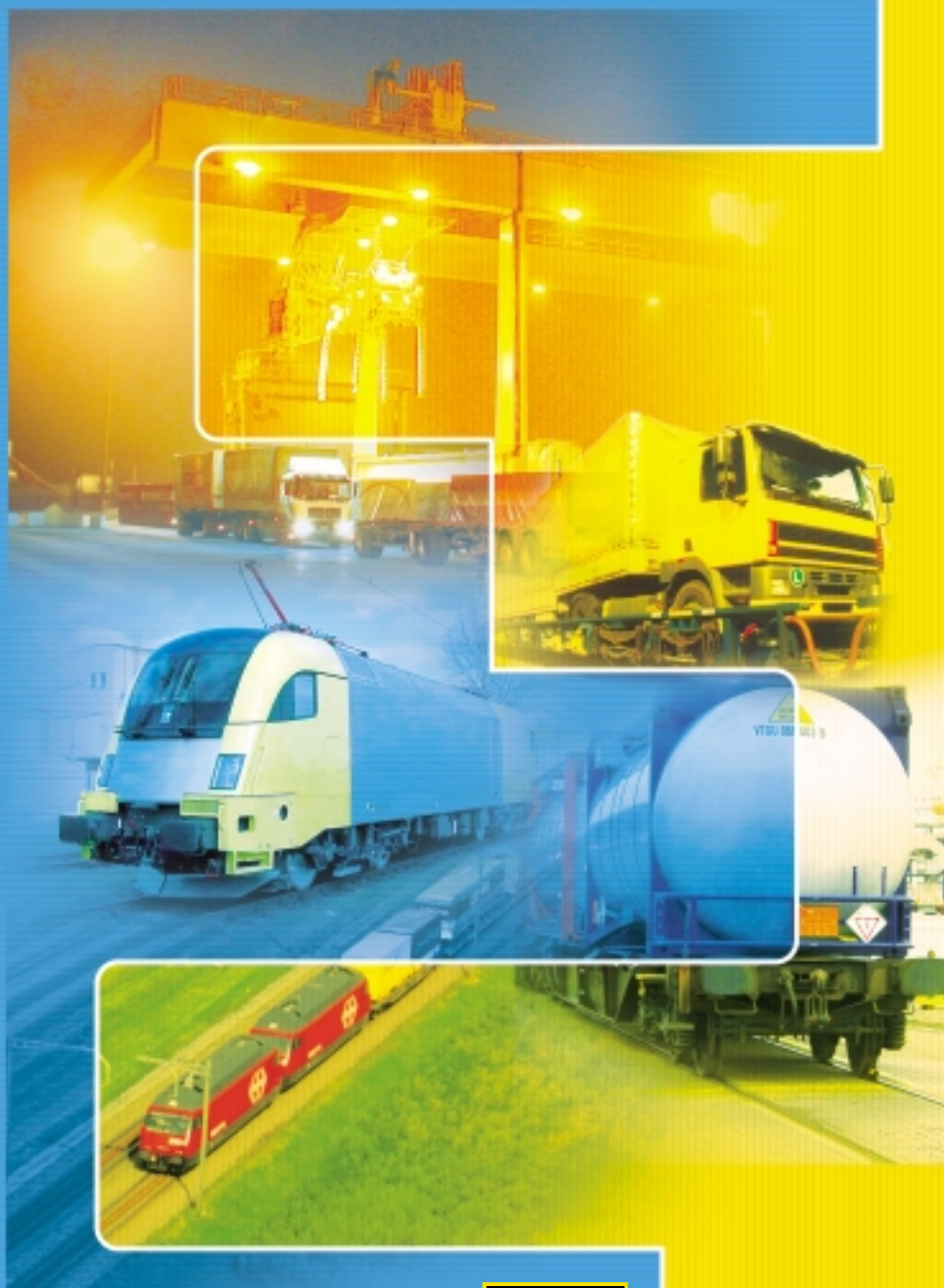


UIRR

International Union of combined Road-Rail transport companies



Report
2002



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FOREWORD

WERNER KÜLPER
Chairman of UIRR



The year 2002 failed to produce the clear growth in combined transport that is so needed. However, difficult years have the effect of restoring the market to health, or force market players to consolidate their businesses and develop innovative concepts. This lays the foundations for future growth.

The rail market is undergoing radical change. That change is occurring much more slowly than is desirable from the environmental and the economic viewpoints, with a view to regaining significant market shares. It is also much slower than liberalisation in other sectors such as air transport and telecommunications, which have created completely new prospects with corresponding effects on all industrial companies and households. Although a number of traditional EU rail monopolies are opposed to the opening up of the markets despite paying lip-service to it, small successes are nonetheless apparent.

Along two corridors, between Antwerp, the Rhein-Ruhr area and Basel and along the Brenner axis, UIRR member companies have been involved in the creation of rail companies and now have private alternatives for traction at their disposal. They have surmounted the teething problems, and are offering a markedly improved quality of service. The first signs have also appeared that this incipient competition has genuinely stepped up the pressure on the traditional rail companies to finally attach more importance to quality in international goods transportation.

In the past, we have had to learn the lesson that the EU's declared policy on the railways and the practical implementation of that policy by the Member States may be separated by an entire decade. In view of this, it was without euphoria that we awaited 15 March 2003, the date on which the Trans-European rail freight network (TERFN) is supposed to be liberalised under the terms of the First Rail Package. The UIRR has been

supporting the European Commission in a great variety of forums and with practical proposals, in order to get this process moving, with a single aim in view: to shift as much traffic as possible over to rail. One concrete example is the quality monitoring system for CT, which is now being used as a model for the introduction of a European Rail Market Monitoring Scheme (ERMMS). The UIRR has also presented concrete proposals concerning "quality" contracts, with compensation payments in the event of delays; hopefully these should be included in a regulation which is scheduled to appear in 2003.

We expect more vigorous action on the part of the EU Member States in the implementation of liberalisation. Only if more investments are also directed towards the rail network, with an emphasis on international goods transport, will the market players succeed in achieving the expected shift in transport modes.

