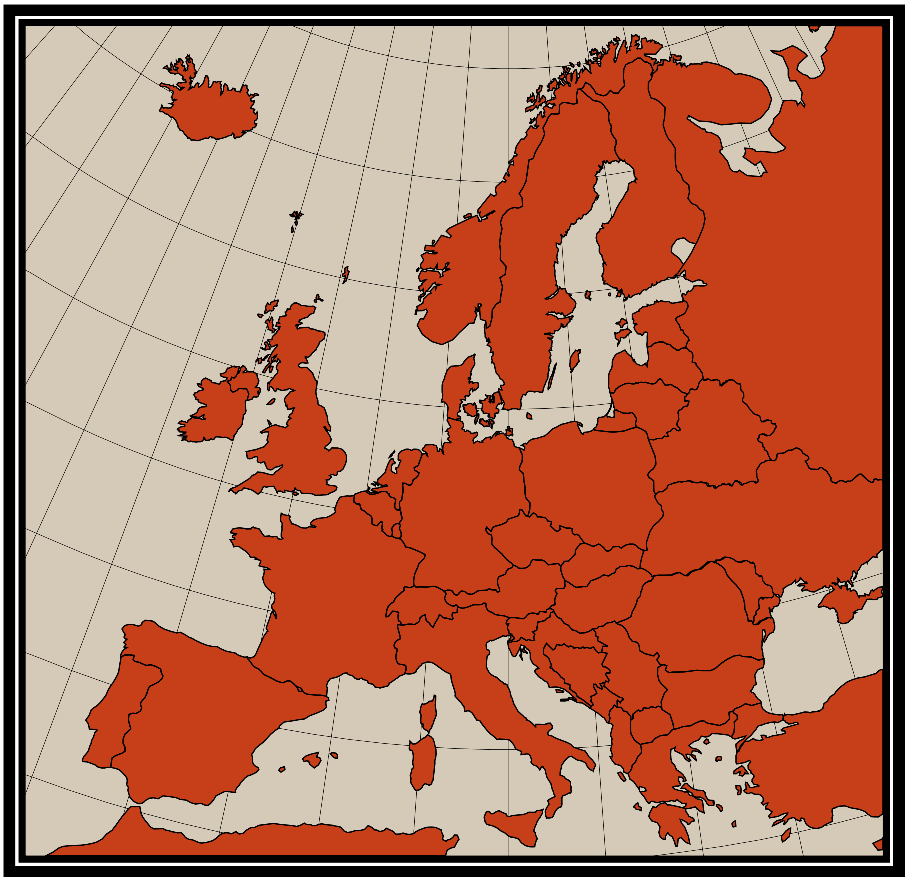
INTERNATIONAL UNION OF COMBINED ROAD-RAIL TRANSPORT COMPANIES



UIRR Report

1997-98

IMPRESSUM

Publisher: UIRR, Brussels
c/o Susanne Kuschel
Photos: UIRR, Brussels
Design: Tostaky, Brussels
Printed in Belgium

This Report was printed on recycled paper.

Foreword

"New Horizons" is the general theme of this UIRR Annual Report. There is a widespread consensus concerning the environment in which the transport sector is set to develop further: globalisation of the economy, opening up of markets and liberalisation of rail transport. But all too often, the major problem arises from slowness of the railway undertakings and of the political decision making. No pain, no gain, but the less time spent in implementing indispensable measures, the smoother the transition will be; the longer the wait, the more radical the cure which will have to be administered. These reflections apply to all transport companies, although without any doubt primarily to those difficult to manage 'mammoth' traditional national railway undertakings.

WERNER KÜLPER

President of UIRR

In September 1997, the UIRR published its declaration on the "freeways" in which it demanded that the proposed liberalisation of rail be taken seriously rather than being limited to presenting traditional reports couched in new language. This proposal in itself has already caused some concern. The combined transport operators' point is not that they want to question the traditional partnerships, for them the issue is purely about increasing rail productivity. Clearly this will only make significant progress through increased competition, which is the basic idea behind liberalisation.

No single European railway undertaking has so far dared compete on a neighbouring rail network. This is an unmistakable sign that those who are in the best position to know are not convinced that they would not be treated in a discriminatory way in the other country. The same applies, at national level, to many regional rail companies, operating in ports or in large industrial areas, which rarely venture into the main network even when they have the technical or organisational capacity to do so. Only the complete organisational separation between rail infrastructure and rail operations would constitute a decisive step forward.

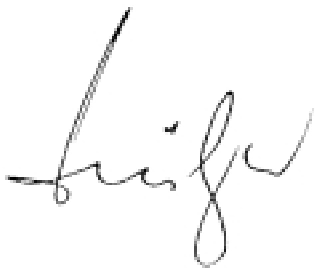
Liberalisation is also held back by only allocating train paths to those rail companies that hold a licence. The guiding principle behind rail transport liberalisation must be that whoever bears the economic risk should also receive the title to, or the right of disposal over the path. Where combined transport operators consolidate trains at their own economic risk, they should be granted the disposal over the path. Only then will they be in a position to choose the railway company that will act as their service provider.

The introduction of freeways has not yet produced the expected results, since monopolistic railway companies simply divide the freeway paths between them through "one-stop shops". As long as only a few, newly discovered paths are considered as "freeways", while a large number of existing paths on the same corridor are maintained under the old system, separation of traffic into two categories ensues. Consequently, the few individual paths brought under the political spotlight would represent nothing more than showcase success. The notion of " freeway " must mean that the entire " way " is indeed " free ", i.e. that the entire corridor is subject to this new regime.

