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THE ROLE OF RAILWAYS IN THE PROMOTION OF COMBINED TRANSPORT

Possible solutions to overcome problems and best practices

Transmitted by the "Groupement Européen du Transport Combiné" (GETC)

Note: The UN/ECE secretariat reproduces below the information received from the GETC entitled "Position Paper on the Future of Combined Transport".

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“Position Paper on the Future of Combined Transport”

1. GETC is a grouping of intermodal customers in Europe. “Customer” here does not mean “Shipper” but road transport companies carrying freight, who decide whether they will use combined transport or road. As such, we are entrepreneurs investing heavily in transport means, facilities, experts and time to build up solutions - that can match road transport products - which we offer shippers so that we best serve their needs. We challenge railway undertakings as well as aggregators to improve their service quality and offer competitive prices. Quality of service relates to prices, reliability, tracing and tracking similarly to what road transport offers continuously.
2. This paper was prepared by GETC after having requested our national Members to give us their views and it was our decision to mirror them as such. Therefore it will not be a surprise that some comments might not please everyone.
3. Having said that, we also consider it essential to mention, that road-rail combined transport (CT) is a mode, which requires, technically and operationally, a continuous co-operation between all actors in order to provide daily effectiveness.
4. Things have started moving but not at same speed everywhere; this shows that the will exists to reconstruct CT. What we need is that progress is accelerated and also that freight – especially CT – is no more regarded as “le parent pauvre” vis-a-vis passengers.
5. Our organisation is a key partner in CT as we are a body, which owns the necessary expertise to take away the obstacles preventing the development of CT. Some would say: to keep it alive! Our actions to reinforce CT service cover various fields :
 - (a) *Day to day business.* We concentrate on all kinds of operational issues: traction problems, lack of means, delays, stoppages, issues on terminals, safety and security. To activate initiatives and solutions, we participate in working groups where we suggest innovative solutions, benchmarking, ISO certification, etc.
 - (b) *Strategy and long term issues.*
 - (i) Commitment of GETC in favour of a new Convention (connected to Reconciliation and Harmonisation of civil liability regimes in CT).
 - (ii) Involvement in interoperability issues.
 - (iii) Activation to obtain dedication of traction means and drivers for freight.
 - (iv) Liberalisation of rail traction (EC Directives 91/440 – 95/18 – 95/19).

- (v) Transparency of rates.
- (vi) Actions in favour of a pan-European unified standard for a new rail infrastructure allowing transportation of ITUs double stack, with long (1500m) and heavy trains (4000t).
- (vii) Actions in favour of one unified management at European level of rail infrastructure, to increase its effectiveness.

6. *What could we do to improve CT services?* An interesting initiative could be linked to the so-called “95-20 deal” finalised in March 2000 in Paris between GNTC (our French Member), FNTR (French Road Hauliers Association), SNCF and NOVATRANS. A joint challenge between those partners is aiming at improving the level of service on nominated CT trains to generate a development of CT on those pilot lines. This package is complemented by a set of mutually agreed KPIs involving the four partners. KPIs are reviewed every second month and corrective actions are agreed and implemented where necessary. We informed UN-ECE, EU and ECMT on this project in due time. Based on the French experience, we propose to extend this model on cross-border traffics under the sponsoring of UN-ECE who could replicate it all over Europe. To accelerate the development of CT, UN-ECE could create a “PACT-bis” co-funding to help this initiative during the launching phase.

7. *What are rail-related weaknesses?*

- (a) We consider it vital to insist that CT must satisfy its customers, equally to road. This means, that road transport is the benchmark for CT. If now we want to durably attract road to traffic to CT and keep it, total quality and reliability have to be satisfied.
- (b) Within EU, the Single Market was effective as from 01.01.1993 with free circulation of persons, goods and services. Road, air, sea – and inland waterways transport have achieved this from the very first day, especially for goods, contrary to rail. Whereas transport of goods by road has been in the hands of (private) entrepreneurs from the beginning, sea and air transport have been totally and partially privatised and had to adapt rapidly to free access and competition.
- (c) Rail networks have been protected by their national borders, their monopolistic statutes and by technical differences preventing traction to be operated easily across the borders. Additionally during the last 20 years, rail all over Europe – except for Switzerland and Austria – has degraded freight transport, especially CT, to satisfy passenger traffics either for daily commuters’ movements or long distance. Rail also heavily invested in HST because passengers vote and politicians are very sensitive to this, very often interfering with the management of railway undertakings.

- (d) Finally CT has always been a highly sensitive activity as it is the only area where rail has no direct contacts with shippers, but railways have to negotiate technically and commercially with road transport companies who control the traffic. Until very recently where a necessary open co-operation between the two modes has been initiated thanks to EU, rail and road actors regarded each other as “enemies”. This could also perhaps explain why rail has been claiming it was losing money with CT, but nobody could have access to the figures themselves.

8. *What are the rail related weaknesses in connection with combined rail-road services?*

- (a) Lack of liability of time tables.
- (b) Lack of service.
- (c) Lack of responsiveness to customer demand.
- (d) Confusion of attitudes versus customers (B2B) with users (B2C).
- (e) Dispersal of responsibilities creating difficulties to work out solutions in case of operational problems.
- (f) Lack of flexibility, and in international traffics, ability to often blame other international partners.
- (g) Non transparency of prices.
- (h) Bottlenecks existing for a long time: Nothing has been done about it for years, or decided to be done during the coming years.
- (i) Interoperability between countries hardly exists, preventing large progression of international CT. This is not a new issue but recent investments in IT, AIW have not been maximised over borders.