The UIRR member companies are endeavouring to take all market opportunities that arise. The main topic of this year's UIRR Report is "Spotlight on combined transport products". Four member companies present their latest innovations and market strategies. A series of interesting projects and initiatives is then described in the section: "The year 2002 in brief".

I hope you enjoy reading the report.



Werner Külper

⁽¹⁾ See "Combined Transport and rail Liberalisation: from Theory to Practice"; "Freight-Freeways: The position of the CT operators" and other position papers at www.uirr.com



PRIORITISING REALITY

RUDY COLLE

Director General of UIRR

The Combined Transport (CT) operators, in particular those who are members of the UIRR, play a vital role as an operational and commercial interface between road and rail transport. They are supported in their work by the Liaison Office they have firmly installed in Brussels in 1988.

This Office plays a threefold role with considerable effectiveness:

- **coordination**, i.e. employing all possible means to promote the harmonisation of activities, methods and systems among member companies;
- **research**, both internally and in partnership with third parties, into possible ways of developing CT;
- **promotion**, with a view to informing the various transport Authorities of the potential of CT if certain conditions are in place which it lies within their power to provide.

The latter activity is of key importance, and makes the UIRR Office a kind of interface between the profession, whose needs it represents, and the political decision-makers, who need access to technical, hands-on expertise and who wish to evaluate the concrete effects of their policies.

Recognised as the leading CT organisation, the UIRR has recently reaped the rewards for its lobbying efforts in the form of a number of legislative developments in the European Union: progress - slow though it may be - achieved in the liberalisation of rail and its vital corollary, intramodal competition, recognition for the concept of "authorised candidates", enabling CT operators to acquire rail paths, and the expected draft EU Regulation providing for the payment of compulsory compensation for failure to meet service quality targets. A Regulation of this kind, which

has unfortunately become necessary in the light of the rail companies' failure to return promptly and of their own accord to an acceptable standard of quality, will have the effect of making the rail sector subject to the rules which apply to all commercial sectors; we therefore support it unreservedly.

As far as the immediate future is concerned, we shall remain very much on the look out to ensure that the provisions of the First Rail Package are transposed coherently into Member States' national legislation, that the Second Rail Package is suitably worked out, that Marco Polo and the 6th Research & Development Framework Programme do actually turn out to be of use to us, and the TENs are properly updated. 15 March, the date for the transposition of the First Rail Package into the national law of the Member States, is presented as an important step along the path which will ultimately lead to the complete liberalisation of the railways. In legal terms, it certainly is just that, but what will really matter is the practical use which is made of the gradual opening up of the rail market. It is hardly necessary to recall that the entire network has been accessible to CT operations since 1 January 1993 (Directive 91/440), but that, due to all kinds of obstacles and the lack of any supporting measures, concrete results have remained modest, to say the least, in terms of intramodal competition, even for this type of transport.

Inside UIRR, the support we give our members in their ongoing search for new products and systems is what drives us; this report offers a number of illustrations of the strategies that have been pursued, either individually or in partnership, by our member companies in this area.

CT must be given every possible chance, with an array of services which are able to compete on both price and quality, so that, after three years of stagnation, traffic will finally start picking up again - as already occurred on a modest scale for the UIRR in 2002. Our credibility and that of combined transport itself are constantly at stake, and it is this which makes the actions of our International Union so worthwhile for our own purposes and so attractive to followers. Proof of this may be found in the signs of interest expressed by various operators who are keen to join forces with us. This has led us to launch a process of revision of our statutes enabling us to open up more broadly, so that, even more than in the past, the UIRR's voice is that of the entire rail-road CT sector.



EAST/WEST RELATIONS

STEPHAN HOFER

Director General of Ökombi



Already carrying out a significant part of Alpine transit business, Ökombi is now facing rapid growth in the volume of traffic on the Danube axis, which looks set to become even more important as the EU expands eastwards. The company is well prepared to face this challenge.

Dealing with the rapid growth in Alpine transit activity has hitherto been regarded as the main problem in European transport policy. This is the challenge which is always spotlighted at conferences, in plans and in EU measures. Numerous concepts have been developed and implemented by UIRR companies here, and to a great extent these have helped relieve the roads of congestion.



However, Ökombi has always been aware of the fact that another transit route through Austria would become increasingly important, especially as the EU's expansion eastwards draws nearer: the Danube axis. This represents the southern most west-east connection without major geographical barriers in Europe, and is already intensively used, in terms of both road and rail. The two main conurbations along this route in particular, Linz and Vienna, face the prospect of a collapse in traffic unless speedy measures are taken to sort out transport arrangements in this second bottleneck.

To relieve the congestion of the roads, Ökombi has for years been developing and implementing plans in both types of combined transport. As an initial measure, Rolling Road connections were introduced on this axis; these are heavily used by customers from Eastern and South-Eastern Europe. Analysis by country shows this clearly: while 35% of road vehicles on all Rolling Roads come from the EU, this is true of only 3.6% of those in the Danube corridor. By contrast, vehicles from the EU candidate countries occupy 84.4% of spaces on trains, but they only use 44% of the Rolling Road capacities on

trains. This shows that accompanied CT on the Danube axis is mainly used by small and very small businesses, which are often not in a position to cope with the complexity of unaccompanied transport. The only chance of getting part at least of such transport onto the railways is the Rolling Road.

Structures in central and eastern Europe are small-scale and in some cases are only now being developed, and this has meant that unaccompanied transport along these routes involves mainly single wagons. However, Ökombi is working hard to consolidate this transport via the Wels and Vienna gateways, and hence to increase efficiency and quality. Firstly, highly efficient block train connections from Germany have been set up to Wels and onwards to Vienna. Their transport services were 37% greater in volume in 2002 than in the previous year.