1997 was also the year which demonstrated that the development of combined transport is not primarily the result of new combined transport operators, since they are confronted with the same framework conditions as the operators which have been active in the market for a long time. Despite a severe lack of rail quality, the UIRR companies have once again transferred a considerable amount of new traffic onto rail. Even higher growth rates would have been achieved, if the railway companies had delivered the anticipated service levels.

Traffic levels may even have bordered on the spectacular, if the transport policy had kept to its commitments. Whilst combined transport is constantly advocated and supported by programmes and "actions", the European Union is pushing Switzerland during negotiations on through traffic to open up further to road transport, without making on the other hand any substantial progress in the areas of external costs, 'road pricing' or liberalisation of the railways. All the same, initiatives regularly surface which, time and again, aim to increase the authorised lengths and weights of road vehicles, and furthermore seek justification under the false pretext of promoting intermodality. If such projects were carried out successfully, they would provoke a backward shift from combined transport to road.

In the interest of asserting its influence on transport policy and in order to make further progress on technical and organisational harmonisation at a European level, the UIRR is striving to broaden its membership basis, which will enable its successful entry into new markets and further simplify the use of combined transport for its customers.



"New Horizons" - UIRR going ahead

RUDY COLLE

Director General of UIRR, Brussels

In order to join forces in the field of combined transport of goods, eight operators decided in 1970 in Munich to create the international association of piggyback companies UIRR. The concept on which expected achievements were based was the founding members' determination to organise the ever increasing freight traffic flows between the European countries and between their economic centres in an efficient and environmentally friendly manner and contribute, by doing so, to their coming closer together. In those times, UIRR head office was located where its Secretary was based: consecutively in Vienna, Frankfurt, and for ten years in Chiasso.

The expertise of the operators and their commitment to combined transport are in itself insufficient to ensure their success. Given the fact that they work in an environment which is largely influenced by political decisions, the framework conditions play a likewise decisive role. The UIRR has already taken this fact into consideration in the earlier stages of its existence by opening a so-called liaison office in Brussels in 1988. Ten years of active presence in the policy making capital of Europe have enabled the Association to make a major step forward, and the liaison office to become a successful correspondent and a sought after source of information for clients, partners and the public at large.

As the umbrella organisation of European combined transport companies concerned about improving future response to growing logistic demands, UIRR has made access possible last year for operators that do not have a majority "road transport" origin. Major such players have already shown interest and one should look forward to their possibly joining the today's eighteen members of UIRR soon. It should be emphasised however that it is not the number of operators that are gathered within UIRR which adds weight to its arguments, but much more the quality, unicity and consistency of UIRR's efforts and undertakings that will reinforce its image of an association protecting members' interests in a coherent, pragmatic and reliable way.

In the context of the necessary liberalisation of the European transport market, in particular in the area of the railway undertakings, UIRR combined transport operators' voice must carry loud and clear. Indeed, their activities consist essentially in bringing together the system-advantages of road and rail. Many of their clients are also shareholders and this has led to a trusting collaboration that results in an unrivalled market proximity. The deliberate absence of direct contact with the shippers guarantees objectivity and hence reliability to the transport sector. Owing to the close relationship with the different directly concerned market players, the UIRR members have developed into companies with recognised know-how, respected for their service provisions and neutrality.

As is the case for all professional associations, UIRR's main assignment consists in protecting members' interests. As already mentioned, search for better quality of service and increased productivity would fall short of target. The definition of conditions of fair competition between all modes of transport and between all players in the combined transport chain and, as long as this does not apply, the granting of appropriate promotional measures, are also vital tasks that can most effectively be looked after by a strong, united and independent organisation. Considering the fact that the public opinion is in favour of combined transport, it is determinantly important to formulate concrete recommendations that would optimally convert political objectives into appropriate forms of action.

UIRR's activities can be subdivided in a number of interacting categories:

- promotion of combined transport (position papers, lobbying, press articles);
- contacts and exchanges of opinions with European authorities (European Commission and Parliament, ECMT, UN-ECE);
- internal co-ordination work in technical, operational, EDI and marketing matters;
- contacts with several other combined transport players (IRU, CER, UIC, rail companies and operators);
- "Service Centre" (research, project management, allocation of codes, etc).

The UIRR office in Brussels is permanently seeking to extend its activities. The Internet site at the address http://www.uirr.com, which has been available for consultation since January 1997, provides current information and appears to be extremely popular.

During the summer of 1997, the office also moved into more spacious and more centrally located premises. Whilst last year it was possible to establish consolidated statistical data for the 16 member companies operating in 18 countries already in May, an additional progress is being achieved this year by publishing the present UIRR report in the spring rather than in September. This strengthens its character of an annual report, and its actuality is further enhanced by the inclusion of first indications on developments and trends in the current year.

The UIRR continues on its decisive course, which can only be of benefit to the freight transport sector.

Photo European Parliament

"NEW HORIZONS" - QUALITY OBJECTIVE

DR. WERNER MAYWALD

Spokesman for Kombiverkehr's Management, Frankfurt

A high level of quality and the constant concern to ensure the very best chances of success for combined transport by providing Europe's forwarding agents with services which meet the market's requirements, constitute the strength and success of the UIRR. In spite of all the obstacles going with the liberalisation of the transport market, Kombiverkehr and its UIRR partners have recorded an increase in the number of consignments. Even higher growth rates would have been possible if European rail services had been more in line with the legitimate demands of combined transport operators and their customers.