9. *What problems have we noticed and experienced?*

- (a) Strong opposition to any competition that would provide the incentive to better service.
- (b) Freight trains cancelled or stopped anywhere en route or traction means taken away because of priority given to passenger traffics.
- (c) No information received in case of operational difficulties.
- (d) This can be increased by insufficient reactivity of aggregators sometimes.
- (e) Poor services and high costs on terminals.

- (f) Unjustified increase of rates compared to quality of service.
- (g) Too long discussions for tariff increases. Several weeks against 8/15 days maximum with other means of transport.

10. Referring to other means of transport where competition was introduced, we have noticed a considerable improvement in service quality.

11. *Possible solutions.* Our Members invest heavily in CT equipment: swap bodies, bulk and tank containers, skeleton trailers, piggy-back, tractor units, handling equipment, facilities. They also recruit and train work forces: drivers, operating people, salesmen, highly qualified as CT requires specific expertise, which is mainly acquired over the day to day activities.

12. Risks created by this strategy are exceptionally high due to formidable obstacles, which we face, everywhere in Europe when operating this technique. It is therefore legitimate that radical solutions are investigated and implemented to overcome the problems.

(a) *Short term:*

- (i) Encourage medium distance block trains, between modern and well performing terminals, capable of operating with one driver and one locomotive, all the way. Their average speed should be over 80 kph. They should be operated under a system of project management team involving all partners to establish effectiveness through ownership.
- (ii) Ensure proper and reliable paths for CT trains.
- (iii) Clarify ownership of paths.
- (iv) Unify civil liability regimes in CT (specific convention).

(b) *Middle and long term:*

- (i) Introduce competition and open access.
- (ii) Part freight business from passengers to provide freight with adequate and independent means.
- (iii) Improve existing infrastructure.

- (iv) Agree on new investments for new infrastructure with an European standard allowing:
 - a. Double stack transport of ITUs.
 - b. Long (over 750 m), heavy (over 4.000 tonnes) and fast CT trains.
 - c. "Green" Diesel traction.
 - d. Unified management of the infrastructure.
 - e. Install a modern network of large terminals in connection with the above.

13. *What has been achieved?* There are some successes as in Germany (BAYER, BTZ) but then, DB seeks to get them closed down to avoid competition. In the Netherlands, we can refer to 2 examples. Combined trains with passengers and freight connect every night Amsterdam to Milan, with shipments of fresh flowers in ITUs; however the freight capacity is limited. Also DSM trains, comparable to BAYER, connect two sites; Born and Rotterdam. Traction has been contracted to the private sector, more competitive cost-wise. This also applies across the Channel tunnel to UNILOG, whose trains perform better thanks to "permanent tracking", plus Belgian locomotives operating through traction between Calais and their final destination in Belgium.

14. The most significant application is probably the so-called "95-20" French Deal started in March 2000 between FNTR/GNTC-SNCF-NOVATRANS. It concerns 5 domestic block trains running 5 nights per week. This model is so far unique for multiple aspects: SNCF and NOVATRANS commit themselves to a level of service of 95%. In return, customers (i.e. FNTR and GNTC) commit themselves to increasing the business on these lines by 20 %. To give this project every chance, quality-wise, partners agreed on a package of 10 KPIs measured daily involving them all. Review meetings take place at regular intervals and corrective actions are implemented where necessary. Conclusions will be officially drawn in March 2001 after one year. Further developments could be envisaged such as additional domestic lines to be included in the project and also GETC together with SNCF would investigate the feasibility of this model to trans-border trains to Italy via Modane (PACT support being looked for).

15. However, important initiatives are in progress. Heavy investments are initiated in terms of dedicated traction means – partly interoperable. This relates to Austria, France, Germany, Italy. Railway undertakings experiment with longer and heavier freight trains. DB and SNCF are developing projects of Automated Identification of freight Wagons which will improve their control "en route". Thanks to GPS, SNCF will finalise before the end of 2001 its project to permanently locate 4,000 freight locomotives. No doubt, this will significantly contribute to an improved level of service, and also optimise their use.

16. *Which external factors influence the possibilities of CT?*
- (a) Inflexibility.
 - (b) Lack of competition.
 - (c) Social practices, which are well out of date and out of line with those practices by the main competitor: road.
 - (d) Large preference given to passengers in several States.
 - (e) Politicians interfering continuously are strong external factors too.
17. *Factors that in our view makes CT a winner:*
- (a) Quality of life.
 - (b) Security.
 - (c) Road congestion.
 - (d) Environmental reasons.
 - (e) When it works well and massification is possible, CT can provide a better, faster and more reliable service than road and customers like it.
 - (f) Expected growth in Europe will generate an increase of goods to be transported and mobility problems.
 - (g) Cost of labour on long distance transport could also become so high in the future that CT would become a necessity.
 - (h) In terms of infrastructures, new investments will need to be better equilibrated between road and rail as the second should offer potentially more capacity if correctly gauged and operated.
 - (i) From those points of view, many operators believe that it will not be possible to by-pass road rail combined transport.
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