Ökombi is eagerly taking on the challenge of the major transport policy work associated with the EU's eastward expansion. But this construction work will only fulfil its promise subject to the further development of both forms of CT, which do not compete with one another, but address different market segments. If this condition is fulfilled, it will then be possible to cope reasonably well with the expected 130% increase in traffic by 2015.





NORTH/SOUTH RELATIONS

HANS RAUN

Director General of Kombi Dan

CT with Scandinavia

The lack of a physical connection between Scandinavia (apart from Denmark) and the rest of Europe has always been a central feature of rail and road transport to and from Scandinavia. The predominant role of maritime transport is partly attributable to the large-scale investments of Baltic ports and shipowners in new port and docking facilities and vessel types.

With billions of euros invested in crossings via the Great Belt in 1997 and the Oresund in 2000, the shippers in Scandinavia were presented with alternative direct north-south transport options which were supposed to lead to shorter driving times and more effective transport solutions. However, this has not yet turned out to be the case. As yet, a relatively low proportion of traffic has moved over from the ferries to these crossings.



A chain is as strong as its weakest link

Traffic seeks out its own routes - namely those where forwarding is rapid and smooth and prices are competitive. Bridges and tunnels are not enough - not in any case for CT, a complicated transport system which calls for cooperation, organisation and coordination between road and rail. The hub and track capacities and opening times of terminals at locations such as Malmö (S) are insufficient to meet the growing demand for combined solutions using the crossings.

Internordic CT network

As an alternative to road transport, the market today demands effective and - above all - competitive transport systems. CT can only cover this demand with daily block train connections. In the mean time, peripheral areas can only benefit from the economies of scale offered by these connections if freight transport is concentrated on a few major transport corridors. The CT operator acts as a consolidator here. A CT network therefore needs to be created in the Nordic triangle in order to transport goods in block trains from Norway, Sweden and Denmark via turnta-

bles to and from European centres of industry and commerce.

This presupposes cooperation, effective organisation and coordination between the various stakeholders.

New block trains

Kombi Dan and Cemat have extended their block train capacities between Verona and Taulov, with onwards transport to Norway/Sweden, to four departures per week. The journey time from Taulov to Verona, a 1,494 km route, is now less than 30 hours.

Working in partnership with Kombiverkehr, a daily block train between Taulov and Hamburg Billwerder with onwards routing via Kombinetz 2000+ to destinations such as Basel, Duisburg, Frankfurt, Karlsruhe and Munich will be offered in February.

Tolls in Germany

For peripheral states such as the Scandinavian countries, the introduction of tolls on the German motorways will mean a significant rise in the transport cost, and a substantial deterioration of the competitiveness with central European countries. For this reason, interest in combined solutions is particularly on the increase for routes between Scandinavia and southern Europe.

This is compounded by the fact that the railway companies see these changed framework conditions as a stimulus to shift more freight from road to rail. The railway prices increases will therefore be moderate in 2003, and intensive work will be carried out on improving transport quality, so as to ensure that punctual trains become the hallmark of CT.



CT RELATIONS NETWORK

EUGENIO MUZIO

Managing Director of Cemat



Combined Transport has been introduced effectively and economically when the volumes requiring transportation have justified the implementation of complete “point-to-point” trains between terminals located in industrial and commercial catchment areas with high traffic densities.

The result over the years has been the creation of a network of national services where a country's physical size has justified it, and of a network of international lines on which transalpine traffic alone has accounted for over half of international Road-Rail CT since the 90s.

This system of “point-to-point” lines used to only link those cities whose level of economic activity was enough to fill block trains, the territorial coverage of the traffic catchment area being determined by the commercial and operational interests of the final road haulier. A huge part of the area thus remained without any service, because it lacked the capacity to generate enough traffic to ensure complete trains.

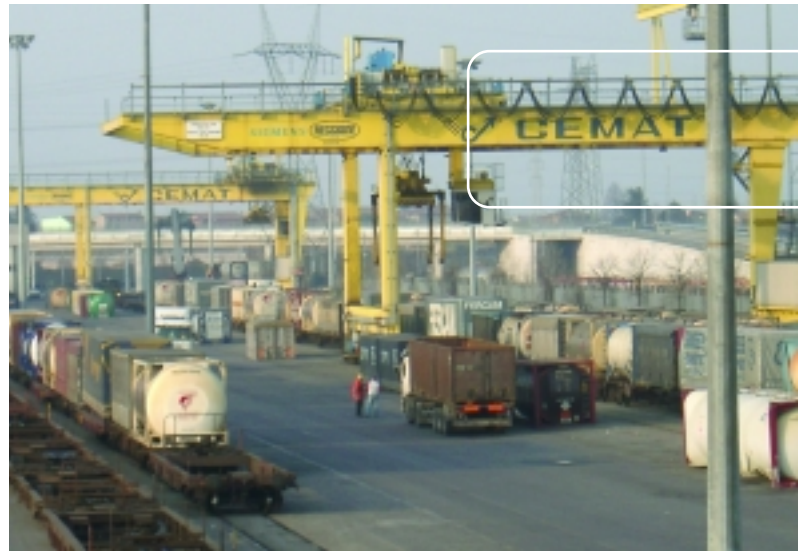
In Italy, rail gauges no longer rule out transalpine freight transportation to terminals situated in the north of the country; until a few years ago, lines departing from these terminals towards southern Italy had limitations which meant that the loading units had to continue their journey by road. The gauge enhancement works carried out on certain lines, and above all the introduction of container wagons with a lower loading surface have meant that these journeys can now be continued by rail.

This technical innovation has thus encouraged the large-scale introduction of the “gateway terminal” technique. The creation of the gateway function at terminals offering facilities for the transfer of cargo units from one train to another has had the following effects:

- at European level, the influence of CT has been extended thanks to the use of shuttle trains linking low-traffic areas with high-traffic ones,
- for the countries on either side of the Alps, terminals located at the foot of the Alps have been linked with the increasingly frequent trains which cross the mountain range, and trains travelling to and from the countries concerned have converged on these gateway terminals.

A further effect of this rail-road CT concept is that basic traffic between gateway terminals is managed using shuttle trains, whose frequency is determined by the capacity of the line used.