However, the first signs of a reversal of this trend can be seen. Where during the transformation of several national railways into private enterprises customer requirements have been temporarily upstaged, a desire to adjust to more stringent quality requirements has become apparent. Closer collaboration with combined transport operators, as key-account customers of rail-freight companies, ought to lead to improved efficiency and market proximity. By way of example, Kombiverkehr is, thanks to the know-how it has acquired through its close contacts with forwarders, in a position to have a direct impact on the range of services supplied by Deutsche Bahn (DB AG). This produces an increased risk but gives greater flexibility in tailoring the offer made to customers to better match their needs.

During the course of this year, the German combined transport network will be completely restructured to take account of a set of requirements established by Kombiverkehr resulting from a detailed survey carried out among forwarding agents. Under the new scheme Kombiverkehr recommends the routes needed to create an efficient network, with DB AG adapting its own production capacity accordingly. The possibility of thus meeting demand in a more flexible manner should prevent fluctuations in the quality of the service, as these have occurred in the past in the production system, especially during times of increased traffic levels. Kombiverkehr assumes load factor responsibility, as it already does in the case of international block trains and furthermore DB AG withdraws from the direct acquisition of terminal-to-terminal transport leaving Kombiverkehr to market combined transport requested by forwarding agents.

Improved quality is a prerequisite for higher load factors for combined transport trains and reduced commercial risk. Railway undertakings and operators are also adopting new strategies in their search for greater reliability and profitability. On the main trans-Alpine routes, Kombiverkehr and the participating UIRR partners will, for the first time this year, be developing a new set of quality guarantees together with the railways, characterised by mutual obligations.

By extending its range of services, Kombiverkehr is centering its activities around enhancing the competitive position of combined transport. In this respect, potential traffic volumes will be concentrated, so that block train connections may soon serve new target regions notably in Eastern Europe. But a decisive factor is also the extension of the gateway system by which national "feeder" trains provide inter-European block trains with additional consignments, since this system allows better use of the capacities available on both legs of the journey. Quality will also be enhanced by an extended terminal network created by new transhipment centres. In Germany alone, work has started on seven different sites. Optimised organisation of operating activities, making better use of electronic data-processing will give these developments additional backing. Kombiverkehr has, thus, complemented the on-line functions of the ALI BABA computer system, with on-line invoicing. The "CESAR" project in particular which was launched in 1997 together with other UIRR partners and which aims at providing continuous transmission of information on Alpine transit, will further boost the information technology (IT) which proves so vital to the logistics market.

The concept of "freight freeways" also brought promise for new developments in combined transport. However, the continued monopoly enjoyed by several national railway undertakings and the mere theoretical separation between rail operations and infrastructure have delayed their transformation. Although they represent the largest freight carriers in combined transport, Kombiverkehr and all its UIRR partners have not yet been given a real chance to compete for better train paths on an equal footing. It will only be when the railways act in a more co-operative manner, instead of constantly claiming their "grandfather rights", that the basic idea of trans-European networks will be fully realised. Combined transport must ensure that it is given due priority on European tracks as soon as possible; only in this way will the very high quality expectations of the logistics market be met. Failing this, the higher than avarage growth levels of this alternative mode of transport that are desired politically, will almost certainly not be possible. Kombiverkehr and its UIRR partners are in any case willing to paricipate in new forms of co-operation with the railways, as are the forwarding agents, many of whom have become partners or customers.

“New Horizons” - towards a real partnership ?

JACQUES DUMERC

Director General of Novatrans, Paris

The rapid growth of combined transport in recent years has provided much satisfaction: the political authorities have seen the success of the policy they initiated for the promotion of combined transport; the railway undertakings have observed with satisfaction this significant contribution to rail; combined transport operators have seen confirmation of their role and appreciation of their efforts.

Is one right in being complacent and in considering that this success will be of lasting duration ?

It is true that the considerable increase expected in the demand for transport services, the concern for incorporating this in a sustainable development policy and the enlightened consideration, by those in charge of road haulage companies, of the economic and social contribution provided by combined transport, are all elements which would lead one to believe that combined transport has considerable potential for development.

But the serious deterioration in the quality of the services provided by the railways is a major concern which ought to seriously deserve the attention of all participants involved in combined transport, especially in consideration of the repositioning of a certain number of operators following the gradual implementation of Directive 91/440 and the significant change of their role.

The non-compliance with scheduled arrival times of trains displeases first and foremost forwarding companies and shippers and might as well, should the situation not be rapidly restored, lead customers to abandon combined transport and to revert to pure road haulage for the entire journey. This would, of course, directly affect the growth potential.

Additionally, the deterioration in quality clearly indicates which bottlenecks will have to be urgently removed in order to restore the possibility of a sound and balanced development:

- Public authorities and infrastructure managers have to invest in infrastructure i.e. in railway lines and terminals in order to ensure fluidity of traffic and quality of service to customers;
- Railway undertakings have to allocate personnel and equipment in sufficient numbers, secure productivity and develop methods that guarantee punctuality of the trains at reasonable prices;
- Operators have to be in a position to make necessary investments in wagons and transhipment equipment to properly meet expectations.

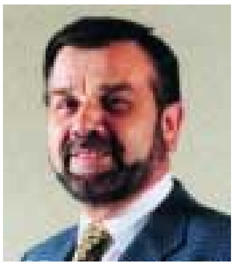
This last point requires considerable financial measures and will only be achieved if growth remains constant and if the considerable risks involved do not endanger their financial equilibrium: a bicycle can only be kept in balance when it moves forward...

