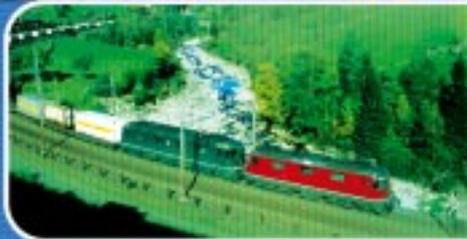


UIRR

International Union of combined Road-Rail transport companies



Report
2003



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FOREWORD

EUGENIO MUZIO

Chairman of the Board

On May 1, 2004, a new key date in its history, the European Union opened its doors to ten new members, eight of which are continental countries in Central and Eastern Europe.

The potential for economic growth and the relatively low cost of labour in the new Member States are particularly attractive factors. It is therefore likely that there will be an increase in trade with these countries which will be more than proportional to the increase in the EU's population.

In East-West traffic, Combined Transport (CT) has succeeded in carving out an attractive market niche, despite the low operational and commercial efficiency of several of the railway undertakings (RUs) of the acceding countries, due to their former long-term monopoly. However, it is to be hoped that EU membership will change this context.

Apart from raw materials which will remain a railway market, transport of other types of goods has been experiencing a considerable shift to road. Recovering a part of this trade will only be possible through CT, but this modal development requires the cooperation of the RUs in order to submit a traction bid which will make CT a globally competitive alternative to road.

Thanks to its organisational flexibility and lower labour costs in these countries, it is likely that road transport will again try to put forward its solutions. The increase in road traffic may therefore be more than proportional to the increase in trade. Given the general limits of road infrastructure, such a development in an enlarged Europe would be unacceptable. However, as the freight sector has based its logistics on road transport, it could no longer accept traditional transport by rail, but only modes associating road; this is precisely what Combined Transport does.

So it is important to rapidly produce a strategy for the supply of CT services between East and West in the enlarged Union. However, to be successful it must steer clear of any set of spontaneous, one-off initiatives and instead focus on coordinated innovative concepts.

This is mainly the European Commission's task, with the implementation of a policy intended to:

- Change the behaviour of the RUs in the new Member States, which currently have a passive attitude to CT.
- Grant subsidies for converting freight stations whenever possible, or for building new high-performance terminals.
- Grant specially scheduled aids to forwarding agents, road hauliers and logistic operators to encourage them to provide themselves with intermodal loading units and activate intermodality, which will then offer a competitive alternative to the 'all road' option.

This Community policy needs to set its priorities as quickly as possible. It must avoid the excessive growth of road transport observed in Western Europe.

The UIRR, for its part, must encourage the organisation of coordinated initiatives between its member companies in generating new traffic flows. It must also keep in constant touch with the EU Authorities and point out which difficulties require solutions and where Community intervention may be appropriate.

Eugenio Muzio



THE NEW AREA

RUDY COLLE

Director General

The theme of this annual Report is extension, reflected in two more or less simultaneous developments both entailing considerable potential and challenges.

On the one hand the EU is going through an unprecedented enlargement; on May 1st, it grew from 15 to 25 Member States and its population increased from about 380 to 450 million citizens.

On the other hand the UIRR is now allowing any company whose main activity consists in organising and marketing CT to join, whether it is a private company as the internal rules previously required or its capital or management structures are controlled by a traditional RU.

Its membership has already successfully increased – the newcomers in our professional Union describe themselves further on in this Report – and other important new members are about to join.

We expect this to have a doubly beneficial effect: the member companies can now meet on a broader platform facilitating collaboration and the exchange of expertise, which increase their reliability and their commercial opportunities on the market. At the same time, the Brussels UIRR Office has become even more representative and its credibility vis-à-vis its various political and professional targets further enhanced.

The Office's role is also to ensure, by providing the right information to the decision-makers, that the various political, operational and commercial framework conditions allow CT operators to meet the objectives of increased modal transfer, and hence contribute to more sustainable mobility while at the same time looking after their commercial interests.

UIRR's public statements are a known vector of this information*. Among its recent positions, we might mention the political ones concerning the liberalisation and opening up of rail to competition, those with a more operational impact



on loading units and transport safety, or its views concerning the commercial organisation of the sector. What they have in common is the underlying constant desire to seek the best ways of making CT more competitive.

We are motivated by giving high-quality viewpoints, and our reward is seeing those opinions heeded. It is an approach we intend to stick to in the future.

At a less public level, the UIRR has been very active in seeking any conditions likely to improve the overall quality of the rail offer, the shortcomings of which have been broadly highlighted on several occasions.

We are in particular hopeful that RUs will be willing to enforce contracts and quality provisions which their customers deem necessary so that rail can compete with the most efficient forms of transport; in this way they will be fulfilling the commitments entered into in their Charter of July 2003, and thus be able to reduce the current non-quality rate and its cost to all the CT actors.

The UIRR is also expecting much from rail liberalisation and from this vitalising competitive drive as it appeared in other sectors. On March 17, 2004, the Association organised with the EIM and the ERFA a high-level conference that showed, through several actual examples, how beneficial newcomers on the rail market can be to the overall quality.

There are in other words plenty of reasons to continue to spend time and energy on this topic which is so essential to a better future for our transport technique.