Increasing the frequency of these shuttle trains leaves the user with only minimal reliance on the service offered by the gateway terminals, as compared with a situation where the train arrives in the morning and departs in the evening.



All that is the consequence of the notice between the presentation of the cargo entities at the departure terminal and their release at the arrival terminal. These shuttle trains not only transport local cargo units between the gateway terminals, they also transport those units which have been routed via international traffic using trains on arrival at or departure from the terminal.

As regards changes in the way it is organised and managed, CT is capable of changing its system of “point-to-point” transport links into a network system in which international and national traffic integrate together in perfect synergy. Cemat can be taken as an example:

- around 15% of national traffic is due to international traffic generated via gateway terminals;
- according to forecasts, the volume of this type of traffic will be doubled or tripled over the next five years;
- within the context of national traffic as a whole, a significant percentage uses the gateway terminal of Bologna Interporto as a hub for sorting traffic between the terminals of northern or southern Italy.

A network-type traffic system, able to draw on synergies between the national and international traffic routes thanks to its high level of interconnectivity with the rest of the network, would be a positive development leading to an increasingly attractive array of CT services.



NEW PRODUCTION CONCEPT

ANDREAS RIECHEL

Director General of BTZ

After more than seven years of operations, BTZ has established itself as a key player in transalpine rail-road Combined Transport (CT). Since the takeover of this first - and so far, only - provider of bimodal transport system in Europe by the TX Group and the Italian company STR Brenner Schienentransport AG, BTZ has made the Cologne-Verona link the centrepiece of its activities. This axis connects the important economic regions of northern and western Germany and the Benelux states with northern Italy. The Adriatic ports there are also the gateway to Greece and Turkey.

With its positioning as a service provider for transport companies, hauliers and logistics providers, BTZ plans to increase its frequency of departure and thereby continually extend its services on this key route from its current schedule of six times a week from Verona and four times a week from Cologne. Despite various technical restrictions



on a number of sections of the route (Brenner bottleneck), a newly developed production concept ensures optimal capacity utilisation at all times. As the system-specific advantages of the trailer train over traditional CT involve upwards of 35% more consignment units for the same train length, especially in the case of goods in medium weight categories, BTZ is particularly targeting this market segment.

In any case, an entire array of CT services is thereby opened up for the customer. It is up to him to choose. For instance, BTZ offers a customer-friendly door-to-door service, in which it assumes responsibility for organising the initial and final legs of the journey, and hence guarantees the standard of quality irrespective of train departure and arrival times. On the other hand, BTZ offers cus-

tomers maximum flexibility if they so desire, by renting out bimodal articulated semi-trailers on a long-term or individual basis. In this case, the customer then only needs to reserve the terminal-terminal route with BTZ, and is completely free to arrange the preliminary and final legs of the route by road. BTZ's services have been extended through the use of bimodal refrigerated trailers. BTZ is able to satisfy the high level of service required in refrigerated transport by guaranteeing an uninterrupted refrigeration chain by rail, and by its use of a GPS-supported monitoring system which even enables temperature to be controlled online. The bimodal system is also ideally suited to combination with other logistical services such as warehousing, and hence to integration in supply chains.

All of this demonstrates that bimodal systems do not compete with conventional CT, but in fact extend the range of CT services in a specific niche. These services look set to generate additional demand for CT transport services, as versatility is a vital precondition for market growth with healthy competition.



THE YEAR 2002 IN BRIEF

POLITICAL DEVELOPMENTS AT EU LEVEL

Transport Policy

Rail Packages - In 2002, the UIRR continued to closely follow developments that relate to the First Rail Package.

15 March, the date of the Package's transposition into the national law of the Member States, is an important legal step along the path which will ultimately lead to the complete liberalisation of the railways, but what will really matter is the way in which the gradual opening up of the rail market is used.

Furthermore, the European Commission has also proposed a Second Rail Package welcomed by the UIRR, the aim being to create a genuine legally and technically integrated European rail area. 2003 should be a crucial year for this second stage.

Marco Polo - In February 2002, the European Commission proposed the Marco Polo programme as a way of encouraging modal transfer in the transport sector. The programme involves helping haulage and logistics companies bring about long-term modal freight transfers from road to short-distance maritime transport, rail and inland waterways. Three types of action are proposed. The UIRR hailed the advent of the new programme, which should succeed the PACT programme for Combined Transport which expired at the end of 2001. The UIRR was involved in a large number of projects - 34 projects in all - under the auspices of PACT. The programme should come into force in the course of 2003.

The Channel Tunnel - One of the most striking events of 2002 was the continued partial blockage of Channel Tunnel traffic as a measure aiming at stopping the flow of immigrants. On several occasions, the UIRR alerted the relevant authorities to the urgent need for a solution to this situation. The culmination of its work in this area was the organisation, in conjunction with other associations, of a top-level meeting in Calais on 27 March 2002. Only since August/September 2002, traffic appears to have more or less returned to normal, especially with the prospect of the closure of the Red Cross Sangatte Refugee Centre.

For the member operators of the UIRR, 2002 was a year in which CT Tunnel traffic was won back and consolidated.



This was the case for **CTL**, for instance, which also decided to enter the domestic market. In 2003, the company plans to relaunch its links with Italy, offering services between Novara and

Hams Hall and Manchester in particular. Meanwhile, **CNC** experienced a 50% loss in cross-Channel traffic tonnage. The traffic that remains is currently routed by ferry via Dunkirk and Zeebrugge. It would not do to be lulled into a false sense of security, as **Novatrans** and **Cemat**, which have also been affected by the problems with the Tunnel, underline: although work to increase security was completed in June 2002, customers had to find alternative solutions during the period of interruption to traffic, and are not returning as readily to the use of CT. 2003 will therefore prove to be a critical year for the Tunnel, which will need to offer again frequent and reliable services.