This is why one will also have to draw attention upon developments in the contractual modalities governing purchases of railway services. Within a very short period of time, railway undertakings have forced operators to accept far-reaching changes in their purchasing conditions: in 1992, operators bought their transports per loading unit (UTI). Since 1996, they buy full-train capacities at flat rates on an annual basis, as in the case of Cortax (the hub system of some UIRR companies, with its nodal point in Schaarbeek, Belgium).

The financial risk related to the actual load factors of the trains capacities has thus been completely shifted onto operators. This shift has been fully accepted by them and confirms in their view the responsibility they carry in the organisation of combined transport.

However, in this reform the railway companies have not come up with the necessary service in return: in circumstances where poor quality of their rail service or interruption of their activities jeopardises the provision of service to the client and consequently also the attractiveness of combined transport, the orderly organisation of production means and in particular wagon rotation, terminal timetables and hence load factor achievements of the trains, the railway undertakings must, in their position as exclusive suppliers of train traction in combined transport, accept to compensate for the deficiencies, at a financial level which is comparable to the risk born by the operators. Sound growth can only be achieved on the basis of balanced conditions.

“New Horizons” - a pioneering spirit is required



STEFAN HOFER

Managing Director Ökombi, Vienna

Following EU membership and an increase in the transport of goods between the Internal Market and the countries of south east Europe, the situation and the conditions of combined transport in Austria have changed quite dramatically over the last three years. The current political and economic environment both within the Union and in third countries clearly promotes road haulage. Gaining new markets in Eastern Europe will require a pioneering spirit and sound financial backing.

In 1991, some 15 million tonnes of goods were transported over long distances through Europe’s North West-South East corridor. This volume will have doubled by the year 2006, reaching some 30 million tonnes annually. On the other hand, however, by 2010 the market share of East European rail companies will have fallen well below 50 %.

Indeed, forecasts are not favourable for combined transport: at the same time conventional measures of support for combined transport in Austria, such as the harmonisation of the pay load, a limitation of overall weight to 38 tonnes, license controls, limits on road traffic and the vignette for lorries, have lost a great deal of their impact due to the EU’s transport policy and the Schengen Agreement. The consequences are clear: in spite of a general increase of 1.3 % in 1997, thanks to which Ökombi has once again demonstrated its efficiency, it is nonetheless forced to accept the negative effects which affect traditional growth sectors.

There is only a small possibility of East European countries adopting a transport policy which promotes combined transport: candidates for future EU membership will not hinder negotiations by restricting their transport policy since the effects would be counterbalanced anyhow by liberalising measures in the field of road haulage after joining the Union. And so, combined transport lacks the compensatory mechanisms to position itself effectively.

Especially in view of the planned enlargement of the EU, Ökombi is challenged in particular, strategically, financially and technically. The understanding of the need for a rapid shift from road to rail in the eyes of transport policy, potential partners and railway companies in Eastern Europe is still insignificant. The highly interesting prospects for combined transport have, thus, to face realities which are very difficult to assess, such as antiquated techniques, lack of infrastructure, bureaucratic obstacles, safety risks and an unwillingness to invest. Flexibility, shortened transport times and a better service to customers are only the first measures required for a long term development of combined transport.

Even if the future justifies greater strategic commitment in Eastern Europe, focusing on new markets will require a pioneering spirit - even on the part of highly experienced service providers such as Ökombi - in order to set up and develop this form of transport. Against this background one has to keep in mind that prices for road transport have continued to fall sharply for some years.

These considerations, together with the abolition of tax mechanisms in favour of combined transport, have caused rail companies to take a back seat as suppliers in the transport market. If combined transport is to be considered as an alternative to road haulage, which deserves serious consideration because it represents supply in line with the market, the unrelenting search for fair and efficient pricing in European freight transport is a vital process which ought to have been undertaken years ago.

With regard to Alpine transit, Ökombi and its UIRR partners have shown that consignments can be transferred from road to rail in a highly flexible manner with this meeting customer expectations, when the appropriate economic, technical and political conditions are in place. In the Alpine region, some 20% of the total volume of goods in transit are now handled by combined transport.

In Eastern Europe too, the successful shift of goods from road to rail will firstly depend on the effective and rapid implementation of the recommendations laid out in the White Paper “A Strategy for Revitalising the Community’s Railways”. The opening of rail infrastructure to new groups of suppliers, the introduction of “freight freeways”, the promotion of connections to non-EU countries and an appropriate and realistic price policy are currently the instruments which will have to be used to ensure that large transit volumes in new markets are also transferred from road to rail.

"NEW HORIZONS" - HUNGAROKOMBI YESTERDAY, TODAY AND TOMORROW

ISTVAN TOMCSANYI,

Director General Hungarokombi, Budapest

For quite some time now, Hungary has taken a pioneer role in central and eastern Europe and has on several occasions been at the source of courageous reforms. Although the road to these reforms was covered with obstacles and setbacks, this country also managed, before joining NATO, to hold negotiations for accession to the European Union. There is a real chance that within the next decade, Hungary will demonstrate its capacity for dynamic and innovative development, as a full member of the EU.

In spite of recent progress, there are still quite significant differences in the area of transport between Hungary and the Community. They can be seen in the level and structure of demand for transport, as well as in the resources available for investments, reflecting the lower level of economic development. In contrast to the policy advocated by the EU, traffic distribution between the various modes of transport, which initially clearly favoured non-road transport, is now shifting towards road transport. In spite of quality improvements in the means of transport, they do not generally correspond to EU standards, in particular as regards security and respect for the environment. The continuing customs problems, the legal status of various transport companies, differences in safety standards and wide disparities in transport taxation, along with frequently insufficient transport statistics, show us that the transformation process is not yet completed.