* See website <http://www.uirr.com>



BELGIUM: NEW POTENTIAL

JEAN-LUC MÉLARD

Director General of TRW

The opening up of the rail market and of the EU itself will be a source of considerable change in the CT sector. The operators will now have to become highly adaptable to the new geographical, legal and above all organisational context which is beginning to take shape.

Created in 1965 by 52 road transport companies, TRW (Transport Route-Wagon) is an efficient CT freight operator. It evolved in the wake of the ups and downs of technological, political and tariff changes. On the eve of its fortieth birthday, it has become a company employing 38 people, managing a client portfolio of 325 companies with a turnover of 68.3 million euros in 2003. This very same year the CT sector has faced a quality deficit affecting the freight services provided by the RUs; the operators have not just been up against a lack of consistency in the supply of new products and in the way new tariff policies are drawn up, but have also had to cope with a lack of information. TRW nonetheless managed to diversify, with 80% of its activities now generated by 20 companies, compared with 4 five years ago.

The enlargement of the EU offers multiple opportunities for CT. Belgian transport operators see Poland as one of the first markets opening up in terms of road-rail capacities. The growth potential of its industry, in particular in the steel sector, will provide loads for trains from Western Europe on their return journeys and in this way use up available capacities in both directions.

Aware of the need to constantly adjust to demand, TRW has undertaken feasibility and profitability studies on relations with the new Member States, for example with the Czech Republic. Because of the inherent financial risks involved in launching these products, specific alliances have become unavoidable. Opening the UIRR up to new members will now facilitate projects that in the past would never have seen the light of day.



This development is taking place at a time when newcomers are arriving on the market, as a result of the progressive application of the Community Directives opening rail transport up to competition. To support the development of CT, the liberalisation conditions for rail initiated by Directive 91/440 must lead to concrete measures concerning access to infrastructure and capacity allocation. The liberalisation of rail is also causing profound changes in the very definition of the sector's professions. Several RUs have taken steps to also become CT operators while certain operators want to be able to directly offer all or part of the traction service. This emerging context requires a change of mentality and of existing forms of cooperation in order to deal with these new challenges.





HUNGARY JOINS THE CENTER

ISTVÁN TOMCSÁNYI

Director General of Hungarokombi

EU accession will considerably modify the Hungarian economic landscape, bringing both favourable and unfavourable consequences for Combined Transport (CT). The members of the transport chain will now have to redouble their efforts to develop this technique on the market.

Due to the abolition of customs controls, Hungary's entry into the EU will enhance the growth of goods trade. The queues on the road network borders will be considerably reduced and international traffic licences will be abolished within the EU. Even the few licences which were until now necessary for road transport in Hungary will become obsolete. Initially, transport and logistics companies will therefore show little interest in CT.

Waiting times for trains at the border will only gradually be cut down due to current technical incompatibility



As a result of increased cooperation, Hungarian and foreign forwarding agents could increase their organisational capacity. This adjustment is actually an essential condition for the development of the full train services offered by Hungarokombi in the ports of Northern Germany and those with destination Rijeka in Croatia as well as the Slovenian port of Koper. The latter runs on the new direct link between Slovenia and Hungary. It is important to continue to develop rail infrastructure in order to cut the number of zones with limited speed and increase capacities. To evolve, CT needs terminals adapted to road and rail, equipped for the transshipment of swap bodies and cranable semi-trailers, such as the BILK terminal in Budapest, likely to become the future Hungarian CT hub, in which Hungarokombi has taken a participation.

The new Member States are also able to participate in the Marco Polo programme, which encourages the creation of new routes. With this view, Hungarokombi will be seeking to find support for its development projects in cooperation with the UIRR partners.

between the RUs. As a result of the enlargement, the Eastern border of Hungary has become the external border of the EU. This will prove advantageous to Rolling Road trains coming from abroad. Together with the RU MÁV, Hungarokombi has therefore proposed projects for new links with the neighbouring countries.

Over time, several factors will place CT in a better light. Firstly, Eastern Europe has very few motorways. The introduction in Austria and Germany of the "LKW-Maut", a distance-based charging system for lorries, is also likely to have a positive effect on CT as well as the rules on resting periods for drivers and bans on heavy goods vehicles operating on holidays and at the weekends. Moreover, it is unlikely that all the constraints on transit through Austria will disappear.

If good-quality, competitive CT bids are made, forwarders and logistics companies might consider this more ecological form of transport, and contribute to lessening congestion on the roads and reducing external costs. These advantages give the operators in the new Member States hope of receiving subsidies for a transitional period in order to cope with the running costs.





HUB GERMANY

ROBERT BREUHAHN

Director General of Kombiverkehr

Trade with Central and Eastern Europe is going to be one of the main growth sectors. Entities involved in the CT chain will now have to start creating an extended European network as well as a strategy to meet the demands of the market.

On May 1, 2004, the EU expanded considerably. The consequences of its enlargement towards the East for rail freight have given rise to controversy among the experts, however. Some think it will cause a major increase in trade by rail between the old and the new Members, while others are anticipating a scenario where more competition with road would set prices at a level that rail could not initially sustain.