Projects

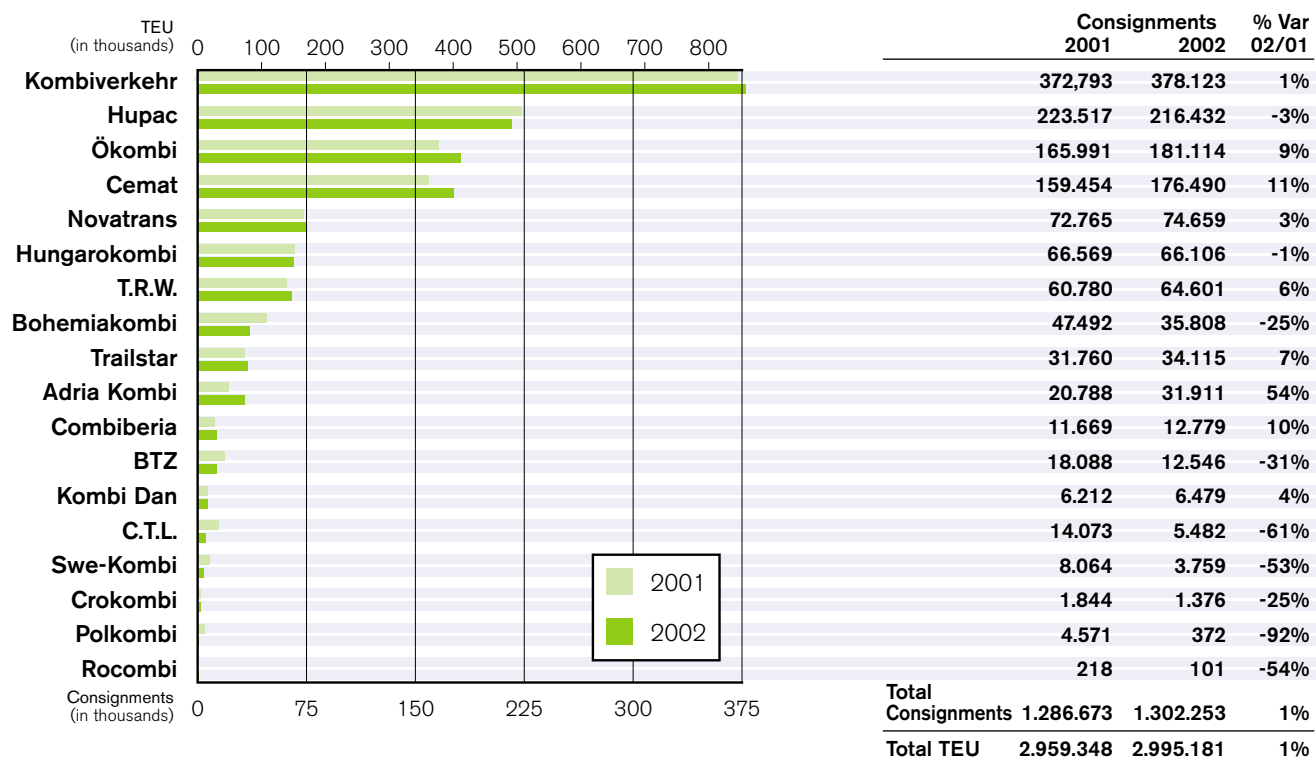
The CO₂ Project - The December 1997 Kyoto Protocol marked the EU's commitment to reducing emissions of greenhouse gases, including CO₂, by 8% by 2008-2012 compared with their 1990 level. In 2002, the EU managed to maintain the level of CO₂ emissions at that of the reference year, but an 8% reduction has not yet been achieved. This is why it is considering various ways of achieving this objective, and in particular has targeted actions in the area of transport, which generates large quantities of emissions.



In view of this, the UIRR proposed to carry out a research project to quantify the reduction of CO₂ in Europe generated by CT when freight traffic is transferred from road to rail. This study has received financial support under the PACT programme. It has emerged from the study that the use of Road-Rail CT leads to a marked reduction in both energy consumption and the quantity of CO₂ emitted in the atmosphere. The figures vary according to the CT method used: unaccompanied CT reduces energy consumption by nearly 30% and the quantity of CO₂ by over 55%. For the Rolling Road, the saving is 10% for energy and nearly 20% for CO₂. The results, along with recommended actions to be considered in order to maximise the positive environmental impact of combined transport, will be presented in 2003.

