it is also worth mentioning the Principles of Rail Regulation, approved by the Executive Power through Decree No. 280/018, which set forth the general guidelines that the DNTF should follow in the development of the regulation for the National Rail System. The general guidelines establish that the following principles (among others) should govern the regulation:

- promoting the Rail System as a driver for the national and logistic development;
- fostering competition in the provision of rail transport services, guaranteeing compliance with objectivity, transparency and non-discriminatory standards;
- guaranteeing the provision of rail services in safety conditions, assigning responsibilities to the different agents of the System; and

- protecting users and consumers' rights, guaranteeing their right to access the rail services according to quality standards and in safety conditions.

In addition to its regulatory role, its organic law entrusts the DNTF with the responsibility of supervising compliance with the regulation and the application of sanctions. The DNTF is also assigned with the role of advising the Executive Power in the design of rail transport policy.

Law stated - 18 September 2025

MARKET ENTRY

Regulatory approval

- 5** | Is regulatory approval necessary to enter the market as a rail transport provider?
What is the procedure for obtaining approval?

Yes, to enter the market as a rail transport provider, either for freight or passenger transport, a rail operator licence from the National Directorate of Rail Transport (DNTF) should be obtained and assignment of capacity to the infrastructure should be requested to the DNTF (Assignment of Capacity).

Chapter III, Section I of the Principles of Rail Regulation sets forth the procedures and requirements to obtain the rail operator licence. The procedure starts with the interested party submitting a 'declaration of activity', which should comprise the type, characteristics and quantity of services that it is interested in providing. In addition, the following requirements should be met or complied with.

- The applicant should be a company incorporated under Uruguayan law, whose principal business purpose under its by-laws should be freight mass transportation or collective passenger transport. The share title certificates of the company should be nominative and its owners should be disclosed.
- It should demonstrate financial capacity to comply with its present and future obligations. The applicant should evidence that within a 12-month period, it should be able to meet its actual and potential obligations. With respect to newly created companies, financial capacity should be evaluated based on its social and paid-in capital and the guarantees granted by the company or its shareholders to backstop the company's obligations.
- Prior to commencing operations, the applicant should have obtained or demonstrated:
 - a safety certificate issued by the DNTF;
 - managerial bodies with necessary knowledge and experience to exercise a reliable and trustworthy supervision and operative control of the activities authorised by the rail operator licence;
 - personnel responsible for rail transport safety, duly authorised by the DNTF; and
 - operative personnel authorised by the DNTF.

- Liability insurance policies in place at the time of the commencement of operations and throughout its operations to cover civil liability, particularly damages caused to passengers, to the load, to third parties and to the rail infrastructure.
- Evidence of having in place (or being in process of having) a Health and Occupational Safety Management System based on national laws and ISO norms 45001.

The DNTF has a 90-day term from the submission of the complete application to decide whether the rail operator licence should be granted. The fee charged by the DNTF in respect of the rail operator licence procedure is 413,164 indexed units (approximately US\$60,000 at the time of writing). The licence is granted subject to conditions that should be complied with by the licensee. To the extent the licensee complies with these conditions, the licence should be valid for 20 years from the notification of its issuance.

With regard to the Assignment of Capacity, the procedure for its request is set forth under Chapter IV of the DNTF's Regulatory Rail Principles. Under this procedure, the administrator of the rail traffic (DNTF) assigns time slots to applicants for the purpose of a train, or any rail vehicle, being allowed to circulate between two points during a certain time frame.

Law stated - 18 September 2025

6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

Article 10 of the DNTF's Principles of Rail Regulation provides that in the case of a modification to rail transport provider's legal regime, especially, in the case of transformation, merger or any corporate modification, the rail transport provider should notify the DNTF within five days of its occurrence.

In addition to rail regulation, the acquirer should consider general merger control laws.

Law stated - 18 September 2025

7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

The regulation does not distinguish between domestic and foreign entities owning or controlling rail transport companies.

Law stated - 18 September 2025

8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

Yes, pursuant to article 12 of the DNTF's Principles of Rail Regulation, rail line construction activity requires a rail circulation permit from the DNTF.

Pursuant to article 13 of the DNTF's Principles of Rail Regulation, the following is required to obtain the permit:

- the applicant should be a company incorporated under Uruguayan law;
- the applicant should be registered before the State Supplier's Unique Register;
- prior to commencing activities, the applicant should have:
 - a safety certificate or authorisation issued by DNFT,
 - staff responsible for rail transport safety authorised by DNFT; and
 - operational staff authorised by the DNFT;
- liability insurance policies, where the minimum amount and conditions coverage of which should be established by the DNTF;
- the applicant should be registered before the Public Works National Registry of the Ministry of Transport; and
- evidence of having in place (or being in process of having) a Health and Occupational Safety Management System based on national laws and ISO norms 45001.

The DNTF has a 90-day term from the submission of the complete application to decide whether the Rail Circulation permit should be granted. The fee charged by the DNTF in respect of the permit procedure is of 41,316 Unidades Indexadas (approximately US\$6,200 as of today). The permit is granted subject to conditions that should be complied with by its holder. To the extent the permit holder complies with these conditions, the permit should be valid for five years as of the notification of its issuance and may be renewed for new subsequent five-year periods.

Law stated - 18 September 2025

MARKET EXIT

Discontinuing a service

- 9** | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

There are no sector-specific laws governing a rail transport company's ability to voluntarily discontinue services. In doing so, the rail transport company should consider the general laws on the termination of contracts. General consumer protection laws should also be considered, particularly in respect of passenger services.

With regard to the removal of rail infrastructure, Law 20,075, passed in 2022, assigns to the Ministry of Transport, through the National Directorate of Rail Transport (DNTF), competence to remove and replenish rail infrastructure (eg, tracks, sleepers) whenever it deems it convenient, provided it maintains the trace for the destinations of the affected line. Prior to this law, the body in charge of such role was the State Railway Administration (AFE). In the past, in practice, AFE has decided the discontinuation of passenger services

and the removal of rail infrastructure through various Board decisions. By 1990, AFE had discontinued most passenger services and availability of almost half of the national rail line due to losses experienced by the company.

Law stated - 18 September 2025

- 10** | On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

Article 9 of the DNTF's Principles of Rail Regulation establishes the following events as causes for the withdrawal by the DNTF of a rail transport provider's authorisation to operate:

- breaching the requirements established for obtaining the railway operator licence;
- obtaining the licence through false representations;
- repeatedly infringing the rail regulations; and
- failing to commence authorised services within 24 months after receipt of the licence.

In addition, the regulation sets forth that the licence may be suspended by the DNTF in the following cases:

- as a sanction derived from an administrative process or investigation;
- when the licensee fails to pay rail fees or tariffs that are due and payable; or
- when the company has interrupted its rail operations during a period exceeding six months.

Pursuant to article 6 of the DNTF's National Rail System Sanctions Regime, approved by the Executive Power through Decree 373/019, the DNTF's investigations and applications of sanctions to rail transport providers should be carried out in accordance with the procedure established under the Executive Power's Decree 500/991. This decree codifies the general administrative procedures relating to the activity of the Executive Power's bodies and has been adopted by other governmental entities. The Decree establishes general procedural principles (eg, impartiality, legal objectivity, material truth, transparency, efficiency).

