

Intermodal Transport warrants for an *EU Initiative*

Intermodal/Combined Transport joins together at least two modes of transport to perform a transport operation. The cargo is packed into an *Intermodal Loading Unit (ILU)*, which may be a container, swap-body or (craneable) semi-trailer. The ILU is passed from one mode to another at specialised handling locations geared to the efficient facilitation of this exchange, i.e. sea- and inland ports, as well as CT terminals (*dry-ports*).

Intermodal/Combined Transport is more complex than its main alternative: *unimodal road transport*, where goods are loaded onto a truck at the point of origin, to be hauled directly to their final destination.

Compensating for the added complexity, Combined Transport delivers numerous sustainable advantages, which ultimately make it better performing over typically long(er) distance transport/chains in a variety of ways:

- Speed: average speed comparable or better than long-distance road haulage,
- Energy: 40% better pro-rata energy efficiency (per tonne-kilometre),
- CO₂: 60-70% fewer greenhouse gas emissions,
- Inhabited areas: much lower local air pollution and noise levels,
- Accidents: safety performance far superior to road (25-30 times better!),
- Infrastructure: reduced road congestion and road infrastructure degradation,
- Self-reliance: contributes to reducing Europe's dependency on imported oil.

The efficient collaboration of several economic actors to perform a common effort within different Member States can be considerably supported through a uniform regulatory environment. These rules are ideally agreed upon by the industry stakeholders, enacted in the form of law, implemented by the proper Member State authorities and finally controlled on the field by law enforcement authorities.

Intermodal- and Combined Transport-chains have the potential - through their superior technological properties and capabilities - to offer highly desirable advantages to society. This alone should be sufficient to attract the policymakers' interest and involvement in encouraging the development and further proliferation of intermodality.

Background

The **Directive 92/106 concerning the establishment of common rules for certain types of combined transport of goods between Member States** is probably the oldest piece of European transport legislation still in effect today. The original European Council Directive that it replaced dates back to 1975. EU law has played a significant role over the past 40 years in the establishment and the proliferation of one particular form of intermodal transport: Combined Transport.

In 2013 DG Mobility and Transport (DG MOVE) initiated a procedure that should have ultimately resulted in the much needed recast of the Directive. It included:

- the drafting of an external study concerning the status of Combined Transport in Europe: <http://ec.europa.eu/transport/themes/strategies/studies/doc/2015-01-freight-logistics-lot2-combined-transport.pdf> and
- a Commission public consultation: http://ec.europa.eu/transport/media/consultations/2014-combined-transport_en.htm.

The procedure was reclassified by the incoming Juncker Commission into a Regulatory Fitness Test (REFIT) in late 2014. The reclassified action was ultimately concluded on 20 April 2016. Its results can be found here:

- Executive summary: <http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=17170414>
- Full REFIT Report: <http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=17165337>

The Commission's REFIT Report has confirmed that

- "The Directive continues to have a noticeable impact on the choice of Combined Transport."
- "The industry overwhelmingly indicated in the public consultation that similar results in the Combined Transport sector could not have been achieved with less burdensome measures." And "Public administrators also agreed that the results could not have been achieved at lower cost."
- "...due to problems identified under effectiveness and efficiency (of the Directive), the Combined Transport Directive does not currently realise its full potential added value at EU level", which refers to: "problems reported by the industry that relate mainly to the inconsistent transposition or implementation of the Directive".

The Report concludes that the "Combined Transport Directive continues to be relevant for the purpose (however) there are considerable shortcomings in its effectiveness and efficiency".

The 6% average year-on-year growth realised by Road-Rail Combined Transport between 1990 and 2008 is a clear testament to how a legal framework agreed and adopted at European Union level can aid the functioning of an economic activity highly beneficial to society. Without this the divergent 28 national regulations will result in a heterogeneity producing losses in productivity and ultimately development. This is especially true since Combined Transport is typically carried out over long(er) distances, crossing Member State borders in 84% of the case (2015 data); therefore uniform conditions are indispensable.