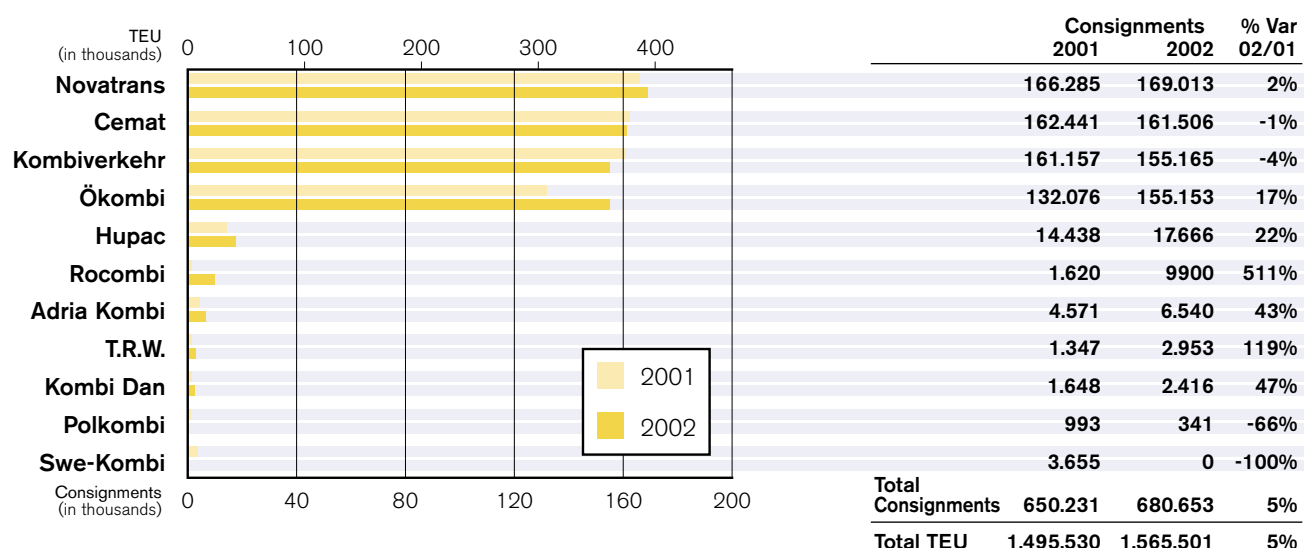
THE YEAR 2002 IN BRIEF - TRENDS

INTERNATIONAL TRAFFIC



The UIRR companies slightly increased their international traffic volume by 1%. This overall percentage conceals various trends. Excellent results were achieved on the following routes: traffic between Switzerland and Germany (+12%), traffic to and from Spain (Germany +14% and Belgium +7%) and traffic to and from Italy (France +30%, the Netherlands +8% and Sweden +28%). The Rolling Road traffic between Slovenia and Austria has greatly increased thanks to improved utilisation of loading capacity on the Maribor-Wels route and improved frequency on the Ljubljana-Salzburg route. On the other hand interruptions in the Channel Tunnel services again greatly impaired the results of the UK based operator CTL. The September floods in eastern Germany and the Czech Republic contributed to a substantial reduction in traffic on the Rolling Road between Dresden and Lovosice (-16%).

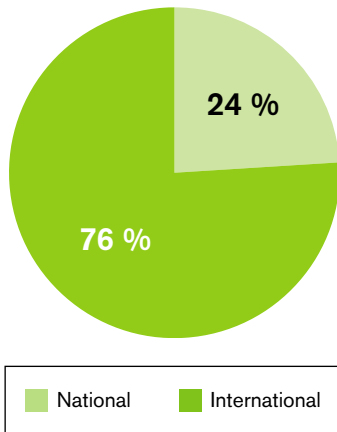
NATIONAL TRAFFIC



The number of national consignments has increased by 5%. Four countries process around 80% of the consignments in equal shares: Germany, Austria, France and Italy. Unaccompanied traffic has increased substantially in Austria by 28% and the accompanied traffic by 8%. In Romania more than 9,000 consignments have been transferred from road to rail following the opening of a new terminal at the port of Constanza. In France, the Bordeaux, Lomme and Mouguerre terminals (all built in 2001) have introduced new high performance routes. The new block train between Aarau and Stabio in Switzerland has led to a spectacular increase in traffic since it was introduced in April 2002.

THE YEAR 2002 IN BRIEF - TRENDS

TOTAL TRAFFIC

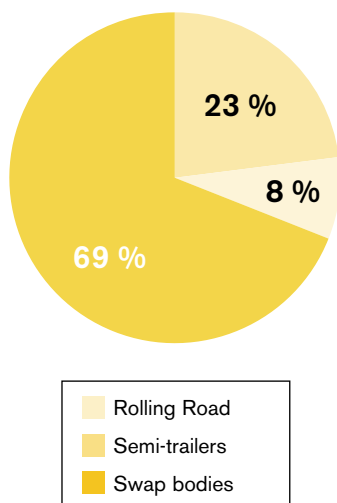


International (Int.) and National (Nat.) traffic in Mio. TKM			
Year	Int.	Nat.	Total
1993	14.490	6.844	21.334
1994	17.077	7.606	24.682
1995	17.720	7.250	24.970
1996	19.584	7.583	27.167
1997	21.527	8.334	29.862
1998	21.926	8.308	30.234
1999	20.742	7.846	28.588
2000	24.330	8.156	32.486
2001	24.663	7.217	31.880
2002	25.027	8.047	33.074

The transport performance figures, expressed in terms of tonne-kilometres, have improved in 2002. Indeed international traffic has experienced a slight increase of 1%. The following routes have contributed particularly to this result: Austria/Slovenia (+83%), Germany/Spain (+33%), France/Italy (+25%), Switzerland/Germany (+17%) and the Netherlands/Italy (+8%). National traffic has increased by 12% in terms of tkm; the increase by around 800 million tkm is largely due to three countries: Italy (+38%), Austria (+35%) and Switzerland (+12%). It must also be taken into consideration that, in spite of a reduction in consignments in Italy, performance has improved because of the growth in traffic on the routes in the south of the country, which are longer.

The average distance is around 760 km internationally and 550 km nationally. The average weight of a loading unit is 25 tonnes in international traffic and 21 tonnes in national traffic.

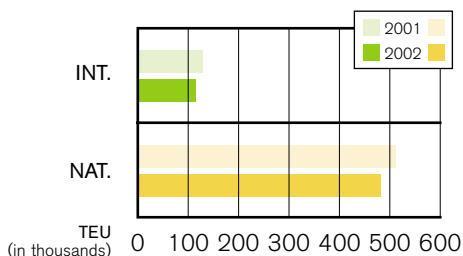
TECHNIQUES



Proportion of CT systems of total traffic in thousand consignments				
Year	Swap bodies	Semi-trailers	Rolling Road	Total
1993	884	202	212	1.297
1994	1.057	220	253	1.529
1995	1.079	224	312	1.615
1996	1.161	207	344	1.711
1997	1.333	185	346	1.864
1998	1.335	166	382	1.883
1999	1.260	154	406	1.821
2000	1.333	172	460	1.964
2001	1.300	171	466	1.937
2002	1.367	152	464	1.983

In unaccompanied traffic, the share of interchangeable and standard containers increased and represents 69% of the consignments processed in 2002. This means an increase of more than 30,000 interchangeable containers at national and more than 35,000 at international level. In international unaccompanied traffic clients prefer small interchangeable containers (consignments of two containers of 7-8 m), which account for a 34% share of international consignments. The share accounted for by semi-trailers was not maintained due to reduced utilisation of this type of loading unit on the Germany-Italy (-9%), Belgium-Italy (-18%) and Germany-Spain (-26%) routes. The overall situation in the accompanied combined transport has not changed: an increase in national traffic and a decline in international traffic. In fact, the reduction in the international Rolling Road is only apparent in the reported figures: the Freiburg-Novara route, which is operated by Hupac on behalf of RAlpin (a company which is not a member of UIRR), does not appear in the UIRR statistics. Compared to 2001 this route has increased its traffic by 137%, i.e. by more than 44,500 consignments.

