Mr Chairman,
European Commissioner,
Minister,
Ladies and Gentlemen,
Dear friends and colleagues,

INTRODUCTION **SLIDE 1**

I am deeply honoured to be speaking to you in my capacity as Chairman of the Board of the UIRR, here at our biennial Conference.

Amongst other things it gives me an opportunity to take a look back at the most recent projects which our European Federation has undertaken as a result of the hard work and commitment of its member companies and its Brussels Office, and at the same time, for the benefit of our suppliers' Authorities, and for the information of the specialist press, to outline the difficulties we need to overcome and the expectations we will need to meet if our transport system is to continue expanding towards a more sustainable form of mobility.

Before I start, I would also like to thank our colleagues from Adria Kombi for choosing this site and for their excellent organisational work.

A FEW FIGURES **SLIDE 2**

On a macro-economic level, we can hardly overlook the fact that there was a certain fall in the European Union's GDP in 2007, and, although it started from a higher level, this same trend also applies to Slovenia's GDP, which was bound to be reflected in the consolidated growth in traffic of our

twenty member companies who we are introducing here with their logo on the map of Europe. SLIDE 3

SLIDE 4

Indeed, whereas there was a 15% increase in the number of shipments in 2006 compared to 2005, it fell to 9% in 2007, although you will agree that this is still a very satisfactory score and one which would be the envy of many other industrial sectors.

If we look at the various techniques in detail, it is unaccompanied CT which is still experiencing the most substantial growth, driven by international traffic.

As for accompanied CT, although it did suffer a serious setback in 2004 and 2005 following the enlargement of the European Union, it picked up in 2006 although it then saw its growth slow down slightly in 2007.

The trend seen over the last ten years is very eloquently displayed by the graph below which – as we may allow ourselves to underline - reveals that unaccompanied CT now looks to be the most relevant and most constant of the modes in terms of its development.

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THE ADVANTAGES OF CT

The growth of CT, which has taken place against an especially competitive "transport" background, is no coincidence. It has come about because of the many advantages involved in combining the railways and the roads; and especially the following:

- **it is cheaper to ship mass flows over longer distances by rail (minimum threshold of 400 to 500 km)**

SLIDE 6

- **it is a much easier way of crossing areas where road access is geographically difficult or highly regulated, and this is why the Alpine transit lines make up the majority of CT traffic, accounting for 2/3 of the total traffic managed by our members (the broadest lines marked on the map)**

SLIDE 7

- **our freight transport system's ability to emit a great deal less CO_2 than road transport, up to 60% less in unaccompanied transport – and to consume up to 29% less non-renewable energy. This is a considerable advantage and one which is not yet being promoted as much as it should be, so this is something we will need to do more in the future.**

SLIDE 8

If we add the operational advantages for logistics providers and lorry drivers in not having to send their lorries to the other end of the continent, we can see why UIRR CT has done so well over the last ten years, i.e. growth of 26% more than the road, and 5 times more than total rail freight (conventional + combined).

MEASURES

In order to make CT an even more persuasive success story, the aforementioned advantages need to be supported by the management decisions which our member companies face:

- **major investments in rolling stock, in terminal equipment and in modern management tools (the exchanging of information)**
- **greater co-operation with their suppliers, especially those in the rail sector.**
- **making the most of the fact that they have more than thirty years of expertise and a close relationship with the market so that we can set up the kind of CT services that customers are actually looking for.**
- **and working tirelessly in order to overcome the obstacles which all too persistently prevent CT from exploiting its full potential, which is far greater than the levels of traffic it has achieved so far.**

As far as this latter point is concerned, I would like to mention two crucial examples, where our members are playing an early warning role:

- **the difficulties faced by the RUs in guaranteeing a consistent level of competitive quality of service, and**
- **the ever-worsening shortfall in capacities. This can be seen not only on the rail infrastructure's key routes but also at a number of terminals. However the development of these two types of capacity must take place consistently and simultaneously, because otherwise there is a risk that they may hamstring one another. And similarly, there is the increasing difficulty in finding**

enough modern wagons (and spare parts such as axles) either for purchase or for using them in other ways without buying them.

THE SPECIFIC CHALLENGE POSED BY THE ENLARGEMENT

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The enlargement of the EU into Eastern and South-Eastern Europe which began in 2004 and continued in 2007 has turned out to be detrimental to CT.

