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Green Cargo discontinues domestic operations in Norway

The Board of Green Cargo AB has decided to discontinue the company's Norwegian domestic operations, comprising three rail freight lines, in the first quarter of 2023. The immediate cause of this decision is that the economic conditions for conducting commercially viable operations do not exist. The decision to discontinue operations will affect some 30 customers and about 120 employees in our Norwegian subsidiaries. Green Cargo is now entering negotiations with trade unions concerning the execution.

Green Cargo has had a Norwegian subsidiary operating rail freight on three domestic lines in Norway since 2016. Intermodal freight traffic has posted a positive trend with healthy volume growth, unfortunately, the cost trend has been significantly sharper than for revenue.

"The decision is regretful but required by commercial viability. It is not financially viable to operate the three domestic lines in Norway, not least in light of the predicted continued cost increases expected as a result of conditions in our operating environment," says Andreas Regnell, Chairman of the Board of Green Cargo.

Soaring costs in Norway

The underlying causes include increased operating costs related to unfavorable train paths in capacity allocations and track works that disrupt production on routes and at terminals.

At the same time, electricity costs have soared for Green Cargo's Norwegian rail freight. Since 2020, the electricity price has risen almost 450% and historic locked agreements have meant that half of the added cost has not been possible to pass on to the customers concerned to the necessary extent.

“We would have preferred to continue operating in Norway, where we have 120 employees who do a fantastic job, in a market that is essentially trending positively. However, we have had to contend with rising costs that are difficult to affect,” says Ted Söderholm, CEO of Green Cargo.

Operations in Sweden strengthened

For a number of years, Green Cargo has been operating a number of cross-border freight services between Sweden and Norway. These logistics solutions are unaffected by the decision to discontinue the Norwegian domestic operations.

“The vehicles used by Green Cargo in Norway will now reinforce operations in Sweden and the Parent Company’s continued journey of change. Additional locomotives and wagons will increase our competitiveness in the Swedish market, which also includes the cross-border freight services to Norway,” says Ted Söderholm.

Green Cargo is a sustainable logistics partner and crucial for Scandinavia's trade and industry. Electric trains make up over 95 percent of our ton kilometrage, meaning the climate impact is next to zero. Every 24 hours, some 400 freight trains depart, replacing around 8,500 truckloads on the road network. We serve close to 300 locations in Sweden, Norway and Denmark through our network, and with our partners we reach all of Europe. Green Cargo is owned by the Swedish State. We transport 21 million tonnes of freight, have 1,800 employees and annual sales of about SEK 4 billion (2020).

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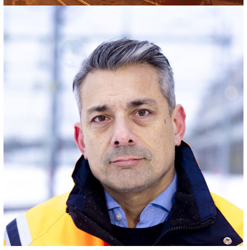

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