ASSOCIATED MEMBERS



National (Nat.) and International (Int.) traffic in TEU			
Year	Int.	Nat.	Total
2001	131.491	519.390	650.881
2002	117.429	490.411	607.840
	-11%	-6%	-7%

With an average traffic volume in excess of five million tonnes, the overall activity of CNC in 2002 has not changed compared to 2001. However, this stability conceals greatly varying degrees of development depending on the market. The "sea containers and equivalent containers" activity has grown by approximately 7%. This progress is a result of the specific services launched in 2002 to match the new logistic concepts of the most important players in this sector. This development thus compensates for the decline of the "general cargo" door-to-door road-rail activities for interchangeable containers of CNC. There are two reasons for this. The first is the time necessary for services to be restarted through the Channel Tunnel. The second is the growing relevant distance of French CT, which must come to terms with the prices of the road haulage companies on the one hand and increased CT road haulages due to French legislation on the other hand.

THE YEAR 2002 IN BRIEF

The success of the CESAR Project - The CESAR Research Project, supported by the EU and the Swiss government, was rounded off with a presentation at the Intermodal Fair in Rotterdam at the end of 2002. After six years of development, a customer interface which is harmonised at European level has been established, under the coordination of the UIRR Office in Brussels.



Customers have shown enthusiasm for the features on offer. For the first time, customers, the road hauliers and logistics companies, can check current timetables, make bookings and find out about the situation with all consignments currently underway via a single Internet address - <http://www.cesar-online.com> - including details about delays and their effects. Since April 2003, the CESAR website has enjoyed a new, up-to-date layout. This includes a presentation in which anyone can test out features that are newly accessible to customers and operators in the protected sections by means of a password. The operators managing the system are about to set up a company, based in Brussels, which will take responsibility for creating and developing the system.

TECHNICAL DEVELOPMENTS

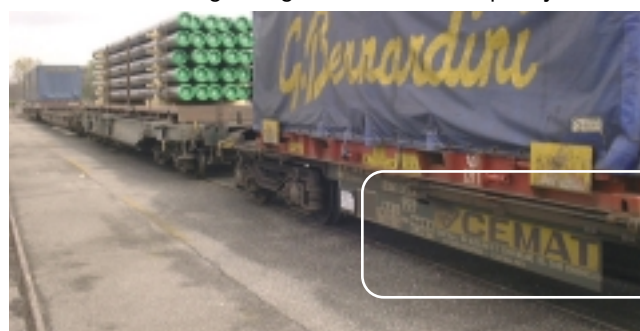
Transportation of hazardous goods - Hazardous goods transportation represents an important market for CT. On average it accounts for 5-10% of the market, although on some connections characterised by high-density routing of chemical products, the figure is 20%. Virtually all categories of hazardous goods may be transported by rail or CT. For the identification of loading units, ADR provisions are - apart from a few exceptions - also valid for rail transport.

The chemical industry attaches a great deal of importance to the high level of safety of the railways. Furthermore hazardous goods experts from UIRR member companies are working to improve CT's level of safety, in conjunction with the rail companies, by means such as the establishment of a database of emergency numbers, the provision of information and advice to customers (see also the website, www.uirr.com) and exchanges of experiences

and the drawing up of recommendations regarding the organisation, transformation or construction of transshipment sites. The UIRR is strongly committed to high safety standards, although these should also apply to all competing modes of transport. Thus CT will be able to capitalise even more effectively on its advantages over long distances in the future.

Wagon pooling and new technologies - The experiment - now over 20 years old - in the pooling of wagons between the companies **Novatrans**, **Cemat** and **TRW** deserves acclaim for its effectiveness. Pooling has enabled these operators to cope with the vicissitudes of rail service quality. Services based on the use of point-to-point trains together with an operating scheme are made possible only by the use of a completely computerised management programme known as IRIS (Intermodal Rail Information System), developed by TRW and enabling the services which make up the CT chain to be managed, to the great satisfaction of Cortax network partners.

The € 30 Mio investment made by **Ökombi** a year ago in 200 new-generation low-floor wagons is bearing fruit. Thanks to the wagons' greater traction capacity, due to



better rotation and better loading, transported loads are larger. The company plans to acquire 200 more low-floor wagons in order to meet predicted increases in traffic.

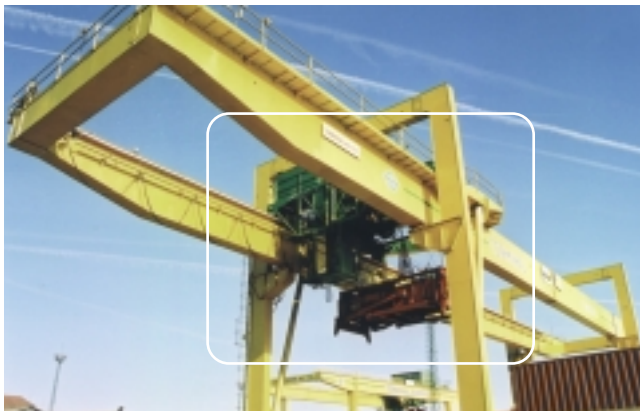
Furthermore, in 2002 **Cemat** invested € 16m in the production of 250 newly designed four-axle container waggons. It was possible to reduce the tare weight by two tonnes and thus to improve the payload/dead load ratio.