In accordance with the Executive Power's Decree 500/991, throughout the investigation procedure, the authorisation holder should be entitled, among others, to have access to the administrative file, submit evidence to defend its position and file its defences. Additionally, if the resolution is adverse, the affected party may submit an appeal for revocation before the DNTF and, subsidiarily, a hierarchic appeal before the Executive Power. If the resolution is upheld, the affected party may submit a final appeal (an action for annulment) before the Tribunal de lo Contencioso Administrativo (an administrative tribunal independent from the Executive Power).

Law stated - 18 September 2025

Insolvency

- 11** | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

There are no sector-specific rules governing the insolvency of rail transport providers. Insolvencies are governed by general rules.

It is worth mentioning that, unlike other jurisdictions, the initiation of insolvency proceedings against the rail operator or its declaration of bankruptcy are not included among the events or causes that trigger the suspension or revocation of its licence.

Law stated - 18 September 2025

COMPETITION LAW

Competition rules

- 12** | Do general and sector-specific competition rules apply to rail transport?

General competition rules apply to rail transport. Sector-specific provisions related to competition are only established in the form of principles or objectives that are to be taken into consideration by the National Directorate of Rail Transport (DNTF) in exercising its task (eg, issuance of regulation and authorisations).

In this sense, the DNTF's Principles of Rail Regulation, which set forth the general guidelines that the DNTF should follow in the development of the regulation, enshrines under its article 1, as one of the principles of regulation, the promotion of competition in the provision of rail transport services, guaranteeing compliance with objectivity, transparency and non-discriminatory standards.

Additionally, articles 19 and 25 of the DNTF's Principles of Rail Regulation, which set forth the criteria to be followed by the DNTF in granting Assignment of Capacity to the infrastructure, provides as one of its objectives, the promotion of competition, enabling rail transport to generate chain value and national production, whereby competitiveness should be a factor fostering efficiency and eliminating monopolies.

Law stated - 18 September 2025

Regulator competition responsibilities

- 13** | Does the sector-specific regulator have any responsibility for enforcing competition law?

No, the DNTF has no responsibility for enforcing competition laws. The body responsible for investigating anticompetitive practices and enforcing competition laws is the Commission

for the Promotion and Defence of Competition (Antitrust Commission), in accordance with article 10 of the Defence of Competition Act (Law 18,159).

However, with regard to competition, it is worth mentioning that the DNTF's Principles of Rail Regulation, which set forth the general guidelines that the DNTF should follow in the development of the regulation, provide in its article 1, as one of the principles of regulation, the promotion of competition in the provision of rail transport services, guaranteeing compliance with objectivity, transparency and non-discriminatory standards.

Additionally, articles 19 and 25 of the DNTF's Principles of Rail Regulation, which set forth the criteria to be followed by the DNTF in granting Assignment of Capacity to the infrastructure, provides as one of its objectives, the promotion of competition, enabling rail transport to generate chain value and national production, whereby competitiveness should be a factor fostering efficiency and eliminating monopolies.

Law stated - 18 September 2025

Competition assessments

14 | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

Transactions involving rail transport companies fall under the general merger control laws (section 7 of Law 18,159, dated 20 July 2007, as amended by Law 19.833 dated 30 September 2019 and Law 20.212 dated 6 November 2023). In general terms, the regime provides that prior authorisation is required from the Antitrust Commission with respect to any act of economic concentration surpassing an established dual threshold. The dual threshold is triggered when: within any of the last three accounting years, (1) the annual net turnover (excluding taxes) within Uruguayan territory of all the participants of the operation is equal to or greater than the amount of 500 million indexed units (approximately US\$75 million as at May 2024) and (2) the annual net turnover within Uruguayan territory of two or more participants in the transaction, considered individually, is equal to or greater than 30 million indexed units (approximately US\$4.5 million as at May 2024).

Section 8 of the Defence of Competition Act provides certain exceptions to the obligation to obtain prior authorisation from the Antitrust Commission, which include:

- acquisition in which the buyer previously held at least 50 per cent of the company shares;
- acquisition of a sole company by a foreign company that did not previously have assets or shares in other Uruguayan companies (newcomer exception); and
- the acquisition of companies declared bankrupt, provided that the buyer was the only bidder under the competitive procedure.

Law stated - 18 September 2025

PRICE REGULATION

Types of regulation

15 | Are the prices charged by rail carriers for freight transport regulated? How?

The prices charged by rail carriers for freight transport are not regulated (ie, operators may freely negotiate and agree prices with their clients). Rail carriers should, nevertheless, take into consideration general competition law principles, which, among others, establish the prohibition of certain practices (eg, applying to third parties unequal conditions in respect of equivalent services, positioning such third parties on an important disadvantage regarding competitors).

With regard to the State Railway Administration (AFE), its organic law provides that its prices should be set by its Board of Directors with the approval of the Executive Power (article 5, G, Law 14,396). The law further provides that, in exceptional circumstances, it may execute individual contracts by giving an ex-post notice to the Executive Power.

Law stated - 18 September 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

Rail passenger carriers are generally free to set their own prices but must grant users adequate access to such information, ensuring that services are provided in accordance with basic conditions of accessibility and non-discrimination (article 10, g, c, of the National Directorate of Rail Transport's (DNTF) Principles of Rail Regulation). Rail passenger carriers should also take into consideration general consumer protection law principles (eg, consumers' right to equal treatment).

With regard to AFE, its organic law provides that its prices should be set by its board of directors with the approval of the Executive Power (article 5, G, Law 14,396). The law provides further that, in exceptional circumstances, it may execute individual contracts by giving an ex-post notice to the Executive Power.

Law stated - 18 September 2025

17 | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

The price levels for freight shippers or passengers are not regulated.

Law stated - 18 September 2025

18 | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

With regard to passenger rail services, article 10, g, c, of the DNTF's Principles of Rail Regulation expressly provides that rail passenger carriers must ensure that services are

provided in non-discriminatory conditions (article 10, g, c, of the DNTF's Principles of Rail Regulation). The fact that passenger prices should be published excludes the possibility to justify a differential treatment based on objective reasons. Passengers are also entitled to request the right to equal treatment under consumer protection general laws.

Prices charged by rail carriers to shippers are not regulated (ie, operators may freely negotiate and agree prices with their clients). Rail carriers should, nevertheless, take into consideration general competition law principles, which, among others, establish the prohibition of certain practices (eg, applying to third parties unequal conditions in respect of equivalent services, positioning such third parties on an important disadvantage regarding competitors).

Law stated - 18 September 2025

NETWORK ACCESS

Sharing access with other companies

- 19** | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

Yes, article 25 of the National Directorate of Rail Transport's (DNTF) Principles of Rail Regulation, which establishes the criteria that the DNTF should follow to grant Assignment of Capacity to the rail infrastructure, provides that the procedure to grant such capacity should be adjusted to non-discriminatory principles.

Law stated - 18 September 2025

Access pricing

- 20** | Are the prices for granting of network access regulated? How?

Pursuant to article 244 of Law 20,075, the price or tolls to have access to the network are proposed by the DNTF to the Executive Power and approved by the Executive Power. In addition, such law provides that the DNTF should propose to the Executive Power the criteria for the calculation of such tolls. As of the date of this report (May 2024), these criteria have not yet been regulated.