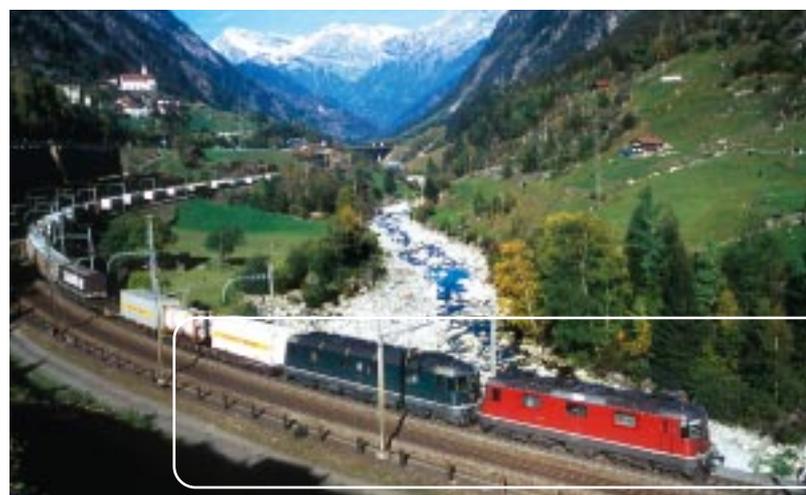
Kombiverkehr is eager to increase in a constant manner its link capacities established with the new Member States over the past ten years and, with its partners, to adjust to demand and market conditions. The central location of Germany within the enlarged Union provides the ideal conditions for the national network to become a hub between East and West.

In 2004 Kombiverkehr will be developing new relations with Central and Eastern Europe in addition to the existing train services to Poland and Hungary. Wagon-load services will be converted into complete trains initially to the Czech Republic, Slovakia and Slovenia, and then on the routes to Romania and Bulgaria. In the past, many links to German ports on the Baltic had already been established with a view to the future enlargement of the Union. Today Kombiverkehr offers connections via Kiel, Lübeck and Rostock to Estonia, Latvia, Lithuania and Russia.

Some of these projects, including the extension of the complete train concept for Poland and Hungary, will be carried out with our UIRR partners.

With 44% of passenger and goods transport in 1999, the share of the railways in the new Member States is three times as high as in the 'old' Member States (15%). The EU has therefore set itself the target of not allowing this share to drop below the 35% mark after accession. This is therefore posing a big challenge for all parties concerned.

An essential condition for giving rail a fair share of all goods transport is the creation of a Trans-European rail Network (TEN-T). However, there is no guarantee that the funds allocated to TEN-T projects will be sufficient to cover needs, in particular for CT terminals. Building infrastructure requires States, RUs, transport companies and the various operators concerned to guarantee performance levels and show willingness to invest. It is only by optimising production processes that rail speed and efficiency increase, and that CT becomes an attractive alternative to road transport.





SLOVENIA AT THE PAN-EUROPEAN CROSSROADS

ROK SVETEK

Director General of Adria Kombi

The EU enlargement is a challenge for both old and new Member States. The “newcomers” have great expectations but also fears towards the future. The transport sector, in particular, will have to react faster, adapt its way of thinking and its commercial practices to the requirements of the Common Market.

In the 1990's, almost all acceding countries had established national CT companies. In their attempt to develop services, also on an international level, some of them were very successful, others disappeared owing to lack of solid financial basis and of experienced management. Membership of such companies in the UIRR provides them with overall assistance of its Liaison Office in Brussels, i.a. with information on EU legislation and opportunities, hence preparing them well for the forthcoming challenges.

The complete liberalisation of road haulage is causing lesser interest in the Rolling Motorways in the new Member States, even though these trains are competitive and advantageous, especially through the Alps. Their traffic is expected to decrease by 20 to 30 % in 2004 compared to 2003. Consequently, operators will have to adapt their services to the demand in terms of prices, new destinations, timetables and comfort, especially to match increased interest from the Balkan countries and Turkey.

Unaccompanied traffic in the form of block and shuttle trains will be a must in the near future. Together with our UIRR partners, Railways and customers, we have to secure sufficient capacities for the benefit of all parties.

Taking advantage of Slovenia's geographical position at the crossing of the Vth and Xth Pan-European corridors, Adria Kombi launched a project several years ago called Gateway Slovenia. In partnership with Kombiverkehr, Hungarokombi and Cemmat, a tight network is being established to the hubs of Munich (Kombi-Netz 2000+), Budapest (Hungarokombi



network), Ljubljana (Slovenia, port of Koper and Adria Kombi network in former Yugoslavia), and Verona (further to France and Spain). Legs from Ljubljana to Budapest and the Balkan countries are operational. The legs to Munich and Verona will be operational in 2004. Faster transit times, an extensive network and partners' knowledge of the local market will be the outcome. Moreover, new destinations to Ukraine and Russia up to Kazakhstan are planned.

For further development of CT, the acceding countries will have to modernise rail infrastructures, above all obsolete terminals, mainly owned by national Railways. Their capacities can indeed accommodate to the existing traffic, but not to the potential growth. Furthermore, railways are experiencing lack of funding because of the scarce returns on investments.

Governments are giving maximum priority to road construction, which is more popular. However, to avoid foreseeable bottlenecks, more investment is needed in rail infrastructures. Public authorities consider Rolling Motorway as the quick step into CT, neglecting further development of unaccompanied transport.