Terminals - In Italy, 2002 and 2003 are important years for the development of a number of terminals. Thus, in 2002, incoming transport units (ITUs) at the Verona Q.E. terminal were up 9.2% compared with 2001, and forecasts for 2003 are positive. To improve the quality of service at the terminal still further, **Cemat** has enlarged its staff, replaced the old mobile cranes, applied the bonus-malus system to the loading units parked on arrival and, using palm-touch PCs, computerised vehicle entry and acceptance operations.

THE YEAR 2002 IN BRIEF

In October 2002 **Hupac** received approval for the construction of the Gallarate terminal, intended to expand the capacity of the Busto Arsizio terminal. The aim is to expand loading and unloading capacity to meet the traffic-transfer objectives of the Swiss government. Hupac forecasts a doubling of transalpine traffic by the year 2008. The Busto CT terminal currently has the highest capacity utilisation in the whole of northern Italy, processing traffic to and from all parts of Europe and serving as a gateway for the Italian shuttle network. Construction work for the terminal expansion is due to begin in 2003 and will be completed in 2005.

In Eastern Europe, the first phase in the development of BILK (the Budapest Intermodal Logistic Centre) has started. It should make it possible to cope with demand in both international and national traffic. As the Hungarian centre for a cutting-edge system of integrated CT, BILK will function as an interface, and provide technical assistance for transit traffic and other Hungarian logistics centres linked to it in a hub and spoke network. The centre will be developed



by two independent companies, set up by Hungarian investors in December 2001. The shareholders of BILK KOMBI-TERMINAL include **Hungarokombi**.

Since December 2002, a new intermodal terminal has been opened in the port of Constanza. **Rocombi** has opened an office there, which is now responsible for 75% of the traffic. 20' and 40' containers depart from the terminal to any other Romanian terminal. There are also plans to develop international traffic there.

ABILITY TO ADAPT

An adapted response to bad weather - Following a rail accident and a landslide on the Luino line in February 2002, rail freight transport on the North-South axis passing via the Gothard was interrupted for several weeks. However, by close collaboration, various CT operators including **Hupac** were able to react swiftly, organising trains on alternative routes.

The flooding in Central and Eastern Europe in August/September 2002 had a considerable impact on rail traffic,



especially in Austria, Germany and the Czech Republic, leading to train cancellations and delays and the re-routing of journeys. Traffic on the Dresden-Lovosice and Manching-Brennersee Rolling Road was severely disrupted. Thus, **Bohemiakombi** and **Kombiverkehr** were compelled to cancel Rolling Road traffic between Lovosice and Dresden. After five weeks during which operations were completely interrupted, traffic resumed at 50% of normal capacity, and swiftly returned to a frequency of 20 or even 24 trains per day. It should be noted that the political determination of the authorities in Dresden and Prague helped ensure a rapid resumption, given that the national road from Dresden to the German-Czech frontier at Zinnwald has not yet been made available for heavy road transport, and is only due to reopen in the summer of 2003. From the establishment of the Dresden-Lovosice route in 1994 until the end of 2002, 713,005 heavyweight vehicles were transported without any major incident.

Quality improvement on the Brenner - Practical progress is now evident in the liberalisation of the railways. The two new railway operators RTC and Lokomotion are co-operating in providing the first private traction services on the Munich-Verona route. This has enabled CT operators Kombiverkehr and Cemat to achieve significant quality improvements on the Brenner route.

Meanwhile all the railway operators participating in the Brenner traffic and the infrastructure entities as well as the CT operators have joined forces in the "Brenner Action Plan" in order to draw up measures jointly with the German, Austrian and Italian transport ministries for short- and medium-term quality improvement and capacity expansion.



THE YEAR 2002 IN BRIEF

INNOVATIVE SERVICES

Introduction of new lines - In order to meet customer demand, **Cemat** and **Kombiverkehr** have introduced two new shuttle lines: Brescia-Munich and Verona/Trente-Nuremberg, each served by five trains a week in each direction. **Cemat** and **Novatrans** have likewise launched a company-train from Tavazzano to Chalon-sur-Saône (one departure a week from Tavazzano and two from Chalon-sur-Saône).

In September 2002, **Kombiverkehr** and **Ökombi** launched a new direct train link from Hanover to Vienna via the Wels hub. A high-quality connection has thus been established between the German territory and all Austrian terminals. Initially, six departures per week are on offer to customers.

Single wagon traffic between Germany and Slovenia showed signs of recovery in 2002, and could switch to the shuttle concept. To enable a link between the networks of



and **Cemat**, in partnership with VTE Voltri Terminal Europa and Trenitalia Cargo. The common objective is to create a European network of intermodal services for maritime traffic via the hubs of Northern Italy. The Medgate Shuttle presents attractive prospects for maritime transport, especially for destinations in the Mediterranean, the Middle East and the Far East. Hupac's new maritime network has grown substantially, including links such as La Spezia-Chiasso, Rotterdam-Basel and Rotterdam-Duisburg, especially in partnership with **Trailstar**.

New Rolling Road developments - In partnership with **Adriakombi** and **Ökombi**, **Crokombi** expanded its business in October 2002 by introducing reservations for Croatian road hauliers on Rolling Road trains between Slovenia and Austria. There are also plans to introduce Rolling Road links between Croatia and Austria.



Adria Kombi and **Kombiverkehr's** "Kombinetz 2000+", there are plans to introduce a train service between Munich and Ljubljana. The partners intend to substantially increase the volume of traffic by an increasingly attractive and customer-oriented service offering.

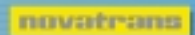
Following the takeover of **BTZ** by new shareholders TX-Gruppe and STR, the company has focused its core activity on the Cologne-Verona route, and has introduced a new production concept. Under the management of its new Director, Mr Andreas Riechel, BTZ plans to develop its current range of transport services on this route as a partner of economic interests in the transport and forwarding sectors, with a marked increase in the frequency of departures.

Maritime developments - The Medgate Shuttle via the Busto Arsizio hub is a new intermodal product between Genoa and Central and Northern Europe. It represents the first phase in a strategy of shared growth involving **Hupac**



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