Law stated - 18 September 2025

Competitor access

- 21** | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

There is no specific or declared policy on allowing new market entrants network access or increasing competition in rail transport. However, it is worth mentioning that the DNTF's

Principles of Rail Transport, approved by the Executive Power through Decree 280/018, as the body in charge of rail transport policy, expressly encourage the DNTF (as regulator) to develop its rail transport regulation by aiming to promote competitiveness, making of the railway a tool that fosters chain values and the national production and whereby competition should be a factor that generates efficiencies and eliminates monopolies. Pursuant to such regulation, the same criteria should be considered by the DNTF (as administrator of the rail infrastructure) when granting Assignment of Capacity to the infrastructure to rail operators. In addition, article 25 of the DNTF's Rail Transport Principles provides that the procedure to be established by the DNTF to provide Assignment of Capacity to the infrastructure should be based on non-discriminatory criteria.

Law stated - 18 September 2025

SERVICE STANDARDS

Service delivery

- 22** | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

With respect to passenger transport, article 10 of the National Directorate of Rail Transport's (DNTF) Principles of Rail Transport provides that rail transport providers should ensure that services are provided in accordance with basic accessibility and non-discriminatory conditions. The regulation does not contain exceptions or restrictions to such provision.

The regulation does not contain a similar provision in respect of freight rail transport.

Law stated - 18 September 2025

- 23** | Are there legal or regulatory service standards that rail transport companies are required to meet?

Article 10 of the DNTF's Principles of Rail Transport provides that passenger rail transport companies should adopt rules relating to quality of services and implement quality management systems. The systems should contain the following (among others):

- information to users;
- tickets;
- punctuality of services and general principles to cope with disruptions of services;
- cleanliness of rolling stock and air quality in carriages;
- customer satisfaction surveys;
- complaint handling and refunds in case of breaches to rules relating to quality of services; and
- assistance provided to disabled persons and persons with reduced mobility.

In addition, the regulation sets forth that passenger rail operators should control their own results on quality aspects and, on an annual basis, should publish a report on the results obtained in such field. The report should be submitted before the DNTF and should be published on the website of the rail transport companies.

Law stated - 18 September 2025

Challenging service

24 | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

Pursuant to article 6 of the DNTF's National Rail System Sanctions Regime, approved by the Executive Power through Decree 373/019, challenges by users in respect of breaches to their consumers' rights (which includes quality standards) are to be carried out in accordance with the administrative procedure set forth under the Executive Power's Decree 500/991. This is the general procedure governing administrative procedures relating to the activity of the Executive Power's bodies. The Decree includes general procedural principles (eg, impartiality, legal objectivity, material truth, transparency, efficiency).

The DNTF is the body in charge of resolving users' challenges and sanctioning the rail company. Throughout the investigation procedure, the rail transport provider should be entitled, among others, to have access to the administrative file, submit evidence to defend its position and file its defences. Additionally, in case the resolution is adverse, it should be entitled to submit an appeal for revocation before the DNTF and, subsidiarily, a hierarchic appeal before the Executive Power. If the resolution is upheld, the rail company should be entitled to submit a final appeal (an action for annulment) before the Tribunal de lo Contencioso Administrativo (an administrative tribunal that is independent from the Executive Power).

Law stated - 18 September 2025

SAFETY REGULATION

Types of regulation

25 | How is rail safety regulated?

Rail safety is regulated through the rules, resolutions and instructions issued by the National Directorate of Rail Transport (DNTF). The main regulations in this respect include the following:

- the Principles of Rail Regulation, approved by the Executive Power through Decree 280/018, which sets forth:
 - the rules to which the administrator of the rail infrastructure is subject to in the maintenance of the infrastructure to ensure the functioning of operations under safety conditions; and

- safety rules in respect of rail operators including the authorisations and certificates that rail operators and companies in charge of constructing and maintaining the infrastructure should obtain;
- DNTF's Technical Specifications for the Approval of Railway Rolling Stock, approved by the Executive Power through Decree 68/020, which sets forth the technical requirements to be met by rail rolling stock;
- DNTF's Safety Rules for Rail Level Crossing, approved by resolution of the Ministry of Transport dated 15 December 2020, which set forth requirements in respect of rail level crossings;
- DNTF's Regulation of Rail Accidents and Incidents Investigating Body, approved by the Executive Power through Decree 67/021, which regulates the procedure to be followed by the Rail Accidents and Incidents Investigating Body in carrying out its investigations; and
- DNTF's National Regulation on Rail Transport of Hazardous Goods, approved by the Executive Power through Decree 201/022, which sets forth rules and procedures in respect of the rail transport of hazardous goods to prevent risks affecting public health, public security and the environment.

Law stated - 18 September 2025

Competent body

26 | What body has responsibility for regulating rail safety?

The body responsible for regulating rail safety is the DNTF, a division within the Ministry of Transport.

Law stated - 18 September 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

The Technical Specifications for the Approval of Railway Rolling Stock, approved by the Executive Power through Decree 68/020, sets forth the technical requirements with which rail equipment (including engines and rolling stock) should comply to be allowed to circulate through the National Railroad. Pursuant to the Specifications, all rolling stock circulating through the National Railroad should be approved (homologated) by the DNTF and registered before the DNTF's National Rail Registry. The Decree grants operators a seven-year maximum term to ensure that their rail equipment meet these Specifications.

The Specifications expressly adopt the rules issued by the Association of American Railroads and the Technical Interoperability Specifications of the European Union Agency for Railways in respect of the technical requirements for rail rolling stock.

Law stated - 18 September 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

Maintenance of track and other rail infrastructure is regulated under Chapter V of the DNTF's Principles of Rail Regulation, approved by the Executive Power through Decree 280/018.

Pursuant to said rules, the administrator of the rail infrastructure (DNTF) should plan its maintenance activities jointly with the traffic planners of the Traffic Control Centre. The administrator of the rail infrastructure may carry out the maintenance activities directly or through contractors.

Article 36 of the DNTF's Principles of Rail Regulation provides that the administrator of the rail infrastructure should measure the performance of the maintenance activities in accordance with key and adequate indicators, which should measure performance separating the different types of failures and locations. The administrator of the rail infrastructure should require that third parties contracted to undertake the maintenance activities be subject to the mentioned indicators and be subject to related sanctions and bonifications established by contract.

The administrator of the rail infrastructure should develop and implement a maintenance activities system that should meet the requirements and be in compliance with the international certification systems in respect of safety, quality and environmental standards (article 37 of the DNTF's Principles of Rail Regulation).

Law stated - 18 September 2025

29 | What specific rules regulate the maintenance of rail equipment?

Pursuant to Annex III of the DNTF's Technical Specifications for the Approval of Railway Rolling Stock, maintenance of rail equipment should be carried out by personnel and centres duly authorised (homologated) by the DNTF. Maintenance centres are defined under article 1.2 of Annex III of such Specifications as the entity responsible for the comprehensive maintenance and repair and quality and safety of the rail equipment that is provided to them by third parties.

Article 2 of Annex III of the Specifications provides that the maintenance centres should elaborate work programmes and procedures relating to the maintenance interventions and operations to which they are entrusted by third parties in accordance with maintenance programmes, the elaboration and formalisation of documents relating to the maintenance interventions and operations and keeping the information relating to the maintenance carried out for a period of five years.

Law stated - 18 September 2025

Accident investigations

30 | What systems and procedures are in place for the investigation of rail accidents?

The body in charge of investigating rail accidents is the Rail Accidents and Incidents Investigating Body (OIAF), established by Law 18,834 (paragraph B, article 173). Pursuant to its organic law, the OIAF is a technically autonomous body whose reports are not binding but should be submitted to the Ministry of Transport through the DNTF.