For the successful development of CT in our region, quality and competitive prices are prerequisites. Such conditions can certainly be created through more competition with private rail traction companies and changes in national Railways' pricing policies.



NEW MEMBERS



Alpe Adria has already since 1991 been carrying out domestic and international intermodal transport of containers and other loading units to and from the port of Trieste as well as other terminals in the Region Friuli Venezia Giulia. With a system of complete trains it intends to promote the transfer from road to rail of traffic arriving by sea from the Far East, Africa and around the Mediterranean Sea headed for Central Europe. Its capital is held equally by the autonomous Region Friuli Venezia Giulia, the Trieste Port Authority and FS Cargo, an operator belonging to the Italian national Railways.

Alpe Adria's membership in the UIRR is an important step in its strategic development within a newly shaped European market, involving the adoption of the best reliability and operational efficiency standards. Alpe Adria expects this commitment to lead to an exchange of new technical and legal know-how with the other member companies, allowing it to become a full part of the European CT community and to take the best decisions to boost its activity.



RAlpin aims at providing a quality CT offer. It has been running the Lötschberg-Simplon Rolling Road over a 414 km section between Freiburg-in-Brisgau (D) and Novara (I) since June 2001.

RAlpin's shareholders are BLS Lötschberg, Hupac and SBB Cargo as well as FS Trenitalia. Directors of the company are Mr. Carlo Degelo (BLS Cargo) and Dottore Alberto Grisone (Hupac Intermodal).

By transporting lorries and their drivers, it contributes to the transfer of transalpine traffic from road to rail, thus complying with the objectives of Swiss transport policy.

This Rolling Road is clearly meeting market demand by making use of the 44 tons weight limit up and downstream and by taking rest periods for drivers and weekend and night driving bans into account in its operational planning.



Conliner was created at the end of 2002 as a 100% subsidiary of DB Cargo, and is today a CT marketing company within the Intermodal division of Stinnes.

It specialises in daily supply of night rail shuttles between the container ports of Antwerp and Rotterdam and their hinterland.

Conliner is a trustworthy ally of shipowners and forwarding agents, providing an efficient link between its services and the networks of its partners, in particular Kombiverkehr via the hubs of Duisburg, Mannheim, Munich and Salzburg, but also the inland waterways and road networks.

Conliner has been an active UIRR member since October 2003. According to its Director General Hans-Dieter Hartwich, "the UIRR is an essential European platform for the promotion of CT. In order to enhance global efficiency we have adapted our transport rules to the standards of our UIRR partners".

