DERIVING BENEFIT FROM INTERMODALITY

Martin Burkhardt

International Union of combined Road-Rail transport companies UIRR, Brussels, Belgium

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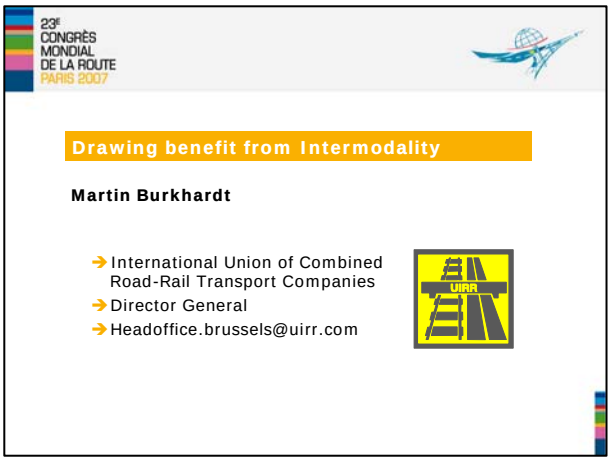


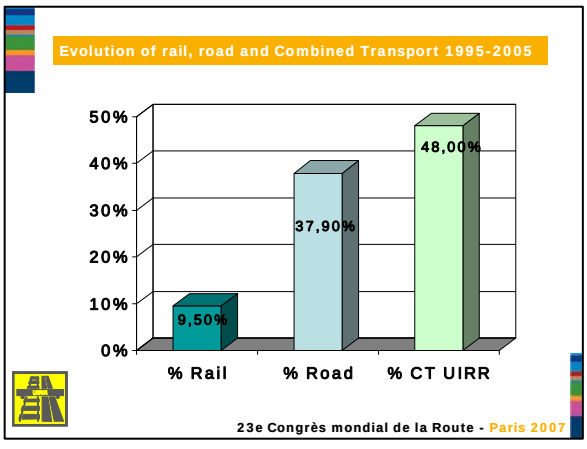
This remarkable road congress meets under the subject: "The choice for sustainable development."
Therefore combined transport is very well placed here.
Combined transport is legally and in organisational respects road transport which is carried out on its major part on rail!
Combined transport is sustainable and it plays already an important role in long distance freight transport.

1. THE SUCCESS OF COMBINED TRANSPORT

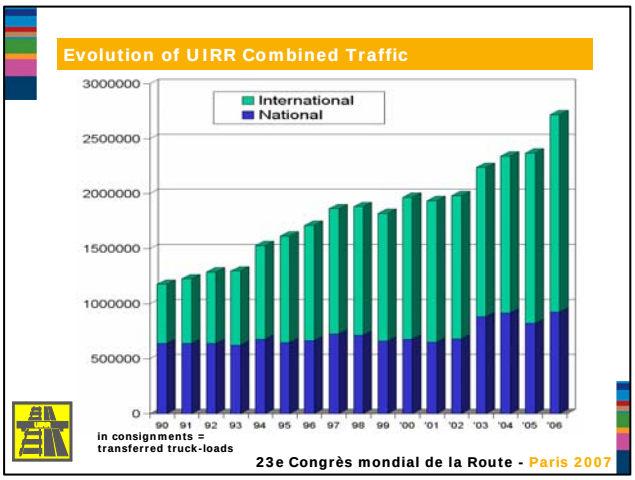
Transport and logistics are key factors for the economic growth. This is even more visible with ongoing globalisation.

In the last ten years

- rail freight achieved a growth rate of 10% in EU-25,
- road transport 38%
- and the combined transport of the UIRR companies a growth of 48%.