OIAF's investigatory procedure is regulated under the Rules of the Rail Accidents and Incidents Investigating Body, approved by the Executive Power through Decree 67/021. Pursuant to article 1 of the regulation, the purpose of OIAF's investigations is to prevent the repetition of future rail accidents by carrying out technical investigations and analysis of accidents with the purpose of determining the causes, determining responsibilities and recommending corrective measures. Article 2 sets forth that the procedure established thereunder applies to the investigation of material accidents and to use technical analysis of incidents and accidents to prepare reports that are useful to improve rail safety and prevention of accidents.

Law stated - 18 September 2025

Accident liability

31 | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

The ordinary liability regime applies to rail transport companies for rail accidents, including general consumer rights laws. There are no special rules in this regard with respect to rail transport.

Law stated - 18 September 2025

FINANCIAL SUPPORT

Government support

32 | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

In support of companies that provide services, the Executive Power's Decree 348/014 declared freight rail.

Law stated - 18 September 2025

Requesting support

33 | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

In support of companies that provide services, the Executive Power's Decree 348/014 declared freight rail transport as a promoted activity in accordance with article 11 of the investment promotion law (No. 16,906). Pursuant to this law, companies whose investment is promoted by the Executive Power benefit from the following:

- exemptions of the net worth tax benefits;
- exemption of the Income Tax on Economic Activities for a maximum amount and term that will result from applying a matrix of certain public-policy indicators (creation of jobs, increased exports, use of clean technologies, etc);
- VAT tax credits akin to the exporters' regime for the local acquisition of materials and services for civil works; and
- exemption of fees or taxes on imports, including VAT, on personal property for fixed assets and materials for civil works, which do not have exemptions under the benefits of other regimes, and are declared non-competitive for the national industry.

Additionally, article 6 of the Executive Power's Decree 348/014 provides that freight rail companies should benefit from the following:

- exemption from wealth tax in respect of the following fixed assets:
 - cargo transport units, and
 - electronic data processing equipment, and
- exemption from VAT and from the specific internal tax corresponding to the importation of the before-mentioned goods and reimbursement of VAT included in the local acquisition of such goods. Certain exceptions are provided in respect of such exemptions.

The Decree sets forth that to apply for these exemptions, the companies should submit before the Investment Commission a copy of their authorisation by the Ministry of Transport to provide freight rail services.

Law stated - 18 September 2025

LABOUR REGULATION

Applicable labour and employment laws

34 | Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

Uruguayan legislation contains certain specialised labour regulations relating to workers in the rail transport industry, which are established by Salary Councils, namely, within Group 13 (Transport and Storage), SubGroup 13 (Railway Transportation of People and

Load), Chapter 13.1 (Load Railroad Transportation). The Salary Councils, created by Law 10,449, are tripartite bodies, which include the business sector, the workers sector and the government, where, through the mechanism of social dialogue, minimum salaries, categories and other benefits are negotiated and determined. Pursuant to Law 18,566, the regulation adopted by the Salary Councils applies to all employers and employees involved in the sector.

Finally, it should be noted that general labour laws and regulations apply to matters not regulated by Salary Councils.

Law stated - 18 September 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

35 | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

Standard environmental laws apply to rail transport companies. With regard to the construction and rehabilitation of new rail lines, a Prior Environmental Authorisation should be required from the Ministry of Environment in accordance with Law 16,466 and the Executive Power's Decree No. 349/005. Such authorisation should be preceded by an environmental impact assessment before the Ministry of Environment. Other general environmental regulations, such as those related to land zoning and planning, protected areas or air quality (among others) may also apply, depending on each specific case.

With respect to sector-specific environmental regulation, section III of the National Directorate of Rail Transport's Principles of Rail Regulation sets forth certain environmental policies to be complied with by all participants of the Rail System. Among others, article 63 provides that all participants of the Rail System must have environmental management systems, which should be based on national laws in force and ISO 14001 certificate in force.

Law stated - 18 September 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

The Uruguayan government recently inaugurated the Ferrocarril Central Project in April 2024. The project was implemented through a public-private partnership agreement, executed in 2019, which involved the design, construction, financing, rehabilitation and maintenance (for a 15-year term) of 273km of rail line between the city of Paso de los Toros and the country's capital city, Montevideo. The project involved an investment of more than US\$1.1 billion, transforming it into the largest infrastructure project in the history of

Uruguay. The rail line connects a private pulp plant recently inaugurated, which, according to sources, its construction included an investment exceeding US\$3 billion, with the port of Montevideo.

The Ferrocarril Central Project is expected to revive rail transport in the country (both passenger and freight), which has been marginal in the past decades. In this sense, the Ministry of Transport has recently issued a licence to operate to the private company, which will be providing freight rail services to the mentioned pulp plant, making it the second company currently holding this licence in the country. Other relevant local logistic companies have also expressed publicly their intention to commence to provide freight rail services. Moreover, after the increased interest of private companies in this means of transport, authorities from the Ministry of Transport have revealed that the government is evaluating the rehabilitation of other rail lines that have been inactive for some decades (eg, the rail track connecting the cities of Salto and Minas with Montevideo).

In addition, authorities from the national government and from the departments of Montevideo and its neighbouring department Canelones have also revealed plans to construct a tram-train that would connect the increasingly populated east outskirts of Montevideo with the city's centre. According to sources, relevant local and international construction companies are already carrying out feasibility studies in regard to this project.

Law stated - 18 September 2025



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UPDATE AND TRENDS

Key developments of the past year

GENERAL

Industry structure

1 | How is the rail transport industry generally structured in your country?

The freight rail industry in the United States is almost all privately owned. Unlike in some jurisdictions, where separate entities control rail infrastructure and rail operations, in the United States, rail infrastructure and operations over that infrastructure are typically controlled by the same entity. Railways may also enter into agreements with one another to share infrastructure or operations on a line. For example, a railway may have trackage rights to operate its trains over the lines of another railway, haulage agreements where one railway will move traffic for a second railway, switching agreements whereby another railway agrees to provide switching access to a customer facility, or joint use agreements to share a line, yard, terminal or other facility. These arrangements are typically voluntary, but there are limited circumstances in which a railway may be forced to give another railway access to its infrastructure.

Freight railways are categorised as Class I, Class II or Class III based on their annual operating revenues. Railways with over US\$1.075 billion in annual revenues are Class I railways, which are subject to more rigorous regulation and reporting requirements. The current six Class I railways are as follows:

- BNSF Railway Co;
- CSX Transportation, Inc;
- Grand Trunk Western Railroad (the US affiliate of Canadian National Railway);
- Canadian Pacific Kansas City Limited;
- Norfolk Southern Railway Co; and
- Union Pacific Railroad Co.

On 29 July 2025, Norfolk Southern and Union Pacific announced plans to merge; that merger requires approval of the Surface Transportation Board. In addition, there are over 550 Class II (between US\$48.2 million and US\$1.075 billion in annual revenues) and Class III railways (less than US\$48.2 million in annual revenues) in the United States, which include regional railways, short-line railways, and switching and terminal railways.

Passenger rail is largely government-owned or supported. The largest passenger rail system is the National Railroad Passenger Corporation (Amtrak), which is owned by the federal government and provides intercity passenger rail service. Amtrak owns and controls some rail lines and infrastructure, particularly in the Northeast Corridor between Washington, DC and Boston. Outside of the Northeast Corridor, Amtrak trains typically operate over the lines of freight railways. Some other intercity passenger systems are in various stages of development. The privately owned Brightline has operations in Florida between Miami and Orlando and has broken ground on Brightline West, a new high speed rail line between Las Vegas and Rancho Cucamonga (east of Los Angeles). Other private intercity passenger systems have been proposed in various states, and construction has begun on a state-supported high-speed rail system in central California, although its ongoing federal funding is in question.