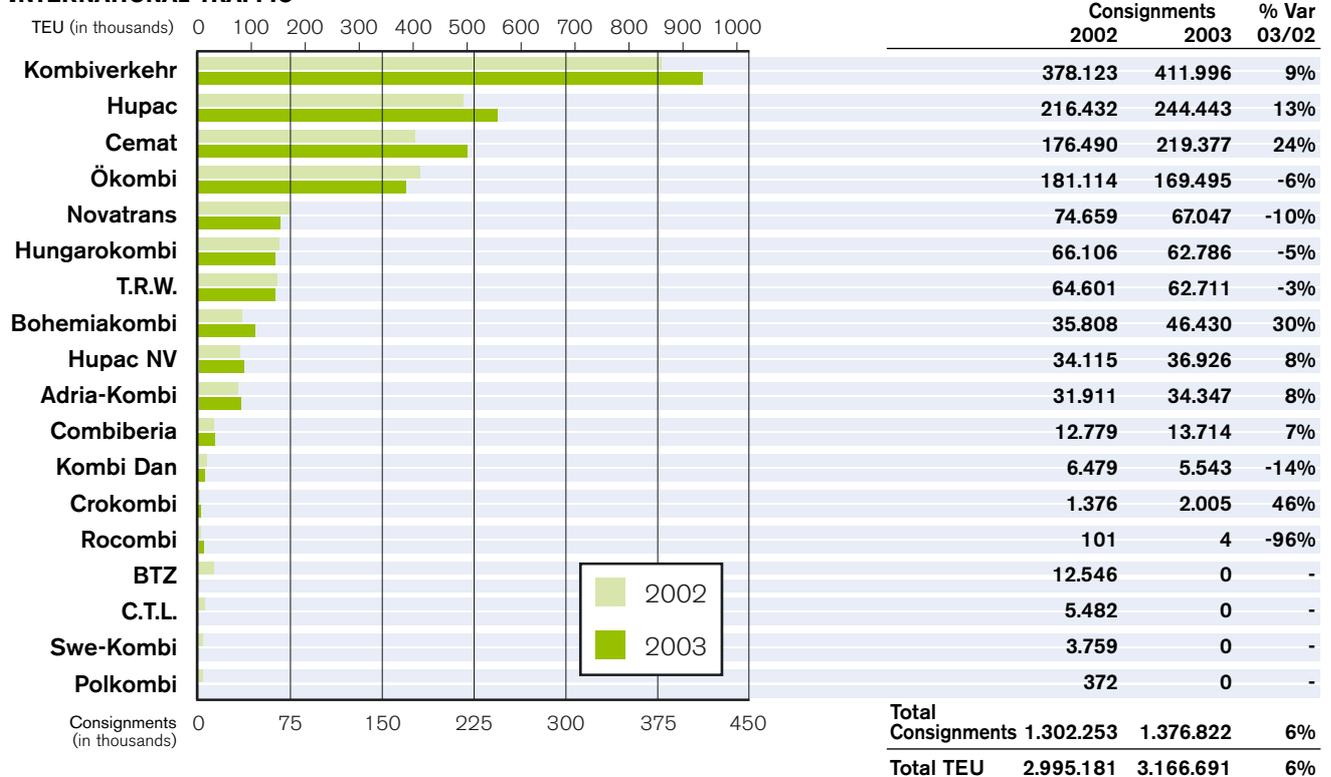


Eurotunnel is the Franco-British group which manages and runs the Channel Tunnel. As an infrastructure manager, Eurotunnel organises the passing through of trains, earning toll revenue from rail operators (Eurostar, SNCF, EWS). As a transport operator, Eurotunnel runs its own car and coach shuttles, and is constantly increasing the number of its lorry shuttles. This 24 hours a day all-year-round activity made up 57% of its turnover in 2003.

Eurotunnel's status as new UIRR associated member will provide support for its CT activity. The company hopes this will give it more say on transport policy with regard to solving structural problems linked to rail and cross-Channel transport.

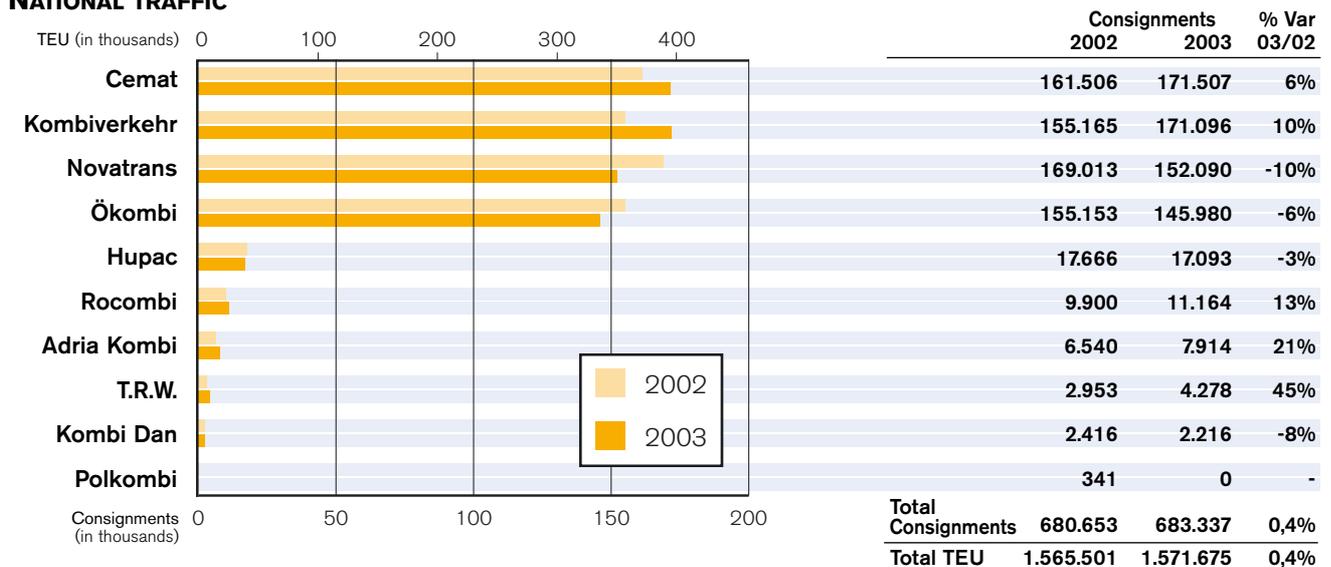
THE YEAR 2003 IN BRIEF - TRENDS

INTERNATIONAL TRAFFIC



The UIRR companies increased their international traffic volume by about 6%. The transalpine traffic in particular has achieved an interesting development, especially from/to Germany (+2%), Denmark (+16%), the Netherlands (+11%) and France (+41%). The latter increase is mainly due to the summer heatwave sustained in Northern Italy, which has brought up the Authorities to import more raw materials from France (cereals). The Swiss traffic relations (+11% with Germany and +58% with Belgium) have improved owing to a better use of the terminal located in Basel. Moreover, the traffic between Germany-Poland and Germany-Spain has respectively increased by 32% and 5%. The Rolling Motorway traffic has not really gained in volume and some major corridors had to face an important decline, in particular on the Brenner (-12%) and on the relation Austria-Hungary (-7%). These decreases have been compensated by significant growths on the Dresden-Lovosice route (+30%) and on the relations from/to Slovenia (+12%).