Although in both cases, overnight lorries were suddenly able to move around freely between the new and the old EU Member States, the railways had to – and still have to – cope with interoperability problems, which take a long time and a lot of money to resolve.

Over the months following these two enlargements, we saw a massive switch of goods which had previously travelled by rail to the road, especially, as I have already pointed out, in accompanied CT, with all the damaging consequences this brought with it in terms of environmental issues, road safety, public health, etc.

But thanks to our companies' entrepreneurial dynamism, rolling out new services targeted to meet customers' commercial needs, and thanks to support from the authorities in the countries in question, we have managed to reverse the trend.

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A few examples, a summary of which is given here, based upon and anticipating the conviction that the enlargement

of the EU will not stop at the current 27 Member States. The affinities, including economic affinities, will gradually lead to other equally large countries joining in stages, with the roads carrying enormous streams of traffic which are already more than noticeable between Europe and Asia.
Here, in greater geographical detail, are a few of the new routes:

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- **Hupac is now offering trains connecting Poland to Russia, all the way to Vladivostok via the Ukraine**

SLIDE 12

- **Kombiverkehr has set up a very dense network in Central Europe and, working in partnership with other UIRR companies, is offering a service providing a link to Istanbul with Ljubljana as turntable.**
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SLIDE 13

- **By working with other organisations such as Polzug, Kombiverkehr has been involved in the setting up of a joint venture which aims to develop containerised logistical transport services between Western Europe and Russia.**

- **Polzug's services now stretch as far as the Baltic countries, Russia and Central Asia. Polzug is also involved in a project aiming to start a train schedule running to and from China.**

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- **Finally, with the support of the European Commission, a number of projects have been set up as part of the Marco Polo programme: SEEIS & SINGER (involving AdriaKombi, Cemat, Kombiverkehr, UIRR office), under the terms of which 5 new CT trains will be introduced running from Slovenia to countries in South-Eastern Europe. The new ranges of services will be integrated into the existing CT network set up as part of the SINGER project and elsewhere**

SLIDE 15

- **the CREAM project, which picks up on some of the ideas from the TREND project and features a large group of partners including ICA, Kombiverkehr and TRW. It aims to develop rail freight services across the corridor from Netherlands/Belgium – Turkey/Greece, and to attract more goods to the railways in this huge, economically dynamic region.**

THE FUTURE

I would say that things look encouraging. There are a number of developments on the way in terms of the essential framework conditions:

- **the liberalisation of the rail sector is picking up speed even though we must lament the fact that this fundamental process is still only being partially implemented in practice, whereas examples in which intramodal competition is already in operation show just how much it benefits the traffic and the quality of service provided by the railways.**

- **equal opportunities in terms of access to the freight market for all modes and combinations of modes. We feel sure that the proposals on charging external costs which are due to be put before the European Commission next week will finally see a move towards fairer competition between modes.**
- **the introduction of the necessary infrastructures is continuing, albeit too slowly and at too great a cost if I look at the completion times for the RTE-Ts and priority projects and the budget overruns we have already had to put up with. Against this background, the defining of freight priority corridors is an initiative which we welcome.**

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We ourselves will not be sitting on our hands. So we have collaborated fully in the carrying out of the DIOMIS study initiated by the UIC and which aims to support the aforementioned schemes in improving existing capacities so that we can absorb as much as possible of the average growth of 8% per year expected between now and 2015.

Without other measures, the rail infrastructure will remain congested at various key points as we can see on this map, even given the planned investments.

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This is something which nobody - neither the States and their governments nor we ourselves - can afford to ignore.

In order to find a solution to this problem – and although only a partial solution it is nevertheless a substantial one – and to find the best way of dealing with the market's needs, not only has the DIOMIS I project been successfully completed but DIOMIS II has started up in its wake with the following main outlines:

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- **the effective introduction of the DIOMIS I measures**
- **the consolidation of its results and**
- **the extension of this work in order to cover Central and Eastern Europe.**

So there is quite a task ahead of us and our ambition will see us through to a successful conclusion together, in other words the almost doubling of CT by 2015 and the dissemination of CT in an area which will necessarily see fewer and fewer borders.