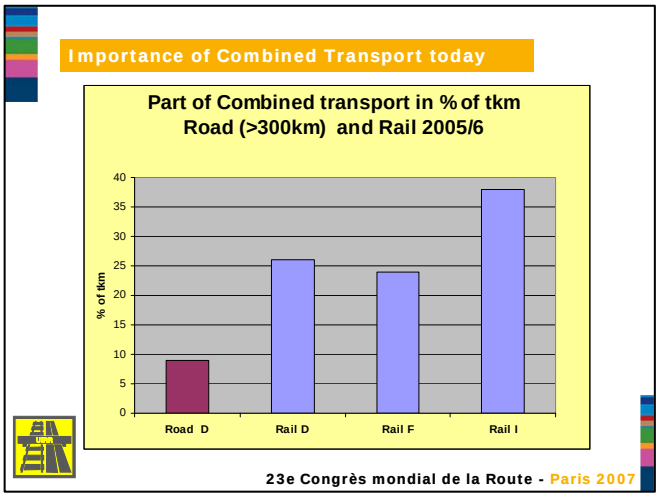
In international traffic, the UIRR companies were particularly successful in transferring traffic from road to rail. In the year 2006 we had an overall growth of 15%!



The 19 full member operators of UIRR are forwarding 2.7 million truckloads yearly, an equivalent of 5.5 Mill. TEU. This means 11.000 truckloads daily on 500 complete long distance trains. UIRR stands for about two thirds of European Combined Transport brought to rail by operators.

Combined transport is representing a more and more important part of rail freight, for large railways like SNCF or DB, one quarter of the transported tonnekilometres. Latest figures in detail: Germany 26% of rail freight, France 24%, Italy 38% of rail freight.

Combined Transport even has already a considerable part in long distance road transport: for example in Germany, where we have detailed figures, about 9 % of tkm of the traffic on distances more than 300 km.
On the best international relations between major industrial centres, Combined Transport already represents between one third of the total volume transported, for example between Cologne (D) and Milan (I).



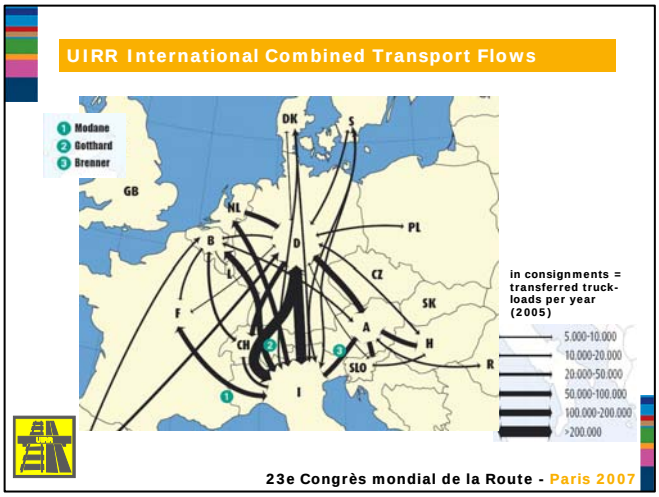
2. CT SUCCESSFUL WHERE POSITIVE FRAMEWORK CONDITIONS APPLY

Combined traffic is especially successful on long distances and where geographical and administrative obstacles complicate road transport. About two thirds of the combined traffic rail-road is transalpine.

All transit roads are congested and the alpine countries are charging high road tolls. Reasons for high tolls are the more costly infrastructure investments but also the environmental sensitivity of the population in the transit countries, which feels bothered with noise and air pollution and with

the cutting into pieces of the landscape by roads draining so much traffic that it is often even difficult to get across.

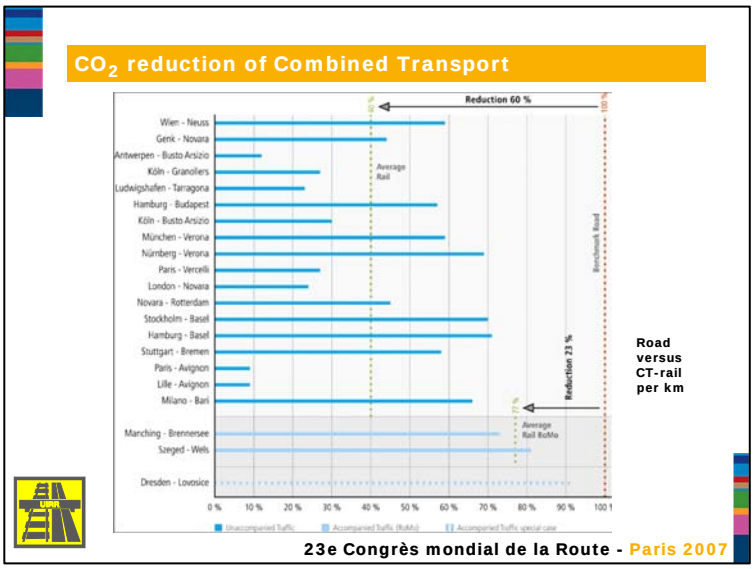
So the alpine transit countries, mainly Switzerland and Austria use high road tolls, night traffic bans and other measures to limit road traffic on one side, but they also invest in rail infrastructure and grant financial help for rail on the other side.



