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Working Party on Rail Transport

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Combined Transport and Rail Transport

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**THE ROLE OF RAILWAYS IN THE PROMOTION
OF COMBINED TRANSPORT**

Problems encountered in combined transport operations

Transmitted by the International Road Transport Union (IRU)

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1. The intermodal rail/road transport increased in 2000 after 2 years of volume reduction or stagnation, bringing the volumes back at level of 1997. From 1997 to 2000 the international long distance road transport has increased with more than 10 %. In order to return to a stable situation with two-digit yearly increases in intermodal rail/road volume every year – which is desirable from a capacity point of view, as expected growth in transport demand (40 % over the coming 10 years) cannot be met with existing road infrastructure – all elements in the intermodal transport chain have to be improved.
2. Hoping that the following list of improvements needed can help the decision makers in establishing their contribution, the IRU, once again, confirms its willingness to play an active role in supporting intermodal rail/road transport systems and in encouraging its members to make use of this mode as an alternative to classic road transport of goods.
3. In a typical intermodal transport the cost of the **rail traction** over the longer distance is 50 % of the total cost. With the changes in the railway companies behaviour, with usual commercial thinking introduced, the *cost element* is gaining more importance and the *market possibilities*, which were previously the only factor considered when offers for traction were constructed, is losing importance. As long as the state owned railways still have a quasi monopoly in establishing traction, this behaviour cannot avoid creating market disturbances or even abuse of dominant position. The development, for the moment, with mergers as the rail response to liberalisation and the outspoken concern from the railway companies about cannibalism (internal competition to classic wagon load transport from combined transport products) means that the lack of market orientation and lack of stability by establishing traction prices will continue to give road transport companies and logistic providers uncertainty when considering investment in equipment for combined transport.
4. The importance of the rail traction element also underlines the point repeatedly made by UIRR that a further volume increase is only possible if the *quality of service* in the rail traction is drastically improved. The lack of *punctuality* of the freight trains containing wagons with swap bodies, semitrailers and containers is still the biggest hindrance for a combined transport product with the reliability needed as part of logistic service. Delays in trains arriving at terminals create extra costs (see below) and break the logistic supply chain established by transport and logistic companies.
5. Invoices for rail traction are very often erroneous and *administrative* matters around booking, consignment notes, invoicing and payment are on some routes still very bureaucratic.

6. The *capacity* needed for rail traction is mainly in the North-South corridors scarce. This hindrance to opening new train products or improving quality of service for existing ones is getting more severe, in line with the passenger transport by rail – both long distance and urban transport –demanding more products. On several North – South routes, new trains can only be established at night, but traction at 1000 – 1500 km demands also path' at day time.
7. When combined rail/road transport was developed in the 70th and 80th, the railway companies invested in the **rail wagons** needed. Nowadays only very few railway companies invest in wagons. In the most cases, operators are furnishing wagons, which are usually offered by leasing companies. This cost element accounts for less than 10 % of the total costs involved. Most new rail wagons for intermodal companies are produced in countries in Middle and Eastern Europe by manufacturers owned by American companies, and American capital is also involved in the leasing companies offering the wagons. The wagon issue is not considered a hindrance for more intermodal transport, but lack of European investments could give rise to concern in the long run.
8. The **terminal operations** transferring the intermodal unit from rail to truck or vice versa, accounting for 15 % of the total cost or more, are a second important element. Many terminals are full. Construction of a new terminal involves a planning procedure, which in many countries takes more than 10 years. Previously, the terminals were established by the state railway companies. Nowadays all new terminals are created by private companies, but often with financial assistance from public authorities. The lack of capacity in terminals is however directly linked with the delay of the trains in arriving. Trains arriving on time, where the transfer of the unit can be made directly without intermediary transfer to the ground, save terminal capacity and costs. But terminal operators cannot plan according to trains respecting the timetable. All transfer of units is still made vertically, except for the rolling highway system. For semitrailers a horizontal transfer system should be developed.
9. The road transport **trucking to and from terminals**, accounting for some 20 % of a normal intermodal transport is affected by two issues: The terminals are often situated in the town area with a high traffic density and the costs are higher than needed due to the delays (25 trucks waiting 3 hours in a terminal for the swap bodies to be delivered from a delayed train can involve extra costs for the road transport operator at 2-3.000 Euro).
10. **Liability** in case of damage or disappearance of goods and/or the intermodal unit and delays is regulated by CIM rules, which do not correspond to the need today. The transport company expects the CMR convention or similar regulations to be applicable. The procedure in case of damages or delays is very bureaucratic.

11. Transport of **dangerous goods** in tank containers are especially suited to combined transport and several operators report 15 to 20 % of their turnover coming from such transports. The IRU is for the moment studying if special elements of the ADR Convention and/or RID Agreement should be modernised to improve such transports without jeopardising safety. Operation and parking tank containers in terminals is a special issue in this analysis.

12. The short presentation given above of the main obstacles met in further developing combined rail/road transport could be **summarised** in one sentence: The transport companies are not going to invest in the equipment needed for intermodal transport as long as they haven't regained confidence in the most important actors of the intermodal transport chain, mainly the suppliers of traction. The IRU fears that so much confidence has been lost that only a fast and real liberalisation of the rail traction service can re-establish combined rail road transport to its natural role: as a complementary transport mode enabling transport and logistic providers to make use of all capacity available to meet an increasing demand for transport of goods.