Hungarokombi was founded in 1990 by the railway undertakings (MAV, GYSEV), road haulage and freight forwarding companies. In the following year, the newly created Hungarian combined transport operator became a member of the UIRR. This membership, which was made possible by the active support of UIRR partners Ökombi and Kombiverkehr, represented an extraordinary opportunity for the future of combined transport in Hungary. Ever since it came into existence, Hungarokombi has made an remarkable progress. In 1997 the number of swap bodies handled reached 13.500 and the number of consignments transported on Rolling Motorways some 43.000. Thanks to this increase, we rank now among the largest customers of the Hungarian railway. Last year, a significant change took place: Hungarokombi changed its legal status and founded a limited partnership, which all customers wishing to use combined rail and road transport can join. The capital thus acquired will be reinvested in the development of combined transport. This more open form of collaboration is still relatively unknown in Hungary and our reorganisation is one of the first of its kind.

In support of our example, I would like to urge all countries in which a combined transport company has not yet been established and operators who are not yet a member of the UIRR to join our International Union as quickly as possible.

As far as legislation is concerned, certain things have begun to move in our country. Thus, several legal provisions have been issued for the very clear benefit of combined transport: exemption from certain permits for the forwarding of goods, the ban on driving lorries on Sun- and holidays, higher authorised weights on the legs to and from a terminal, the simplification of customs formalities and tax concessions for freight forwarders.

However, in the interest of improving conditions for EU membership, the extension of the Hungarian combined transport network and the acquisition of special vehicles and equipment should be continued. In order to use the whole transport chain more intensively, it is above all important to modernise the terminal network. Thanks to the financial help from the Hungarian government, existing terminals such as those in Sopron and Budapest-Józsefváros, are improved and new transhipment yards built, such as those of Szeged-Kiskundorozsma and Budapest. The latest plan is to develop the Intermodal Centre in Budapest (BILK), financed in the form of a public/private partnership (PPP). In addition to Hungarian resources, the project is also supported by the EU under the Phare programme and by private investors.

Hungarokombi can also be found on Internet (www.hungarokombi.hu) and here one has access not only to information about our company, its services, timetables and prices, but one can also make reservations by e-mail (info@hungarokombi.hu). The last Internet page provides an update on current developments and business policy and we will soon also publish a "Newsletter".

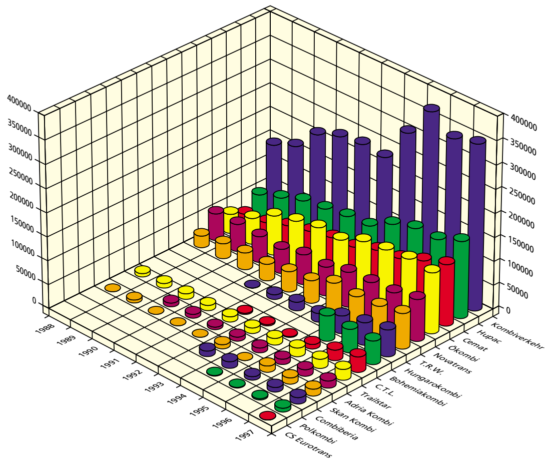
A common strategy for combined transport and a judicious development of the pan-European transport network implies that the networks of the different modes of transport do not develop separately and be then connected, on the contrary the intermodal interconnection should from the start form part of the strategy. A truly multimodal system, where the different means complement one another according to their respective strengths and weaknesses, can only be established on this condition.

TRENDS

INTERNATIONAL TRAFFIC

Last years' successful trend could be kept further. Traffic volume increased by 9 % to 1,1 million consignments (about 2,6 million TEU's). Particularly positive are the results achieved on the routes to/from Great Britain, the central European countries and in trans-Alpine traffic, which accounts for 82 % of all international traffic. On services between Germany and Italy alone (incl. border regions Italy/Austria and Italy/Switzerland) the UIRR companies transfer a capacity equivalent to 900 lorries per day and direction onto rail !

Company *	Consignments 1997 **	+/- in %
Kombiverkehr	347.158	3 %
Hupac	161.591	14 %
Cemat	128.901	14 %
Ökombi	127.645	-4 %
Novatrans	87.911	13 %
T.R.W.	74.586	14 %
Hungarokombi	56.355	20 %
Bohemiakombi	49.350	-7 %
C.T.L.	32.428	47 %
Trailstar	22.652	18 %
Adria Kombi	14.875	8 %
Skan Kombi	14.383	10 %
Combiberia	13.466	41 %
Polkombi	7.955	180 %
CS Eurotrans	410	-
Total	**1.139.666**	**9 %**



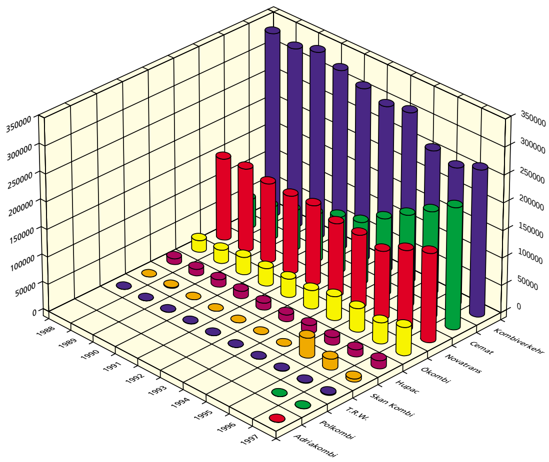
NATIONAL TRAFFIC

Growth could again be recorded in almost all countries concerned. The remarkable 33 % increase in Ökombi's result is for part linked to the new rolling motorway Villach-Wels with transit traffic going from Turkey per boat to Triest. This traffic is using road in Italy due to prevailing loading gauge and in Germany for reasons of extremely high prices imposed by DB AG. National traffic in Sweden has fallen dramatically, since the Swedish railway (SJ) erodes combined transport operators' substance by selling directly at the same price level and by having commercial and administrative services supplied free of charge (which is doubtful in terms of European competition law) by SJ's daughter company Railkombi.