With the enlargement of the European Union traffic is still rising over-proportionally and other countries like Germany, France, Hungary, and the Czech Republic are likewise confronted with additional transit traffic. These countries have introduced or increased road tolls and they are using a number of instruments to limit road traffic and ensure road safety.
Those instruments are week-end and night traffic bans and more severe controls of the technical conditions of trucks, of licences, of rest times, of speed limits etc.
All this, together with the saturation of roads is ameliorating the competitive position of Combined Transport which suffered until now from unfair competition.
I give an example: I have seen several studies for certain corridors who calculated an economical advantage for combined transport which often was not to be observed in reality. Why? The Consultants or Universities calculated with the theoretic driver costs on road, which on longer distances, often required two drivers or long resting times.
But the CT often turned out not to be cheaper and was not quicker as road transport. What was wrong? While the scientists calculated with theoretic and legally demanded values (for example two drivers on long hauls) the reality was often different to the detriment of road safety, social conditions of the drivers and last but not least to the detriment of rail.
With introduction of the digital tachograph and a higher number of controls by authorities, competition becomes fairer and combined transport's advantages turn into real economical advantages attracting the road hauliers who are more and more considering using this alternative.

The social advantages of Combined Transport are generally known, as to be the more secure, reliable and environmentally friendly alternative.
As climate change is a subject drawing great attention, let me just mention the results of a study we did in 2003.

Combined transport is – compared to road - reducing the energy consumption by 30% and cuts the CO2 emissions by more than half (60%).
The graphic shows the results of a study on combined transport compared to through going road transport on 18 European corridors. There is no doubt: combined transport is by far more sustainable.



But combined transport has not only advantages for the society but also for the logistic companies which can save variable and personnel costs, especially when they have regular traffic. With the same investment, they can handle much more traffic, as a given number of motor vehicles enable to carry out much more transports by using containers, swap bodies or cranable trailers. For several logistic companies using both road and combined transport has increased their flexibility and allowed a more rapid growth with limited investment.

3. NEUTRAL COMBINED TRANSPORT OPERATORS

In European countries like France, Germany, Austria, Switzerland and Italy the saturation of the road, the environmental and safety problems had already led 35 years ago to the creation of Combined Transport operators.
In 1970 their umbrella association, the International Union of combined Road-Rail transport companies was founded.

UIRR has a decentralised structure.
This means the 20 member companies organise the combined transport either on their own or in cooperation with other UIRR operators, especially for international relations.
The task of the liaison office of UIRR in Brussels is the overall promotion of Combined Transport in close collaboration with the European Institutions and other international associations and the coordination, harmonisation and standardisation of its members' activities. The liaison office is also a service centre in special fields like distribution of codes for telecommunication and project management for research and traffic shift actions.

It is often not known that most of the member companies were founded on a common initiative of road and rail and with the political support of the transport ministries.

As road and rail were competing modes, the basic philosophy was to create operators with a majority of shares held by road hauliers or logistic companies but with a participation of the railways. In this way, neutral operators were created with the active participation of interested customers, in view of managing the Combined Transport in the latter's interest and with the guarantee that these operators would never try to directly intervene in the relations between shipper and logistic company.
For most UIRR companies profit making is not the principal objective. Combined Transport operators fulfil best their task when organising a fast and reliable service at reasonable prices for their customers of which more than a thousand are also shareholders.
This is also in the very interest of the railway companies which are benefiting from the increasing freight traffic and from the initiatives of the customers and users themselves. Many obstacles in rail traffic have been lifted by the initiative of such UIRR user groups. For example in the seventies and eighties the liberalisation of combined transport enabling road haulage companies to do national terminal traction in other countries. Today a natural thing – 20 years ago often forbidden as it was seen as cabotage.
Or the enlargement of the rail gauge. Major railway lines and tunnels have been upgraded so that on most lines swap bodies, containers and often even trailers may be transported without restrictions.