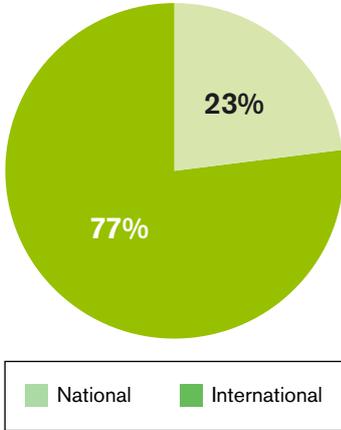
NATIONAL TRAFFIC



The traffic volume at national level could maintain its 2002 level despite contrasting developments depending on the countries. In Italy, the spreading out of performing gateway relations and the introduction of the penalty points driving licence for lorry drivers have led the transport hauliers to have more often recourse to CT, mainly from/to the regions of Puglia (+15%) and Campania (+39%). The will of introducing a distance-based toll for lorries on the German territory has prompted the logistic companies to use more frequently the Kombi-Netz 2000+ network. On the contrary, the French situation is not only worrying due to price increases but also due to a stagnation in the quality of service offered to the customers. For the first time in decades, Austria has undergone railway strikes, which have strongly affected the overall transported volume.

THE YEAR 2003 IN BRIEF - TRENDS

TOTAL TRAFFIC



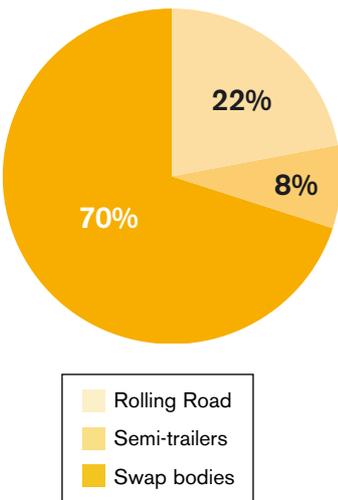
International (Int.) and National (Nat.) traffic in Mio. TKM

Year	Int.	Nat.	Total
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
2003	26.366	7.671	34.037

Traffic performance levels have been rather disparate in 2003. On the one side, international traffic has indeed recorded increases both in transported gross tons (+4%) and in tonne-kilometers (+5%). Some relations have particularly contributed to this result: Austria-Slovenia, Germany/Switzerland-Czech Republic and France/the Netherlands-Italy. On the other side, national traffic has recorded an overall decline of 4% in transported gross tons and 5% in tonne-kilometers; the main reason is the large decrease in the average weight per loading unit in Austria (from 27t in 2002 to 24t in 2003).

The average distance rose to around 800 km internationally and 550 km nationally. The average weight of a loading unit is 25 tons for international traffic and 20 tons for national traffic.

TECHNIQUES

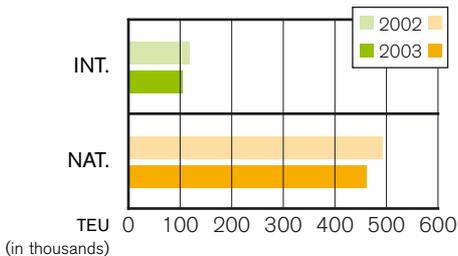


Proportion of CT systems of total traffic in thousand consignments

Year	Swap bodies	Semi-trailers	Rolling Road	Total
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
2003	1.449	152	460	2.061

Regarding unaccompanied traffic, the share of swap-bodies and containers increased and now represents 70% of the total consignments processed in 2003, the swap-body still being the most used transport unit as its tare and price are lower. Internationally this represents around 75.000 additional swap-bodies (+9%) and about 7.000 nationally (+1%). It is to note that 60% of the swap-bodies and containers are conveyed internationally and the other 40% nationally. The share of semi-trailers remained unchanged due to an increased utilisation of this type of loading unit on the routes Germany-Switzerland (+16%), Belgium-Italy (+14%) and France-Italy (+27%), and this despite a significant loss on the Germany-Italy route (-8%). The total volume of the accompanied CT is globally reduced (-1%): a non negligible national decline (-6%) combined with an international statu quo. The domestic Swiss traffic was stopped due to the closure of the Chiasso-Monte Olimpio II line, whereas railway strikes have disturbed the Austrian traffic during June 2003. The RAlpin company, UIRR member since 2004 and therefore not appearing in these figures, has had a positive year with a transfer of more than 44.000 full lorries onto rail (+26%).

ASSOCIATED MEMBERS



National (Nat.) and International (Int.) traffic in TEU

Year	Int.	Nat.	Total
2002	117.429	490.411	607.840
2003	103.436	459.038	562.474
	-12%	-6%	-7%

The overall activity of CNC in TEU has diminished compared with 2002. Being active on different markets of Road-Rail CT, CNC is affected by the serious difficulties which hamper the rise of combined techniques in France, i.e. by a systematic price increase of the railway traction. Nevertheless, the global situation of the market should not hide the significant successes achieved on certain segments. In this way, "Naviland European Services", which cover the pre- and post-haulages of containers from or to seaports, has shown for three years a regular and sustainable growth by +21% in gross tons within this period, with a particularly distinct achievement for the Marseille area. This offer represents 45% of the total annual turnover of the company. The "Continental European Services" represent the other 55% of the total annual turnover and correspond to the door-to-door land transport of containers and swap-bodies.

THE YEAR 2003 IN BRIEF

CHANGES IN THE UIRR

The Association

On the occasion of the General Assembly in Vienna in May 2003, the UIRR amended its statutes in order to broaden its field of representation to all CT operators. Originally only regrouping private companies, the UIRR now has members where the national railway undertaking (RU) is a major shareholder. This development illustrates the interest of all operators in European harmonisation of technology, management, telecommunications and liability, as well as their desire to contribute to the creation of conditions favourable to CT. So the UIRR now has three new active members: **Alpe Adria** (I), **Conliner** (NL), and **RAIpin** (CH). **CNC**, a SNCF subsidiary, has taken on active member status and **Eurotunnel** joined the Association as an associated member.