Combined Transport can not run its full potential today due to a series of regulatory imbalances that emerged over the decades or continue to prevail within the regulatory framework of freight transport. Europe-wide proliferation of the *user-pays* and the *polluter-pays* principles is yet to be ensured evenly for each mode of transport. Systemic safety risks are not treated in a similar manner and enforcement is yet to be elevated to a comparable level to ensure regulatory neutrality.

The COP21 agreement reached in December 2015 made it very clear that global warming - caused by the extensive emission of greenhouse-gases - is the biggest challenge of humanity, threatening the entire planet. Transportation is hugely dependent on fossil fuels, which makes it a prime culprit to the problem. Intermodality and Combined Transport in particular specialises in the integration of energy efficient modes of transport, which, in case of electric rail, may even be powered by renewable sources of energy rather than oil. Road transport and the internal combustion engine has seen so much research and so much development funding has flown to it, that it has arguably reached the physical limits of energy efficiency. Consequently, any funding spent on intermodal solutions can certainly deliver a much higher marginal rate of return.

The Directive 92/106 in its current form is limited to Combined Transport, whereas intermodal transport-chains involving inland navigation, short-sea shipping and rail, are also worthy of note and require a largely similar framework. These intermodal transport-chains - where the *positioning road legs are not minimised to a very low level* as in *Combined Transport* - are missing from the scope of the present Directive.

Intermodal/Combined Transport is capable to provide society with such significant advantages which would warrant for the adoption of conscious programmes for the promotion of their further proliferation. These programmes should be first defined on the level where the resources are to be found: at the Member States. The European Commission could then coordinate these plans and their implementation from the EU-level.

Finally, transport politics has traditionally been organised and conducted along vertical silos, mode-by-mode. This undermined the horizontal way of thinking, which is fundamental to embracing and mitigating the complexities of Combined Transport. Governments, ministries and related authorities, not excluding the European Commission, have regarded transport as being an affair of modes instead of horizontal collaboration. Intermodal/Combined Transport can only be successful if horizontal philosophy is equally present within and between every mode ('interoperability' and for every individual actor). All these concerns should be taken into consideration when devising the European level regulatory framework of Combined Transport in the future.

Proposed structure of the amended Directive 92/106

UIRR is calling for a top to bottom revision of the Directive to transform it into a comprehensive framework legislation for Intermodal and Combined Transport, which would make the Directive the first mode-neutral (horizontal) piece of EU transport law. This will require a new structure of several chapters with the contents suggested below.

1. **Scope:** the equality of the three affected modes of transport - inland navigation, short-sea shipping and rail - should be emphasised, as well as both intermodal and combined transport operations should be covered in a transparent, fair and comparable way.
2. **Definitions:** workable, realistic definitions should be agreed and codified for the terms used in daily operations on the basis of everyday best practice where that exists and adhering to the definitions agreed by Eurostat, ITF/OECD and UN ECE within the Glossary for Transport Statistics to prevent misunderstandings and to avoid confusion.

Structure: processes are of key importance and daily operations need to be defined on a European level to guaranty a harmonised regulatory framework. For instance the requirements for *open access terminals*, the *nearest suitable terminal*, identification of loading units, rules of codification including designation of codification entities, the process of codification and the establishment of a publicly accessible single European loading unit register of codification dossiers.

3. **Temporary benefit rules:** considering that several regulatory competences of transport fall under the subsidiarity principle (competence of Member States) and thereby the degree at which one or another mode of transport suffers or enjoys a prevailing imbalanced situation differs from Member State to Member State, *a methodology should be defined by which the extent of relative inequality prevailing between the various modes of transport in a Member State can be exactly calculated.*

A series of regulatory and compensatory measures needs then to be listed, from among which a given Member State may create its own transport policy mix for the sake of achieving a regulatory equilibrium between the modes. The benefit rules should only remain valid for as long as the underlying regulatory imbalance prevailing in the given Member State is eliminated, and thereby the conditions for fair competition - based on technical merit and management excellence - are ultimately restored. This will act as a most efficient and transparent motivation for Member States to carry out the necessary corrective measures.