There are also numerous commuter railways that transport passengers in and around a single metropolitan region. Commuter railways are typically supported by state and local governments and often operate over rail lines owned by other railways.

Law stated - 16 September 2025

Ownership and control

- 2 | Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

In general, the US government is a regulator of freight rail services, not a provider. A very small number of short-line freight railways are owned by state and local governments or government entities, such as port authorities, most of whom purchased them from private railways to preserve rail service. In the passenger sphere, the federal government owns Amtrak, California is currently planning and constructing a high-speed rail line through its High-Speed Rail Authority and state and local governments often own or financially subsidise commuter railways.

Law stated - 16 September 2025

- 3 | Are freight and passenger operations typically controlled by separate companies?

In general, US railways carry either freight or passengers, but not both. There is no regulatory prohibition against a railway transporting both freight and passengers, however, and, historically, this was a common practice. Many rail lines host operations by both freight railways and passenger or commuter railways.

Law stated - 16 September 2025

Regulatory bodies

- 4 | Which bodies regulate rail transport in your country, and under what basic laws?

The Surface Transportation Board (STB) regulates most non-safety-related rail transport issues, including rates, service, entry and exit and transactions involving rail carriers. The STB succeeded to the functions of the Interstate Commerce Commission (ICC) in 1996. The [Interstate Commerce Act \(49 USC 10101–16106\)](#) and regulations promulgated by the STB at [49 Code of Federal Regulations \(CFR\) Parts 1000–1333](#) govern these issues. The Interstate Commerce Act dates back to 1887 and has been subject to several significant amendments that substantially changed the scope of rail regulation. The most relevant amendments for railways today are the [Staggers Rail Act of 1980](#) (which partially deregulated the rail industry) and the [ICC Termination Act of 1995](#) (which further deregulated the industry and transferred the ICC's remaining functions to the STB).

The United States Department of Transportation, through several of its modal agencies, is the safety regulator of the railway industry. Chief among these agencies is the Federal Railroad Administration (FRA). The primary laws governing rail safety are the Federal Railroad Safety Act and safety regulations promulgated by the FRA at [49 CFR Parts 200–299](#). Other laws affect rail safety, such as the Safety Appliances Act, Hours of Service Act and [Railroad Safety Enhancement Act](#). Commuter railways are outside the jurisdiction of the STB. They are regulated on the safety side by FRA and in other areas by the Federal Transit Administration.

Amtrak was originally established by the [Rail Passenger Service Act of 1970](#). While Amtrak is statutorily exempt from most STB regulation, the STB retains jurisdiction over other intercity passenger railways that operate in more than one state or that otherwise connect to the interstate rail network. The STB has certain authority relating to Amtrak service, including over disputes relating to Amtrak access to freight rail facilities and whether Amtrak trains are receiving appropriate preference over freight rail service.

Law stated - 16 September 2025

MARKET ENTRY

Regulatory approval

- 5 | Is regulatory approval necessary to enter the market as a rail transport provider?
What is the procedure for obtaining approval?

In general, regulatory approval from the Surface Transportation Board (STB) is required to enter the market as a rail transport provider, whether by the construction of a new line or by the acquisition or operation of an existing rail line. The STB has the authority to approve an application to the agency, and it also has the power to issue exemptions from the obligation to file a full application. The STB can exempt a person or transaction if it finds that formal regulation is not necessary to carry out US rail transport policy and either the transaction or service is of limited scope or regulation is not needed to protect shippers from an abuse of market power. The STB can grant petitions for exemption in individual cases and has also established class exemptions that allow parties to obtain regulatory approval through an even more expedited process for certain types of transactions. The type of regulatory process that is required to enter the market as a rail transport provider varies based on the type of transaction and the identity of the new entrant.

Under the expedited class exemption process, an entity seeking to acquire or operate a rail line files a verified notice providing specified details about the transaction. The notice must certify whether the proposed transaction involves any 'interchange commitments' that may limit future interchange with connecting carriers and provide specified information about such commitments. If the projected annual revenue of the rail lines to be acquired or operated, together with the acquiror's projected annual revenue, exceeds US\$5 million, the applicant must post a notice of the proposed transaction at least 60 days in advance at the workplace of affected employees. The class exemption will be effective 30 to 45 days after the notice is filed (depending on the size of the new carrier). Potential opponents may seek to revoke the exemption for cause, but a petition to revoke does not automatically stay the exemption.

Law stated - 16 September 2025

6 | Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

The process for regulatory approval to control a rail carrier varies depending on whether the acquiror is a carrier or a non-carrier and if the latter, whether the non-carrier acquiror already controls other rail carriers. The approval process also varies depending on the class of the carriers involved (ie, Class I, II or III). A non-carrier may acquire control of an existing carrier without approval or exemption by the STB, so long as the non-carrier does not control any other rail carrier. Because such a transaction does not require STB approval, it may be subject to pre-merger notification and waiting period requirements under the Hart–Scott–Rodino Antitrust Improvements Act of 1976. This Act requires persons contemplating mergers or acquisitions meeting certain jurisdictional thresholds to notify the Federal Trade Commission and the Department of Justice and wait a specific period (usually 30 days) before consummating a proposed acquisition. If the reviewing agency believes that a proposed transaction may violate antitrust laws, it may seek an injunction in federal court to prohibit consummating the transaction.

For control or merger transactions that do require STB approval, the STB classifies transactions as ‘major’, ‘significant’, ‘minor’ or ‘exempt’, depending on the circumstances. Major transactions involve the merger of two or more Class I railways and significant transactions are those that do not involve the merger of two or more Class I railways but are found to be ‘of regional or national transportation significance’. Exempt transactions are those for which the agency has found that regulation is not necessary to carry out US rail transport policy and has thus adopted a class exemption (eg, the acquisition of non-connecting carriers where no Class Is are involved). Transactions that are not major, significant or exempt are minor transactions.

Major, significant and minor transactions all require applications of varying complexity. Applicants in major and significant transactions also must submit a pre-filing notification describing the proposed transaction for publication in the Federal Register. The STB’s rules prescribe the information that will be included in the notice and the application, which differ based on the type of transaction. The STB will also establish a procedural schedule allowing interested parties to comment and request conditions, submit responsive applications or seek other relief. The procedural schedule will allow the evidentiary proceeding to be completed within one year for major transactions, 180 days for significant transactions and 105 days for minor transactions, with a final decision issued within 45 to 90 days thereafter.

The STB is required by statute to approve significant and minor transactions unless it finds both that the transaction is likely to cause a substantial lessening of competition and that the anticompetitive effects of the transaction outweigh the public interest in meeting significant transport needs.

Major transactions, by contrast, may only be approved if the STB finds the transaction is ‘consistent with the public interest’. STB rules adopted in 2001 governing major transactions indicate that the agency does not favour Class I railway consolidations that reduce transport alternatives ‘unless there are substantial and demonstrable public benefits to the transaction that cannot otherwise be achieved’, including ‘improved service,

enhanced competition, and greater economic efficiency'. No major transactions have been scrutinised under the STB's 2001 rules governing major transactions, but the proposed merger of Union Pacific and Norfolk Southern will be governed by those rules. (The acquisition of Kansas City Southern (KCS) by Canadian Pacific Railway that was approved in 2023 was governed by the agency's old merger rules pursuant to a KCS-specific waiver granted by the STB.)