Because of the difficulties CT is currently facing, some companies have wound down their activities and are therefore no longer UIRR members. These are **BTZ**, **CTL**, **Polkombi** and **Portif**.

The member companies

For **Novatrans**, 2003 was a year which saw the arrival of its new Chairman/Director General Mr. René Petit, replacing Mr. Jean-Claude Berthod, who had been holding this position for 18 years. **CNC** also welcomed a new Chairman of the Executive Board, Mr. Christian Cochet, taking over from Mr. Jean-Michel Dancoisne.

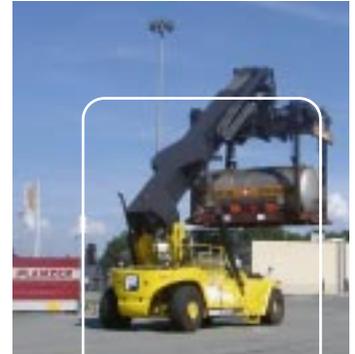
The British company **CTL** went into liquidation and this led to the creation of **Novatrans UK**, a 100% subsidiary of **Novatrans**. After it was acquired several years ago by the **Hupac** group, the Dutch company **Trailstar NV** has now become **Hupac Intermodal NV**.

POLITICAL DEVELOPMENTS IN THE COMMUNITY

Second Railway package

Following the proposal of the Commission in 2002, the European Parliament and the Council reached a compromise position on the Second Railway package,

which will be adopted in the course of 2004. It contains legislative measures boosting the opening up of the rail freight market, and enhances rail safety and interoperability. All this is to be coordinated by a European Rail Agency. Moreover, the Commission has just adopted the 'Third package', which contains proposals for Directives on the certification of train drivers, on the liberalisation of passenger transport including cabotage, and also a Regulation on service quality.



European Intermodal Loading Units

In April 2003 the Commission submitted a proposal for a European Directive on a European Intermodal Loading Unit (EILU) to promote intermodality. Designed for pallet transport, this loading unit should facilitate transshipments between road, rail and inland waterways. The European Parliament adopted the proposal for a Directive in its first reading, together with an amendment stipulating that regular safety checks to be carried out on every unit should not be more frequent than is required by the Container Safety Convention (CSC), which is the world standard.

Quality

One of the main topics tackled in 2003 was the quality of rail services. Since 1999 several working groups with representatives from UIRR companies and the RUs have been analysing irregularities in freight operations. A quality improvement has occurred on certain routes especially on the Brenner axis, on which the competition between the traditional and private RUs is leading to better punctuality. Nevertheless quality is insufficient on other links, mainly due to a lack of locomotives and drivers. The strikes by SNCF and ÖBB also substantially affected the respective activities of **Novatrans**, **TRW** and **Ökombi** in 2003. This quality deficit was particularly felt in the goods transport sector. The Commission has therefore just proposed a Regulation in its Third package intended to introduce a financial compensation system in the event of failure to comply with the terms of a service contract. In cooperation with the representatives of the RUs, the UIRR has been working on a framework agreement to introduce a voluntary basis for this area, but the results were not yet satisfactory at the end of the first quarter of 2004.

THE YEAR 2003 IN BRIEF

CT COMPETITIVENESS

Distance-based toll in Germany and Austria

In Austria and Germany, the introduction of a distance-based toll ('LKW Maut') was planned in 2003 for goods vehicles of more than 12 tons using motorways. The intention is to generate extra income for the construction and maintenance of road, rail and river infrastructure, but also to promote rail. It seems likely therefore that there will be increased demand for road-rail CT. The toll came into force in Austria on January 1, 2004 and now affects every motorway journey, thus replacing the one which depended on load, from which the positioning legs of the CT chain used to be exempt. **Ökombi** has hence decided to focus on the quality and service advantages of road-rail.

In Germany, the introduction was postponed several times for technical reasons, but it has now been announced for January 1, 2005. **Kombiverkehr** therefore initially decided to concentrate on increasing its capacity on existing routes, in particular the Kombi-Netz 2000+ network, and experienced an increase in national and international consignments. The CT companies in neighbouring countries, especially **Kombi Dan**, are also faced with the consequences of this delay. They have had to cancel the agreements with the RUs on the purchase of new capacities, or renegotiate them subject to much stricter framework conditions with consequently extra cost.

EU enlargement

Competition between CT and all-road transport was thrown off balance because of the different speeds of liberalisation, but it will now be enhanced following the entry of the new Member States into the EU. This situation may turn out to be a disadvantage for the Rolling Road services offered by **Bohemiakombi**, **Hungarokombi** and **Ökombi**, for instance. However, CT has other advantages such as the speed provided by complete train services. It is also likely that the EU enlargement will contribute to the creation of framework conditions which will boost rail trade over its entire territory. **Alpe Adria** is already operating an experimental accompanied service to transport goods from



Central and Eastern Europe conveyed through the Adriatic, headed for the West of the continent.

