Improving freight logistics through corridors

Bart Verbeke
Vice president ERFCP
Director P&O Ferrymasters Intermodal Division

European Rail Freight Customers' Platform

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The voice of the rail freight clients

Foundation: 2002

Vocation: Represents the interests of shippers

Mission: get better quality in rail freight services and achieve a higher awareness of the societal importance of rail freight

Collaboration: ERFCP, with ERFA, UIP and F & L Leaders have started common work in the House of Rail, voice of private sector in the European rail industry

What the customers need

Because transport is integrated into the production and marketing processes, the customers need

- Quality, that means reliability and punctuality, as defined in contractual agreements (without one-sided “leonine” clauses)
- Competitive pricing, in coherence with the contractual quality and its respect
- Door-to-door solutions

UK and Green Cargo improvements show that it is possible to achieve

The needs and chances in future

Rail

- is still very often (could remain) the prefered transport mode for
  - High quantity
  - Societal and environmental behaviour (dangerous goods)
  - Good integration in the production/marketing processes
- has a high potential for increased performances (e.g. average train length, loading gauge, punctuality ...)

Road transport is under pressure (congestion, environment ...)

Waterways or Highways of the Sea can serve few areas/plants

Weaknesses from the past, still there

- Lack of customer orientated mentality (all incumbents but few)
- Absence of corridor marketing on the major flows, but Rotterdam-Genoa
- No genuine intra-modal competition on all major corridors, but one
- Quasi monopolies in all (but the UK) EU countries (state-owned companies)
- Higher priority is given to passenger traffic (commuters and HST)

The situation today

- Despite legislation, separation infrastructure – operation has not been really achieved in many major countries, leading to
  - a fake open access to infrastructure and related services (path allocation, marshalling yards, energy supply …)
  - a lack of confidence in the MS and EC will of an “open market”
- Full interoperability is a dream (nightmare) for our (grand-) children

The situation today

- Many Member States and incumbent railways obstruct/slow down open access by a full range of means described/shown in
  - the EC report on the 1st RP
  - the Servrail study
  - the EIM/ERFA/ERFCP brochure on the implementation of the 1st RP

The situation today

- Prices are growing (5 to 10% in 2007 versus 2006) with no other solution that leaving rail (monopolies), except where competition
- Single wagon load, when not containerised (80 % for automobile, 60 % for chemical and 50 % for steel industries), is badly managed by monopolies (prices high, quality down), not (yet) in the scope of new comers (except short liners)
- Intermodal traffic is often not in a better situation (UIRR report)

The situation today

- Customers cannot really put operators in competition (no path allocation rights - authorised applicants - on a flow/corridor basis)
- Highly difficult for the customers to launch their own rail company:
  - no confidence in the regulator (when there is one)
  - no confidence in the "integrated" IM
  - rolling stock destroyed by public monopolies instead of sale

The EC and MS approach

- A lot of efforts have been done and have to be pursued for implementing a sound framework for open market and competition, on a national basis
- Obviously progresses have been made, but at a very slow speed, on a national basis only (one starting exception)
- But more than 50 % of customers' loads cross borders
- But better rail quality and better connections with freight forwarders will lead customers to increase that proportion
- But road and to some extend waterways operators offer door-to-door solutions; the national borders, legislations and regulations not being an issue. It is not the case for rail (a few exceptions)

The last chance for rail freight

We believe that the last chance for rail freight lies

- in the short term,
    - in intra-modal competition, between customers oriented, privately managed operators,
    - in credible independent regulators and IMs
- in the medium/long term, in a freight oriented network

A business corridor approach

- We, rail freight customers, are "disappearing species" if there is no boost and reorientation of that process in a practical, quick and efficient business corridor approach

- Our proposal is that, on the corridors where the EC has named coordinators, within one year, there is (German, Slovenian and French Presidencies working together as said by Mr Tiefensee):
  - Cross-acceptance of entitled authorised applicants
  - Cross-acceptance of all operators (safety case included)
  - Designation of one stop-shop for path allocation (timetable and real-time) and charging
  - Harmonisation of access conditions to the services described in the annexes of directive 2001/14/EC
- On that basis, extension in the next 2 years to all TENs

A business corridor approach

In the same time frame, under the supervision of the coordinators and the EC, on the same corridors,

- **the involved IMs are given by their MS, the duty of deleting all non technical barriers, making it compulsory for trains to stop at national borders (operational measures, safety regulations, customs or health and safety regulations, etc.)**
- **the involved MS set up fully staffed and competent regulators and safety authorities (the more advanced helping the others)**
- **Committees are established, chaired by the coordinators, to steer and follow up progress of work. Customers and new entrants (new comers and incumbents from elsewhere) are members of those.**

Vision 2015: optimistic

- No more monopolies or quasi monopolies
- Genuine open access to rail infrastructure in EU27
- Infrastructure related services are delivered in a non discriminatory manner by fully independent IMs, solely in charge of all their duties (neither the French nor the German solution, but the British or Swedish one)
- Intramodal competition has lead to increased quality and efficiency, decreased costs and increased market share for rail
- Non commercial stops at boarders have disappeared

Vision 2015: optimistic

- EU-wide recognition of all qualifications for staff, vehicles and companies
- A freight oriented network has been established on all major freight flows within EU 27 (plan, finances, MS and EC commitments)
- National regulators and EC (DG Comp) secure the good functioning of competition and prevents oligopolies
- As in North America, the operators are all private and spread into few Class 1 railroads competing at EU level, dozens of Class 2 and hundreds of Class 3

Vision 2015: pessimistic or realistic?

- Rail market share has decreased around 6% at EU level
- There are a few rail freight Class 1 railroads competing (?) at EU level, running only full load trains (mainly intermodal and bulk transport) on four major axes, some Class 2 and Class 3 for highly specialised markets (chemistry) or specific areas (Ruhr Gebiet, Lombardia/Venezia, London/Midlands, major ports hinterland, …)
- Not containerised single wagon load traffic has disappeared
- The Betuwe line and the Alps tunnels are used at 10% of their capacity
- The Lyon-Turin tunnel digging has started and the EU and MS are at a turning point: continue for few HST and freight trains or stop?

EUROPEAN RAIL FREIGHT CUSTOMERS PLATFORM

Thank you very much for your attention