Under the streamlined class exemption process, which is applicable for the control of non-connecting carriers where no Class I railways are involved, parties to transactions that qualify for a class exemption must file a verified notice of the transaction with the STB at least 30 days before the transaction is consummated. The verified notice should certify whether the proposed transaction involves any interchange commitments that may limit future interchange with connecting carriers and provide specified information about such commitments. Potential opponents may seek to revoke the exemption for cause, but a petition to revoke does not automatically stay the exemption.

The STB has the authority to place conditions on its approval of a transaction. These conditions are typically required to include standard labour protections for workers affected by the transaction and they also may contain environmental mitigation or measures to preserve competitive options or remedy competitive harm that otherwise would be caused by the transaction, and monitoring conditions.

Law stated - 16 September 2025

7 | Is special approval required for rail transport companies to be owned or controlled by foreign entities?

The STB's standards for review and approval of acquisitions, ownership and control of rail carriers do not distinguish between domestic and foreign entities. However, applicants for a transaction that would involve transnational operations are required to address certain cross-border issues in their application. The Committee on Foreign Investment in the United States – known as CFIUS – may also review a transaction that would result in a foreign entity controlling a US railway.

Law stated - 16 September 2025

8 | Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

The construction of new rail lines that extend a railway into new territory requires regulatory approval or exemption by the STB, whether the construction is proposed by a new carrier or an existing carrier. However, no STB approval is needed for an existing carrier to construct ancillary tracks to facilitate service on its existing lines. For example, no STB approval is necessary to construct passing sidings or side tracks along existing tracks or to construct additional yard tracks.

The STB must authorise a new rail line construction project unless it finds it to be 'inconsistent with the public convenience and necessity'. The STB may impose modifications or conditions it finds to be 'necessary in the public interest'.

Parties seeking approval for new rail line construction may either apply to the STB, including the information specified by the agency's rules (49 CFR Part 1150) or submit an individual petition for exemption. There is also a class exemption available for the construction of short connecting track. Parties must comply with the STB's environmental regulations. The STB must comply with the National Environmental Policy Act before granting a construction application or petition for exemption, which will typically require an environmental impact statement.

Law stated - 16 September 2025

MARKET EXIT

Discontinuing a service

- 9 | What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

A rail carrier may not abandon or discontinue operations over any part of its railway lines unless the Surface Transportation Board (STB) finds that the 'present or future public convenience and necessity require or permit the abandonment or discontinuance'. However, no STB approval is needed for the abandonment or discontinuance of ancillary track.

Railways can submit applications to abandon or discontinue service, which the STB shall grant if it finds that the public convenience and necessity standard is satisfied. Most abandonments and discontinuances occur through a class exemption that is available for any line that has been out of service for two years or more. Abandonment or discontinuance can also be sought through a petition for exemption.

After an abandonment or discontinuance application, petition or notice of class exemption is filed, any person (including a government entity) may submit an 'offer of financial assistance' to subsidise or purchase the rail line at issue. If the STB finds that the offeror is financially responsible, the abandonment or discontinuance shall be postponed until the parties have reached agreement on a transaction for subsidy or sale of the line. If they cannot agree, the conditions and amount of compensation are established by the STB.

Parties also have an opportunity to request that a line proposed for abandonment be set aside for interim trail use or offered for sale to be used for public purposes. Interim trail use is only permitted if the abandoning railway consents and the trail proponent agrees to certain conditions (including that rail service could be reactivated on the corridor). Under STB regulations, interim trail use negotiations may occur for one year, with extensions permitted by the Board if the trail sponsor and railroad agree. A condition that the property be offered for sale for public purposes may be imposed even if the railway objects, but the STB cannot force such a sale and the condition may not be in place for more than 180 days, after which the abandoning railway is free to sell the property to whomever it chooses.

Law stated - 16 September 2025

On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

The same legal standard (public convenience and necessity) governs applications for abandonment and discontinuation of service filed by third parties seeking to force a railway to abandon a line. (Such third-party abandonment is often called adverse abandonment.) The STB considers whether there is a present or future need for rail service on the line, as well as other interests, including those of the railway, shippers, landowners, the community and the interstate rail network at large. In doing so, the STB has stated it is mindful of lawmakers' intent that rail lines be kept within the system where possible and thus, in general, the STB will not grant adverse abandonment where the incumbent railway or shippers on the line can demonstrate a current or potential future need for continued rail service.

A rail carrier opposing adverse abandonment has the right to contest abandonment before the STB and to seek judicial review if necessary.

Law stated - 16 September 2025

Insolvency

11 | Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

A special subchapter of the Bankruptcy Code (11 US Code Subchapter IV – Railway Reorganization) applies to railway bankruptcies and reorganisations. This subchapter requires the bankruptcy court and the trustee to 'consider the public interest' in addition to the interests of the debtor, creditors and equity security holders.

A railway in bankruptcy may be required to continue operations until it is authorised to abandon some or all of its lines or until it is liquidated. However, courts have recognised that in some situations, a railway that has insufficient funds to pay its employees and suppliers simply cannot operate, and requirements to do so prevent an orderly liquidation.

Law stated - 16 September 2025

COMPETITION LAW

Competition rules

12 | Do general and sector-specific competition rules apply to rail transport?

Both general and sector-specific competition rules apply to rail carriers, with some exceptions. A rail carrier engaged in a consolidation, merger or control transaction

approved by the Surface Transportation Board (STB) is exempt from the antitrust laws (and ‘all other law’) as necessary to allow it to carry out the approved transaction. This means, for example, that a rail carrier engaged in a merger approved by the STB cannot be found liable for violating the antitrust laws simply for carrying out that merger. Similarly, rates for rail transport, which are subject to STB rate regulation in some cases, cannot be challenged under antitrust law.

Law stated - 16 September 2025

Regulator competition responsibilities

- 13** | Does the sector-specific regulator have any responsibility for enforcing competition law?

The STB does not enforce federal antitrust laws, although it may consider antitrust principles in assessing whether a particular transaction should be approved or exempted.

Law stated - 16 September 2025

Competition assessments

- 14** | What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

The STB’s principal concerns in merger or control cases are the preservation of competitive rail service where it exists and, in major mergers, the enhancement of rail competition. The STB is particularly focused on avoiding or remediating any situation where a transaction would reduce the number of competitors from two to one (and, to a lesser extent, from three to two), as well as, in certain instances, where a transaction would reduce forms of indirect competition (eg, competitive pressure from build-out or build-in options due to a competitor operating nearby). The STB usually requires that direct or indirect competitive rail service by at least two rail carriers be maintained wherever it existed before a merger or control transaction.

Law stated - 16 September 2025

PRICE REGULATION

Types of regulation

- 15** | Are the prices charged by rail carriers for freight transport regulated? How?

Some prices for freight transport are regulated by the Surface Transportation Board (STB). The STB has no jurisdiction to regulate the following rates:

- rates that are agreed to in rail transport contracts;

- rates for transport that are subject to 'effective competition' from another railway or mode of transport (ie, the railway is not market-dominant); and
- rates with a revenue to variable cost ratio (R/VC) of 180 per cent or less.

The R/VC is calculated by dividing the challenged rate by the variable costs for the movement as calculated by an STB costing model called the Uniform Railroad Costing System. Furthermore, the STB has granted commodity exemptions that preclude rate or other regulation of various commodities and equipment types that have been determined to be subject to effective competition; however, the STB retains the power to revoke these exemptions in whole or for particular traffic movements.