Company *	Consignments 1997**	+/- in %
Kombiverkehr	266.640	7 %
Cemat	221.577	14 %
Novatrans	162.077	11 %
Ökombi	51.499	33 %
Hupac	14.803	14 %
Skan Kombi	5.711	-71 %
T.R.W.	1.417	48 %
Polkombi	342	86 %
Adria Kombi	212	- %
Total	**724.278**	**9 %**

* In order to avoid double counting, these statistics only include the export consignments of the UIRR companies.

** In the UIRR statistics, a consignment is the equivalent of an average road transport (= +/- 2,3 TEU).

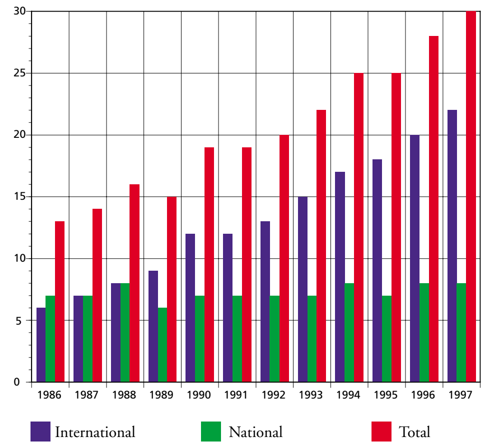


TOTAL TRAFFIC

Of the total carriage of 30 billion tonne kilometres, international traffic holds a dominant 61 %. The average distance in national traffic is around 640 km and 780 km in international traffic. Altogether the UIRR operators shift 7.500 lorries per day to rail which would have otherwise represented long distance journeys on road. Also remarkable is the continued high growth of combined transport in Italy.

NATIONAL (NAT.) AND INTERNATIONAL (INT.) TRAFFIC IN BILLION TKM.

Year	Int.	Nat.	Total
1988	8	8	16
1989	9	6	15
1990	12	7	19
1991	12	7	19
1992	13	7	20
1993	15	7	22
1994	17	8	25
1995	18	7	25
1996	20	8	28
1997	22	8	30

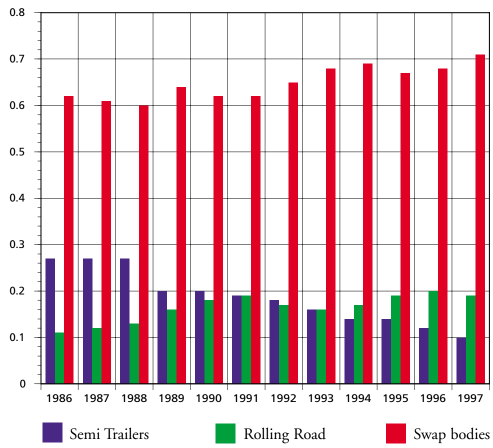


TECHNIQUES

In 1997 the share of swap-bodies and containers booked a more than proportional increase and accounts now for 71 % of all transported consignments. While the long-term trend towards swapbodies remains uninterrupted, the share of semi-trailers decreased over the last 10 years from 27 % to 10 %. The rolling motorways kept their position. The two most successful connections Dresden-Lovosice and Brenner-Manching offer departures every two hours in each direction.

PROPORTION OF PIGGYBACK SYSTEMS AS A PERCENTAGE OF TOTAL TRAFFIC

Year	Semi trailers	Rolling Road	Swap bodies
1988	27%	13%	60%
1989	20%	16%	64%
1990	20%	18%	62%
1991	19%	19%	62%
1992	18%	17%	65%
1993	16%	16%	68%
1994	14%	17%	69%
1995	14%	19%	67%
1996	12%	20%	68%
1997	10%	19%	71%



Company Reports

Adria Kombi, Ljubljana, has succeeded in increasing traffic, despite considerable, sharper competition. The Ljubljana-Munich rolling motorway (RoMo), which was in operation for 22 years, has been replaced by the RoMo Ljubljana-Salzburg. For unaccompanied transport, the trend is moving towards block train and shuttle-train connections from the port of Koper. The Ljubljana terminal, which operates as a gateway, offers excellent conditions for the concentration of transversal transport flows. For 1998, the Slovenian company plans new international routes to Poland, Romania, Bosnia-Herzegovina and the new Yugoslavia.

Bohemiakombi, Prague. The consequences of a more difficult economic situation, along with a devaluation of the Czech crown and severe floods have resulted in a stagnation and even a decrease of transported volumes on some routes. Unaccompanied transport has increased by 9%. With 10 return trains per day the RoMo Dresden-Lovosice is the principal source of business. As in the past, this transport is conducted on behalf the regional Transport Ministry of Saxony together with the Czech Ministry of Transport.

Cemat, Milan, can boast about a two decimals increase. The best developments have been recorded on routes to/from Germany and the Netherlands. Transport to eastern Europe is growing steadily. The Italian combined transport operator is expecting further expansion after the introduction of its "Frigosat" service to Poland and from there via Brest and Belorussia to Moscow. The Verona-Quadrante terminal, where new portal cranes will be brought into service, should also contribute to anticipated traffic increase. Cemat takes part in the TARES alliance. Through the joint marketing of its network and terminals together with those of Hupac, ICF and the two American companies, Norfolk Southern and Container Port Group, the partners consider themselves able to guarantee an attractive and complete service for both continents.