4. **Infrastructure optimised to intermodal/combined transport:** the TEN-T guidelines and CEF Transport correctly identify the necessary larger scale transport infrastructure projects, including ports and terminals, which support freight transport at large. However, there may be several smaller scale infrastructure and infrastructure related equipment acquisition obstacles that can prevent shippers in a particular Member State from shifting to the use of intermodal/combined transport. A clear set of rules are needed concerning Intermodal Logistic Platforms (infrastructures, facilities and services) alongside intermodal terminals that will enable Member States to optionally provide small scale assistance to infrastructure and related equipment acquisition by shippers and consignors committing to use, resp. shift to intermodal/combined transport.
5. **Intermodal/combined transport development plans:** Member States should be required to devise long-term (10-15 year) development plans for intermodal/combined transport on their territories based on stakeholder consultations using a bottom-up approach. These plans should not constitute any limitation or additional bureaucratic burden, but rather function to harmonise the various national transport infrastructure development plans and other transport policy initiatives while responding to the needs of intermodal/combined transport stakeholders. Creating these national intermodal/combined transport plans should also counterbalance the strong modal mindset that continues to prevail in Member State-level infrastructure development and transport politics.

An EU-level intermodal/combined transport development plan should be produced and published by the Commission using the national plans as a basis.

6. **An intermodality test** should be defined to be carried out as part of the impact assessment performed by the European Commission concerning its various applicable transport policy initiatives and legislative proposals. This would be necessary to counterbalance the dominant modal thinking of transport politics, which may result in the wasting of resources, when less effective unimodal solutions are promoted, over addressing horizontal freight transport issues and problems from a holistic logistics supply chain perspective. This kind of test could help identify potential remedies to a problem at hand through an intermodal/combined transport solution in Member States as well.

7. **Monitoring and reporting:** intermodal/combined transport statistics should be collected following the example of the Rail Market Monitoring Scheme, on a Member State level, as well as by following actual cross-border trains, to monitor progress of the intermodal/combined transport development plans. Statistical reporting should be based on the use of data from tracking and tracing systems, traffic management, as well as terminal operating systems, which could be delivered by industry associations or organisations like Rail Freight Corridors.
National and EU level status reports should be compiled concerning intermodal/combined transport and published with a 2-3 year frequency to enable the monitoring of progress.
8. **Technical annex:** should be a source of standardisation mandates for technical aspects such as redefining the CT reference wagon used for codification of railway lines, revision of EN13044 to contain all codification and identification related aspects needed for efficient operations, mandates to complement the TSI Wagon with rules of load securing and load planning, the rules of securing for the cargo inside the intermodal loading unit, standard for a European eConsignment Note usable for intermodal/combined transport in door to door application - extended to every mode involved in the intermodal transport-chain.

The process going forward

UIRR is convinced that all its stakeholder association peers in Brussels will lead their members to support the Commission in its task to draft this first-ever horizontal transport legislation. A bold *Intermodal Initiative* should be developed, which would be needed in an all-out push to reap the low hanging fruits offered by intermodality to the dilemmas of long(er) distance freight transport.

The *Initiative* should entail several measures alongside the recommended comprehensive revision of Directive 92/106, such as the definition of new calls under Shift2Rail and other similar R&D funding programmes of the Commission and accelerated standardisation mandates dedicated to intermodal topics. Simultaneously, modally focussed calls not yet announced should be audited for marginal benefit per euro invested, when compared to intermodal solutions. Similar actions should be taken in the Commission funding programmes for infrastructure development.

Summary

Intermodal / Combined Transport can offer a multitude of low hanging fruits to address the most pressing problems that surround longer distance overland freight transport. The identification, the development and the harvesting of these fruits require the launching of an *Intermodal Initiative* on behalf of the European Commission. The backbone of the *Initiative* should be the comprehensive revision of Directive 92/106 along the lines outlined in this position paper, as well as a series of measures to aid the shift.

Every modally defined policy initiative of the Commission should be aligned with the Intermodal Initiative, which could be efficiently promoted as the European Union's answer to the needs of the logistics sector, the players of the economy interested in longer distance freight transport and society in general. UIRR is convinced that this mindset could be the beacon of light pointing to the solution to challenges of long(er) distance freight transport in Europe and beyond.