Shippers wishing to challenge rates that do not fall within the above categories have the right to file a rate reasonableness complaint with the STB.

Law stated - 16 September 2025

16 | Are the prices charged by rail carriers for passenger transport regulated? How?

The STB has statutory authority to determine the reasonableness of passenger rates for intercity transport within its jurisdiction, but it has never done so and has no rules governing such determinations. Amtrak is exempt from STB jurisdiction on most matters, and the prices it charges are unregulated. There are no generally applicable rules as to the fares charged by commuter rail lines, although state and local laws may apply.

Law stated - 16 September 2025

17 | Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

For traffic that is subject to rate regulation, shippers may file a complaint with the STB asking it to rule that the rate is unreasonably high. The STB has adopted several methodologies to adjudicate rate complaints, the most commonly used of which is the standalone cost (SAC) test. Other available methodologies that have been used by the STB include a simplified SAC methodology and a three-benchmark methodology designed for use in smaller cases. In 2024, a federal circuit court found that a new methodology for smaller cases, Final Offer Rate Review, was inconsistent with the STB's statutory authority and the STB has since removed the methodology from its rules.

A shipper that successfully proves that its rate was unreasonable under its chosen methodology may receive reparations for rates paid above the maximum reasonable level and a prescription requiring the railway to charge a lower rate in future. Rate disputes are also eligible for arbitration under the STB's arbitration programme, though the programme has never been used. In December 2022, the STB adopted rules that would create a new arbitration programme for rate disputes if all Class I railroads agree to participate. Two petitions to reconsider aspects of the arbitration rules are pending before the STB.

Law stated - 16 September 2025

- 18** | Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

No, unless the shippers are requesting identical service (eg, the same types of shipments between the same origins and destinations) and the railway cannot identify another sound reason for pricing the identical services differently.

Law stated - 16 September 2025

NETWORK ACCESS

Sharing access with other companies

- 19** | Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

In general, entities that control rail infrastructure are not required to grant network access to other rail providers. The Surface Transportation Board (STB) has authority to impose various forms of network access upon complaint and such relief may be granted if the agency finds an abuse of market power or service failure. The STB also sometimes imposes network access as a condition to a transaction to mitigate a loss of competition that might otherwise result from a merger. In 2024, the STB promulgated new regulations that would have allowed certain eligible customers to obtain mandated reciprocal switching where the customer could show a rail service failure, based on certain metrics. However, a federal circuit court vacated those regulations as outside of the agency's authority.

Freight railways are required to grant Amtrak access to their network at Amtrak's request. The terms and conditions of such access are negotiated between the freight railroad and Amtrak; the STB has the authority to set reasonable terms and conditions if an agreement cannot be reached.

While in most instances railways are not required to give other railways network access, railways must cooperate with other railways to allow for the uninterrupted flow of traffic over the national rail network. Railways are required to provide switch connections to the track of other railways, accept traffic from other railways when necessary to complete rail service, provide reasonable facilities for interchanging traffic with other railways, establish reasonable through routes with other railways and allow for crossings over railway property by other railways.

Law stated - 16 September 2025

Access pricing

- 20** | Are the prices for granting of network access regulated? How?

Prices for network access are negotiated in the first instance by the railways involved. If the railways cannot agree on pricing, the STB has jurisdiction to set a price. The STB has not established a uniform methodology for pricing network access.

Law stated - 16 September 2025

Competitor access

- 21** | Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

There is no declared policy specifically regarding access for new market entrants. The Rail Transportation Policy in the Interstate Commerce Act encourages the STB to allow competition and the demand for services to establish reasonable rates to the maximum extent possible. The STB's policy statement regarding Class I mergers encourages proposals that would enhance competition, in part to offset other possible harm that could arise from such transactions.

Law stated - 16 September 2025

SERVICE STANDARDS

Service delivery

- 22** | Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

Freight railways have a common carrier obligation to provide service to freight customers upon reasonable request. Common carriers generally cannot discriminate in providing service and must respond to reasonable requests for service.

Generally, Amtrak and commuter railways do not have a federal common carrier obligation but may be subject to certain other state or federal legal requirements that limit their ability to refuse service to potential customers.

Law stated - 16 September 2025

- 23** | Are there legal or regulatory service standards that rail transport companies are required to meet?

Freight railways are required to provide service upon reasonable request and to establish reasonable rules and practices for providing service. Railways are also required to maintain a safe and adequate supply of rail cars. The Surface Transportation Board (STB) requires Class I railways to regularly report on various service metrics.

Law stated - 16 September 2025

Challenging service

- 24** | Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

Freight shippers can bring complaints to the STB alleging that a railway is engaging in an unreasonable practice or is violating its common carrier or car supply obligations. The STB's rules allow each party to present evidence and arguments, after which the STB will make its decision.

In service emergencies where a railway is not providing adequate service, the STB has the power to issue emergency service orders that temporarily direct the handling of traffic or order another railway to provide service (49 USC section 11123). Such emergency service orders may be in place for a maximum of 270 days. In 2024, the STB adopted changes to its emergency service order regulations that were intended to clarify standards and expedite proceedings, including clarifying that the STB may initiate emergency service orders on its own.

The STB also has rules in place to issue temporary access orders to address serious service issues that do not necessarily rise to the level of an emergency.

Law stated - 16 September 2025

SAFETY REGULATION

Types of regulation

- 25** | How is rail safety regulated?

Freight, passenger and commuter rail are all subject to federal safety regulation, primarily by the Federal Railroad Administration (FRA). The FRA uses its broad authority granted by the Federal Railroad Safety Act (FRSA) to 'promote safety in every area of railway operations and reduce railway-related accidents and incidents' (49 USC section 20101). The FRA typically promulgates regulations in the Code of Federal Regulations (CFR) under the authority granted by these statutes. These detailed regulations include standards for inspection, types of equipment, hours of work, operations and record-keeping. The FRA enforces these rules and regulations through inspections and by issuing notices and civil penalties for any violations. The FRA can also issue emergency orders under certain circumstances to initiate immediate actions (see 49 USC section 20104). Some relevant statutory provisions and FRA regulations specifically reference and incorporate standards set by the Association of American Railroads (AAR) as a minimum or safe harbour for compliance with the FRA's regulations.

Broadly, if the FRA has issued regulations on a rail safety issue, FRSA pre-empts state or local regulations on that issue. If the FRA has not acted, in some circumstances, states may issue more stringent regulations to address an essentially local safety or security hazard.

Law stated - 16 September 2025

Competent body

26 | What body has responsibility for regulating rail safety?

The FRA has primary responsibility for regulating rail safety. The Pipeline and Hazardous Materials Safety Administration (PHMSA) has some oversight over hazardous materials moved by rail and the Transportation Safety Administration has some oversight where safety and security concerns overlap. The Federal Transit Administration does not have direct safety oversight of railways but does work with commuter railways on some safety issues, including technical assistance. Finally, the National Transportation Safety Board (NTSB) may issue non-binding recommendations to specific railways, the railway industry or other federal agencies after incident investigations.

Law stated - 16 September 2025

Manufacturing regulations

27 | What safety regulations apply to the manufacture of rail equipment?