Combiberia, Madrid, won a competitive tender in December, to run the Vitoria terminal, one of the most important nodal points for transport both nationally and to Portugal. The number of transports handled by UIRR companies to/from the Iberian peninsula has increased by 30%, causing bottlenecks at the border crossings of Irun and Port Bou. Thanks to the Cortax system (see Novatrans), many consignments that used to go by road have now been transferred to rail.

Combi Slovakia Eurotrans, Zilina, is the most recent company to join the UIRR. The new member was founded in 1991 and has been the Slovakian national operator since 1993. Its activities focus on involvement in the construction of CT terminals e.g. Čierna n/Tisou et Trenčianska Teplá, the development of an efficient CT network and planning of market-friendly CT services. The start of the Tatran-Express I between Bratislava and Rotterdam in collaboration with Trailstar, represent the cornerstone for a competitive east-west link. Given its success, the Slovakian company launched Tatran-Express Shuttle II. The launching of links between Koper-Bratislava and Glowosice-Szeczin and Čierna n/Tisou is envisaged for 1998.

CTL, London, has been able to confirm its lead position for Channel Tunnel transport thanks to a recorded 50% expansion. Having adapted successfully the company's approach to this market, CTL is now able to offer very attractive services. The ambitious investment programme in multifret- and 60 ft. wagons specifically designed for this type of transport has also been continued to guarantee sustained growth. Being aware of the increasing importance of computer technology, CTL is actively taking part, along with its UIRR partners Cemat and Novatrans, in a project of satellite surveillance for loading units.

Hungarokombi, Budapest, shows impressive progress. The development of unaccompanied transport, especially for the Danube-Elbe express train and on the routes to/from Slovenia and Croatia, is very welcome news. Nevertheless, the RoMo still occupies a dominant position and the Sopron-Wels and Szeged-Wels services have been successful for several years, but the highest increase was recorded for the Szeged-Sežana connection (Slovenia). Through the creation of limited partnership, the Hungarian combined transport operator has a more solid financial base thanks to which it can make further investments in the development of CT, for the benefit of its clients.

Hupac, Chiasso, which celebrated its thirtieth anniversary, was able to make a further leap forward. Through concentration and better planning of shuttle-trains, commercial efficiency could be improved. In addition to unaccompanied CT, which is still the most important segment, also the performance of the RoMo services could be enhanced among other things owing to the extension of the lauding gauge from 3.60 to 3.80m on the routes Milan-Freiburg and Milan-Singen. An extension of the network, a better and reinforced contact with customers, and the acquisition of new rolling stock are planned for 1998.

Kombiverkehr, Frankfurt, registered a growth in unaccompanied transport, both nationally and internationally. The well-planned extension of the block train network has also influenced the further development of the supply. It is in particular towards Eastern Europe (Poland and Romania) that the number of weekly departures has been increased. In the Alpine transit, the extension of the number of shuttle-train services from terminals in northern Germany has had a very positive effect. Two trains consisting of a new type of pocket wagons for volume optimised semi-trailers and container wagons run very successfully between Cologne and Verona. In the area of EDI, Kombiverkehr has now begun to offer complete electronic data transmission, from reservation to invoicing. Since its introduction, the number of customers connected on-line to the ALI BABA system has continued to grow steadily.

Novatrans, Paris, marked the thirty years of its existence with excellent results. The profits achieved are reinvested in the company in the form of wagons, transhipment equipment, improving terminals (Noisy-le-Sec and Avignon) and better services, including higher train frequencies, guaranteeing improved customer service. A direct connection between Great Britain and Spain was established in collaboration with CTL and Combiberia. The Cortax system, in which Novatrans participates with TRW and Cemat, and which interconnects trains in France, Belgium and Italy, was extended to Spain thanks to an extra nodal point at Ambérieu. In the EDI field, Novatrans is in the process of adapting its computer system to that of its partners Cemat, Hupac and Trailstar.

Ökombi, Vienna, was able to strengthen its position in spite of road transport benefiting from the liberalisation of the European transport market together with the effects of Austria joining the EU. The RoMo connections to Hungary are still an attractive alternative, whilst the Brenner RoMo has been put under pressure as a result of changing framework conditions. An improvement of the RoMo services, particularly in the trans-Alpine traffic is envisaged. The development of unaccompanied transport was achieved thanks to new forms of collaboration. In the context of establishing the Wels-Rotterdam link, all major operators were associated for the first time. Through the Wels and Vienna gateways, the main terminals in Austria and the neighbouring countries were connected to the existing block train network. The concept " Gateway Eastern Europe" will be extended in 1998.

Polkombi, Warsaw, has once again achieved very encouraging growth rates, following active marketing and public relations measures to promote the possibilities and advantages of combined transport in Poland. The Transport Ministry also committed itself to creating favourable framework conditions to support this environmentally friendly mode of transport. More terminals will be adapted to the transhipment of swap bodies and semi-trailers, and Polkombi is even in the process of bringing its own terminal outside of Poznan into service. Sales offices have been set up in several parts of the country. New service links have been established with the Czech Republic and Slovakia, in close collaboration with local UIRR partners.

