

## **Working party on intermodal transport and logistics**

### **Railways Contribution to Intermodal Transport**

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Hello all,

I am Opher Eliashar and I am the director for financial planning at the Economics & Planning unit of the Israeli Ministry of Transport.

In relevance to this workshop, I am in charge of the economic policy regarding ports and logistics. I am also in charge of public private partnerships policy and mega projects economic policy, and for the promotion of certain transport master plans.

Regarding our topic, our unit at the Ministry of Transport of Israel have prepared a master plan for freight haulage in Israel which concentrates all the policy means which with the aim to ensure sufficient capacity for freight haulage in the long run, to make freight haulage in Israel more effective, more efficient and safer and to reduce negative externalities.

The policy means in the freight haulage master plan can be categorized to the following groups:

1. Improve data, information and statistics of the market
2. Improve regulation through laws, acts, orders, supervision and enforcement in order to improve freight haulage by trucks.
3. Invest in road infrastructure dedicated to trucks
4. Invest in freight rail infrastructure
5. Use economic incentives to control the demand
6. Encourage the use of rail instead of trucks for freight haulage
7. Make truck haulage system more efficient
8. Ensure safer haulage of dangerous goods
9. Improve connectivity between modes of transport
10. Other means

Regarding rail, the freight haulage master plan includes two groups of recommendations.

The first group of recommendations deals with how to encourage more use of rail instead of trucks immediately, in the short run.

The second group of recommendations deals with how to develop freight rail infrastructure in order to create an efficient railway network for the long run.

The benefits of rail in comparison to trucks regarding negative externalities are obvious – it reduces road congestion, carbon emissions, improve safety and, when the quantity is high and the ride is long it costs less.

The main problems of freight haulage by rail are using it in short distances, a problem which characterizes Israel, which is a very small country, using it for small quantities, and the lack of flexibility to reach any destination which brings to double handling in the edge points.

Nevertheless, there is still much to be done in order to utilize the existing railway network and there is still an economic benefit to further develop the freight railway network system.

The first thing is to ensure a dedicated attention of the public sector to this issue.

For that purpose the Israeli Ministry of transport conducted an organizational change in the railway company.

The Israel Railways Company, a government owned company, had managed, several years ago not only the operation of the passenger rail system, but also the development of new tracks and systems, the operation of all the stations, the maintenance of the rolling stock and the operation of the freight haulage. The management attention was split to too many subjects.

After the organizational restructure, two subsidiaries were established. One is dedicated to freight haulage and the other is dedicated to the development of railway real estate areas. The development of infrastructure was delivered in mega projects to other company – Israel

Roads Company which is expert in infrastructure development. And the rolling stock is in the process of getting outsourced.

Establishing a dedicated subsidiary to freight haulage by rail contributed almost immediately to bringing more attention to clients and seeking and marketing for other clients.

The second thing is that it brought to spending the resources needed for developing railway freight terminals and extensions with positive benefit – cost analysis.

And there is still a long way to go but the trend is positive.

Other recommendations for encouraging freight haulage by rail for the short term are:

- To increase the level of priority of freight rail in rail track operation.
- To improve connectivity with sea ports by upgrading the track extensions and rail freight terminals at ports.
- To give economic incentives for container haulage based on units and not weight. Today, the agreement between the government and Israel Railway Company instructs to pay subsidy based on weight so empty containers do not credit with the same subsidy as full containers though its negative externalities are almost the same.
- Improve the level of service in a perspective of entire logistic supply chain.
- Build effective economic incentives for rail haulage in order to compete the truck haulage.

Ect.

Regarding the long run, we invest in the development of railway infrastructure and facilities for freight haulage.

We are currently under the development of two major container terminals in the Mediterranean Sea ports, one in Haifa and one in Ashdod, each one next to an existing container terminals.

The new terminals will benefit from a state of the art connectivity with the railway network.

The existing container terminals will also benefit from an improved connectivity to the railway network.

Another interesting initiative which we are trying to promote is an inland port which will be placed geographically between the two ports and be connected to our sea ports by railway. This initiative will allow for reducing the congestion at the vicinity of the sea ports.

Another initiative which we promote is the development of container logistic terminals in certain locations in the country which has been proven economically viable. These logistics terminals are mainly for local use. However some have the potential to serve for regional use.

We established a dedicated team in our ministry dealing with the implementation of the freight haulage master plan recommendations. We have a long way to go but spending the right attention from our ministry executives, I believe, will make a difference.

Now I would like to address the topic of the computerization of transport documents.

Referring to the first and last mean of our freight haulage master plan that I mentioned which is - improving data, information and statistics, and improve connectivity between transport modes, which are of most relevance to this workshop I can say that we are investing a great effort to make that happen.

Gathering the data on freight haulage can be done easily after digitalization of documents and regulating that data.

The digitalization of documents in logistics makes the system much more efficient.

The digitalization of documents allow us to improve the connectivity between the relevant parties in the logistics system.

Regarding that, I would like to share with you some information about an initiative called Task Yam system (it's a word in Hebrew). The Task-Yam system for the promotion of digitized commercial processes in the sea community is a technological platform which includes all the relevant parties in the maritime commerce – sea ports, customs, maritime vessel agents, international shippers, customs agents, importers, exporters, freight companies and other relevant bodies such as the police, the defense forces etc.

The purpose of the Task Yam system in to improve the competitiveness of the Israeli market through improvement of the efficiency of freight transport processes and decreasing the resources needed for the commercial processes regarding all the logistic supply chain. The aim is to create a paperless process.

The task yam directorate is headed by the Shipping and Ports Administration of the Ministry of transport and the Customs Administration in the Ministry of Finance. The development of the system was managed by Israel Ports Company – a government company which is in charge of the development and the landlord of the ports.

The Task Yam system meets the standards of international organizations such as World Customs Organization, International Maritime Organization etc.

Being part of the system is voluntary and we hope that the system will expand to as many users as possible and specifically to the Israel Railway Company, and to as many freight haulage operators.

Thank you.