Combined transport has also contributed to increase the productivity of rail. Especially in the last decade most of the continental European intermodal traffic is transported in complete trains which are directly linking major terminals without passing through marshalling yards. On relations where the volume is not still high enough for direct trains from origin to destination, the loading units are changing the trains in gateway terminals, they are transhipped by crane. This operational scheme has reduced costs and led to higher commercial speeds. On short and medium distance relations most companies offer the "night jump", meaning that units delivered in the late afternoon to the departure terminal will reach their destination early in the next morning.
Rail is a transport system with high fixed costs and additional combined traffic brought to rail means raising productivity.
The success of continental Combined Transport is based on the good cooperation and trust between road and rail and has always shown the best results when both are in the same boat and benefit from the transport policy taking care of favourable framework conditions.

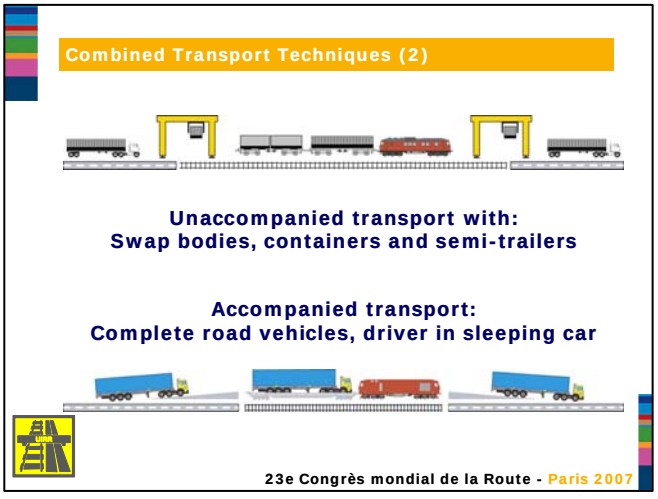
4. COMBINED TRANSPORT TECHNIQUES

Combined Transport is based on two different techniques:

- the unaccompanied transport of swap bodies, containers and cranable semi-trailers, representing 86% of UIRR traffic (2006 figures) and

- the accompanied transport or Rolling Motorway where the whole road vehicle is transported on special flat wagons and the driver is accompanying his truck during the rail transport in a sleeping car; this represents 14% of UIRR traffic.

These two techniques are serving specific markets.



The unaccompanied transport of loading units, in the long run the most economical form of Combined Transport, is minimising the dead weight to be transported on rail. But this technique requires long term collaboration between road and rail. The road hauliers and logistic companies should have regular traffic possibly with backload, to achieve maximum benefits. Personnel needs are lower and work mainly takes place during day hours. And with a given number of trucks, a multiplied number of shipments can be handled, as rail is transporting them on the long distance and the logistic company must only organise the terminal haulage at both ends of the rail link. This is either done by establishing own branch offices abroad or by collaborating with local haulage companies.

The use of the accompanied transport requires on the contrary no special investment or organisation and Rolling Motorways may also be used occasionally, or only in one direction. Often Rolling Motorways present a part of a long international journey to overcome an obstacle like the Alps or just to move forward while sleeping, so during the resting time. This may accelerate the whole international round trip. Another motivation, mainly for third countries may be to cross a EU-country with limited road permits.

If using Rolling Motorways regularly, the logistic companies should consider whether they cannot switch to unaccompanied Combined Transport with loading units, to further increase their productivity.

5. STANDARDISATION TO DEVELOP INTERMODAL TRAFFIC

The basis for intermodal traffic is standardisation. The best known units are the ISO containers which have since 50 years revolutionized the world trade and of which several millions are used in maritime transport. In Europe the industrial production is based on the pallet, which unfortunately does not fit optimally into ISO containers.

Due to the road dimensions swap bodies which are larger and longer than 20 and 40 foot containers are the dominant loading units in Europe.

Nevertheless most swap bodies are normalised by the European Standardisation Committee CEN with bottom corner fittings and handling devices etc.