Federal statutes (see, eg, 49 USC section 20701 et seq; 49 USC section 20133; 49 USC section 20155) and multiple FRA regulations (see, eg, 49 CFR Parts 215, 221, 223, 224, 229, 231 and 232) apply safety standards for freight cars, passenger cars, locomotives and other rolling stock, many of which require actions by the manufacturer for such equipment to be used by US railways. The PHMSA also has regulatory authority over rail equipment used to move hazardous materials.

There are also AAR standards for equipment that AAR members comply with and that are sometimes incorporated in regulation.

Law stated - 16 September 2025

Maintenance rules

28 | What rules regulate the maintenance of track and other rail infrastructure?

Federal statutes (see, eg, 49 USC section 20142; 49 USC section 20134) and multiple FRA regulations (see, eg, 49 Code of Federal Regulations (CFR) Parts 213, 232, 233 and 237) address the maintenance of track, signal systems and other rail infrastructure.

Law stated - 16 September 2025

29 | What specific rules regulate the maintenance of rail equipment?

Federal statutes and multiple FRA regulations address the maintenance of rail equipment, including required inspections and reporting on such inspections. Some of the most relevant provisions by equipment type are as follows:

- locomotives: 49 USC section 20702 and 49 CFR Part 229;
- freight cars: 49 CFR Part 215;
- passenger cars: 49 USC section 20133 and 49 CFR Part 238; and
- brakes: 49 CFR Part 232.

Law stated - 16 September 2025

Accident investigations

30 | What systems and procedures are in place for the investigation of rail accidents?

Railways are required to report all accidents to the FRA. The FRA investigates serious train accidents, including all accidents involving fatalities to railway employees or contractors. However, no part of a report of an FRA accident investigation may be admitted as evidence in a suit for damages for the accident.

The NTSB also investigates major transport accidents, including railroad accidents. Railroads are obligated to report such accidents to the NTSB. Investigations are conducted by NTSB staff, who designate parties to participate in the investigation. The NTSB will issue a factual report, including a determination of probable cause for the accident and any safety recommendations. To ensure that NTSB investigations focus only on improving transport safety, the NTSB's analysis of factual information and its determination of probable cause cannot be entered as evidence in a court of law. Unlike the FRA, the NTSB does not have direct regulatory authority over railways to mandate compliance with any safety recommendations it makes. However, NTSB recommendations typically carry persuasive weight and may be implemented by other regulatory agencies.

Law stated - 16 September 2025

Accident liability

31 | Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

There is a statutory limitation on liability for injury, death or damage to property of a passenger arising in connection with the provision of rail passenger transport of US\$200 million (49 USC section 28103). However, later action by Congress requires an inflation adjustment every five years and, by regulation, the cap is now US\$323 million as of 2021. The liability limit applies to all awards to all passengers from all defendants arising from a single accident or incident. There is no similar limitation on damages arising from freight operations.

Law stated - 16 September 2025

FINANCIAL SUPPORT

Government support

- 32** | Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

Government entities provide little or no direct financial support to freight rail carriers, although carriers sometimes benefit indirectly from broad-based tax policies and incentives. Freight rail carriers sometimes partner with states and regional authorities on an ad hoc basis to finance major transport infrastructure investments and improvements, including with the support of various federal grant programmes. In addition, the United States Department of Transportation administers the Railroad Rehabilitation and Improvement Financing programme, through which low-interest, long-term loans can be obtained to finance freight or passenger projects. Short-line railroads can also take advantage of the 45G tax credit programme, which supports track maintenance. On the passenger side, Amtrak is subsidised by the federal government, and state and local governments often own or financially subsidise commuter railways. Moreover, some short-line railways are owned by state and local governments. The nature of financial support for these commuter railways and short lines varies widely and may include loans, tax benefits and direct financial subsidies. An emerging area of government support for passenger rail is private activity bonds, which are issued by state and local governments to attract financing for a private project by taking advantage of the tax-exempt nature of government bonds.

Law stated - 16 September 2025

Requesting support

- 33** | Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

There are no sector-specific rules governing financial support to rail carriers. The processes for requesting or challenging such support are ad hoc and case by case. Most passenger and commuter railways receive some form of public subsidy.

Law stated - 16 September 2025

LABOUR REGULATION

Applicable labour and employment laws

- 34** |

Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

Labour relations between rail carriers and their employees are governed by:

- the [Railway Labor Act \(RLA\)](#), which sets forth specialised labour laws that are broadly applicable to freight railways;
- Amtrak;
- select commuter railways that retain some freight rail functions; and
- entities that provide services related to rail transport for which there is common ownership or control between the entity and an RLA carrier.

The RLA generally does not apply to any wholly intra-state railways, including street, interurban or suburban electric railways. When the RLA applies, it occupies the entire field of rail labour law and preempts state labour laws entirely.

The RLA differs significantly from standard federal labour laws set forth in the National Labor Relations Act (NLRA). Unlike the NLRA, one of the RLA's main purposes is to avoid any interruption to interstate commerce. As such, the RLA prescribes an elaborate scheme of mandatory and time-consuming procedures that must take place before self-help measures are permitted. The RLA imposes a positive duty on both carriers and employees to exert every reasonable effort to make and maintain collective bargaining agreements and to settle all disputes. The RLA creates federal entities, including the National Mediation Board and the National Railway Adjustment Board, for adjudicating disputes under the Act. Actions to enforce the RLA can be litigated in federal court. The US Congress has historically stepped in to settle labour disputes legislatively to avoid or minimise disruptions to interstate commerce, most recently in 2022 when the US Congress imposed a labour agreement to avert a strike.

Law stated - 16 September 2025

ENVIRONMENTAL REGULATION

Applicable environmental laws

35 | Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

In general, standard federal environmental laws apply to rail transport companies. The Environmental Protection Agency has specialised rules governing locomotive emissions. Both the Federal Railroad Administration and Surface Transportation Board are subject to the National Environmental Policy Act, which requires agencies to consider the environmental impact of any major federal action. As such, any matter that requires agency action (such as approval of an application or the grant of an exemption) is subject to an environmental review of the impact of the action.

Many state and local regulations, including environmental regulations, are inapplicable to railways because of the pre-emption provisions of the ICC Termination Act. Whether a

particular state or local regulation is pre-empted by federal law must be analysed case by case. For example, California has attempted to regulate locomotive pollution on multiple occasions, always facing a challenge before federal regulators or in federal courts, most recently with proposed regulations that were withdrawn in 2025.

Law stated - 16 September 2025

UPDATE AND TRENDS

Key developments of the past year

36 | Are there any emerging trends or hot topics in your jurisdiction?

Regulatory agencies have undergone various changes with the new administration. At the Surface Transportation Board (STB), President Trump designated a new chair, whose agenda thus far has included a focus on agency reorganisation, processing adjudications more efficiently and adhering to statutory deadlines. More recently, notwithstanding statutory protections against termination without cause, President Trump dismissed one of the Democratic members of the STB. The Trump Administration has asserted authority to remove members of independent agencies like the STB, and that issue is being litigated in the courts. It is not clear what impact that will have on overall regulatory policy, though in the meantime the STB is now operating with a 2:1 majority.

Second, the current Administration may take a less favourable view of passenger rail projects than its predecessor. The Federal Railroad Administration has terminated a grant to Amtrak that was to support high speed rail between Dallas and Houston, Texas. Furthermore, the United States Department of Transportation is working to claw back \$4 billion in funding for California's long-in-development high speed rail project, currently under construction between Fresno and Bakersfield but part of a broader plan to connect San Francisco to Los Angeles.

Law stated - 16 September 2025



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