Skankombi, Scandinavia, has had an interesting year in many respects. Although expectations for the installation of the Grand Belt fixed link were only realised in part, the situation in Scandinavia for international freight transport is positive. Following the inauguration of the Öresund bridge in the year 2000, Scandinavian countries will be linked and the transport of goods will thus be possible from Narvik in the north of Norway via Kiruna in Sweden all the way down to the south of Italy. In view of a positive development of combined transport in peripheral regions, the modes road and rail must, in the context of a harmonised and neutral European infrastructure, be treated equally.

Trailstar, Rotterdam, was able to increase its number of consignments by 18%. Thanks to the opening up of a new terminal in Born, transport with Italy has experienced the highest growth. Through closer collaboration with ICF, the shuttle-trains to Austria and Hungary no longer pass through Donauwörth in the south of Germany, but through Wels in Austria, which ICF uses as a hub to eastern Europe. Trailstar is aiming to set up other links with western, central and eastern Europe. The gap between road and rail prices continues to widen: between Rotterdam and Italy for example, road prices have decreased by 20% since 1994, whilst rail prices have increased by 14%. The introduction of the "Goal" system, the computer package used by Cemat and Hupac, is now fully operational.

T.R.W., Brussels, has seen that its increases in volume, up by 14% and turnover up by 20%, are not enough to compensate for the negative effects of non-quality rail services in its traditional markets. The Belgian CT operator has continued the development of its IRIS (Intermodal Rail Information System) operations system and the extension of its terminals. Traffic with Spain has confirmed its huge development potential. There are new daily additional direct trains to Italy through Germany and Switzerland.

UIRR International Union of Combined Road-Rail Transport Companies	**UIRR** **rue Montoyer 31/bte 11** **B - 1000 Bruxelles**	Tel: Fax: E-Mail	(+ 32) 2 / 548.78.90 (+ 32) 2 / 512.63.93 headoffice.brussels@uirr.com
SLOVENIA	ADRIA KOMBI Tivolska 50 SLO - 1000 Ljubljana	Tel: Fax: E-Mail	(+ 386) 61 / 131.01.57 (+ 386) 61 / 131.01.54 infor@adriakombi.si
CZECH REPUBLIC	BOHEMIAKOMBI Opletalova 6 CZ - 113 76 Praha 1	Tel: Fax:	(+ 420) 2 / 24.24.15.76 (+ 420) 2 / 24.24.15.80
ITALY	CEMAT Via Valtellina 5-7 I - 20159 Milano	Tel: Fax: E-Mail	(+ 39) 2 / 66.89.51 (+ 39) 2 / 668.00.755 106554,1463 (Compuserve)
SPAIN	COMBIBERIA c/ Rafael Herrera, 11; 3°, Pta 308 E - 28036 Madrid	Tel: Fax:	(+34) 91 / 314.98.99 (+34) 91 / 314.93.47
SLOVAKIA	COMBI SLOVAKIA EUROTRANS Kuzmányho 22, P.O. Box B-2 SK - 010 92 Žilina	Tel: Fax: E-Mail	(+ 421) 89 / 622.447 (+ 421) 89 / 625.628 cseurotrans@za.sknet.sk
GREAT BRITAIN	C.T.L. 179/180 Piccadilly UK - London W1V 9DB	Tel: Fax: E-Mail	(+ 44) 171 / 355.46.56 (+ 44) 171 / 629.57.14 info@ctlctl.com
HUNGARY	HUNGAROKOMBI Szilagyi Dezso tér 1 H - 1011 Budapest	Tel: Fax: E-Mail	(+36) 1 / 224.05.50 (+36) 1 / 224.05.55 info@hungarokombi.hu
SWITZERLAND	HUPAC Viale R. Manzoni 6 CH - 6830 Chiasso	Tel: Fax: E-Mail	(+ 41) 91 / 695.29.00 (+ 41) 91 / 683.26.61 info@hupac.ch
GERMANY	KOMBIVERKEHR Postfach 93 01 05 D - 60456 Frankfurt/Main	Tel: Fax: E-Mail kombiverkehr@kombiverkehr.f.eunet.de	(+ 49) 69 / 79.50.50 (+ 49) 69 / 79.50.51.19
FRANCE	NOVATRANS 21, Rue du Rocher F - 75008 Paris	Tel: Fax: E-Mail	(+ 33) 1 / 53.42.54.54 (+ 33) 1 / 43.87.24.98 info@novatrans.fr
AUSTRIA	ÖKOMBI Taborstraße 95 A - 1200 Wien	Tel: Fax:	(+ 43) 1 / 331.560 (+ 43) 1 / 331.56.300
POLAND	POLKOMBI ul. Targowa 74 PL - 03-734 Warszawa	Tel: Fax: E-Mail	(+ 48) 22 / 619.79.14 (+ 48) 22 / 619.00.00 polkombi@it.com.pol
PORTUGAL	PORTIF Avenue Sidonio Pais, 4-4° - P.3 P - 1000 Lisboa	Tel: Fax:	(+ 351) 1 / 52.35.77 (+ 351) 1 / 315.36.13
SCANDINAVIA	SKAN KOMBI Thorsvej 8 DK - 6330 Padborg	Tel: Fax:	(+ 45) 74.67.41.81 (+ 45) 74.67.08.98
NETHERLANDS	TRAILSTAR Albert Plesmanweg, 151 NL - 3088 GC Rotterdam	Tel: Fax: E-Mail	(+ 31) 10 / 495.25.22 (+ 31) 10 / 428.05.98 trailstar@highway.nl
BELGIUM	T.R.W. Avenue du Port, 100 / bte 1 B - 1000 Bruxelles	Tel: Fax: E-Mail	(+ 32) 2 / 421.12.11 (+ 32) 2 / 425.59.59 trw@trw.be