INNOVATIONS IN SUPPLY

New lines

In 2003, which was its first year of activity, **Conliner** introduced a service of rail shuttles linking the ports of Antwerp and Rotterdam to their hinterland. In the first quarter of 2004 the company introduced additional departures to and from the North of Italy, but also a regular link to Vienna and Wels, in cooperation with **Kombiverkehr** and **Ökombi**. With **Adria Kombi**, the Austrian company also organised a fourth pair of Rolling Road trains on the Maribors-Wels route. After the creation of a new line to Pancevo, **Adria Kombi** will be introducing shuttles linking Ljubljana to Munich and Verona in 2004.

In Italy the entry into force of the law on CT aid was postponed to 2004, but some compensation came for



this in the form of the new Highway Code and the introduction of the points driving licence. The increase in road inspections is a pro-CT factor that has led **Cemat** to create a direct train from Padua to Catania. Multi-annual agreements were also signed with **Kombiverkehr** and **Novatrans** on the main traffic routes to Germany through the Brenner and to France.

After their arrival in the port of Rijeka, containers from the Far East are now forwarded to Budapest by **Crokombi** and **Hungarokombi**. **Eurotunnel** is also currently working on unaccompanied CT projects. The **Hupac** group has extended its shuttle services to the Benelux (Antwerp-Brescia and Rotterdam-Worms) and Germany (Ludwigshafen to Brescia and to Leipzig-Schwarzheide). It has also established a Rotterdam-Novara link via Lötschberg-Simplon, which allows the transport of semi-trailers up to 4 metres high. Maritime-linked transport has also been organised in

THE YEAR 2003 IN BRIEF



cooperation with Swiss agents between Antwerp and Switzerland. Moreover, the supply of daily services between Rotterdam and Worms has been entrusted to **Hupac's** Dutch subsidiary, which is also planning the development of the Netherlands-Italy route and links through the Duisburg hub in 2004. **RAipin** has increased its offer to 8 pairs of trains per day on the Rolling Road between Freiburg-in-Brisgau and Novara, the ninth being planned for 2004. It has also increased train capacity by using complementary low-floor wagons.

Terminals

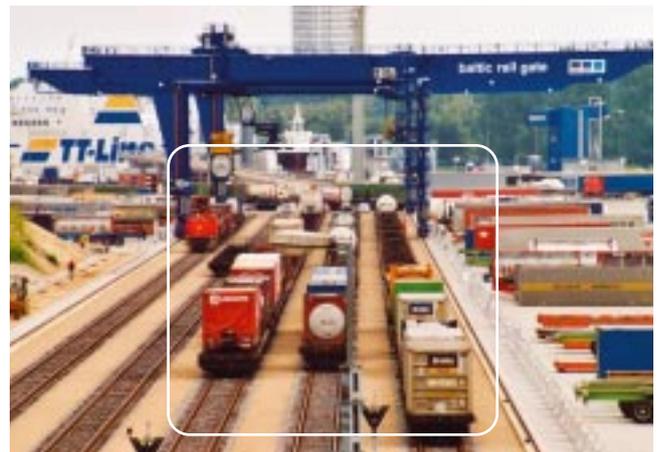
Reinforcing its gateway scheme for traffic to and from Central and Southern Italy, **Cemat** opened the new hub of Milan Segrate, and **Hungarokombi** is planning a new Rolling Road from the new BILK terminal in the direction of Austria. In order to maintain an efficient terminal network, DB Netz, Stinnes Intermodal and **Kombiverkehr** are cooperating within DUSS (Deutsche Umschlaggesellschaft Schiene-Straße) which runs 34 terminals in Germany. Two joint ventures of **Kombiverkehr** running the terminals in Lübeck and Hamburg, respectively Baltic Rail Gate and Eurokombi, have entered the CT network. There are also plans for an automated transshipment site in the Hanover region.

In December 2003, **Novatrans'** French transport activities to and from Lille were moved to Douarges, a new multimodal

hub in the North of France. The company has also modernised its Noisy-le-Sec CT site (Paris). A terminal will also shortly be opened in the port of Constanta, from which **Rocombi** will propose links to Budapest, Bratislava, Belgrade, Sofia and also Vienna. This terminal will have an annual capacity of 325.000 TEUs. In March 2003, **TRW** took over the management of the Charleroi Dry Port and in December the company transferred its Schaerbeek hub to Ronet, where the launching of new links is currently being considered.

Rolling stock

The first 50 low-floor wagons for the Rolling Road on the Verona-Wörgl route were put into service by **Cemat** and **Ökombi** as part of a joint venture. The former has acquired 7 new rubber-tyred cranes. **Ökombi** has been experiencing

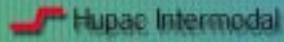


a lack of wagons for the Rolling Road because of the increase in inspections introduced by the German Rail Authorities (EBA) and because of the withdrawal of a series of old carriages by the Austrian ÖBB. As a result of an order for 50 low-floor wagons by the Croatian Railways, **Crokombi** is planning to open its first Rolling Road service from Zagreb to Wels or Salzburg in October 2004. **Novatrans** has acquired 50 BSL-type wagons and **TRW** has purchased 75 new wagons which are already designed for transporting 25 tons per axle.



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