This means ISO and CEN units have common elements so that they may be transported with the same wagons and be transhipped with universal portal or mobile cranes. In this way Combined Transport offers today a wide variety of loading units and flexibility to serve different customers' needs.

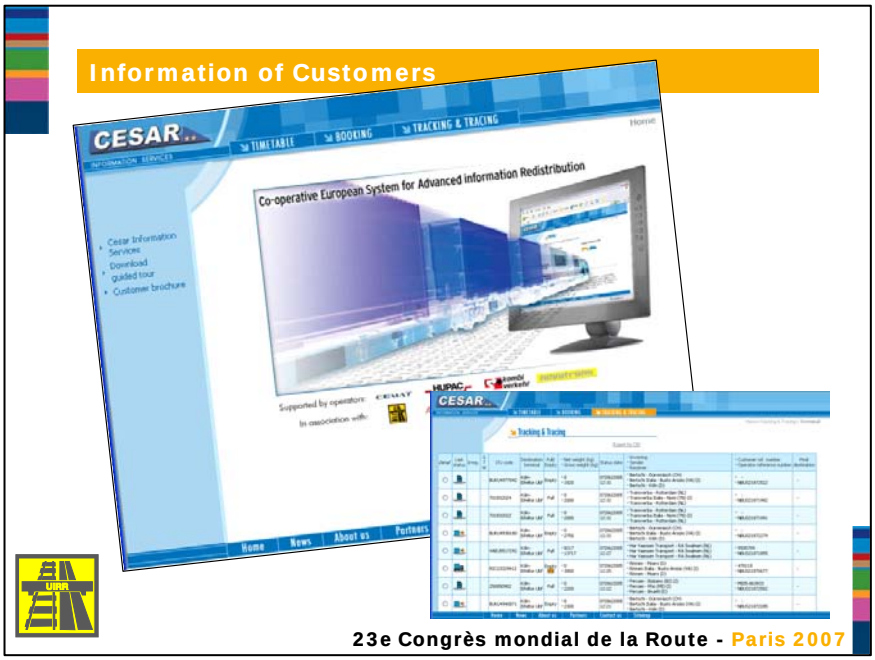
Important: Most goods which are transported by road vehicles may also be transported in intermodal loading units.

The transfer to rail is especially attractive for heavy goods and in countries which have maximum truck weights below 44 tons (in A 38, D and F 40 t) but allow this gross weight in the short terminal haulage. Moreover, a lot of heavy units carry liquids sometimes dangerous goods and for the chemical industry the much higher safety of rail traffic is an additional argument.

6. INFORMATION OF THE CUSTOMERS

Finally sophisticated information systems have been developed to support the use of combined transport.
In road traffic or on the Rolling Motorway the accompanying driver has an portable telephone and is able to directly inform his company in cases of delay or problems.
To ensure the same information level in unaccompanied traffic most Combined Transport operators are offering EDI tools for customers.

The most important is the CESAR system. Under a single internet address (www.cesar-online.com) the customer can track and trace all his loading units regardless of the country where they are transported and independently of the CT-operator where it was booked. The customer can query the status of all his loading units.



Cesar also offers timetables, a common booking interface and irregularity messages in case of delays.
CESAR has been developed under a European project and has been commercially running for three years now, to the increasing satisfaction of the customers. Today two thirds of all UIRR traffic is already treated by CESAR.

7. CONCLUSIONS

Combined transport is surely a sustainable alternative to pure road transport. It combines the advantages of road – flexibility and ability to serve wide areas with the advantages of rail which are economical mass transport and much lower external costs: to save rare resources like energy and to be cleaner and safer, in other word more sustainable.

On medium and long distances and therefore especially in international traffic, intermodal transport already plays an important role today.

Combined Transport builds on cooperation and will develop best when all partners do their work:

- When logistic companies are considering rail as an alternative and invest in loading units
- When neutral operators allow access for small and big road hauliers
- When railway companies understand the needs of the customers and offer fast and reliable services
- And when governments support intermodality through favourable framework conditions, also meaning a consequent further rail liberalisation and investment in rail freight lines and terminals.

We are facing a worldwide traffic growth. The transport mode which will have enough capacity will benefit. It is in the common interest to invest in terminals and rail freight lines in order to develop the sustainable “Combined Transport”.