

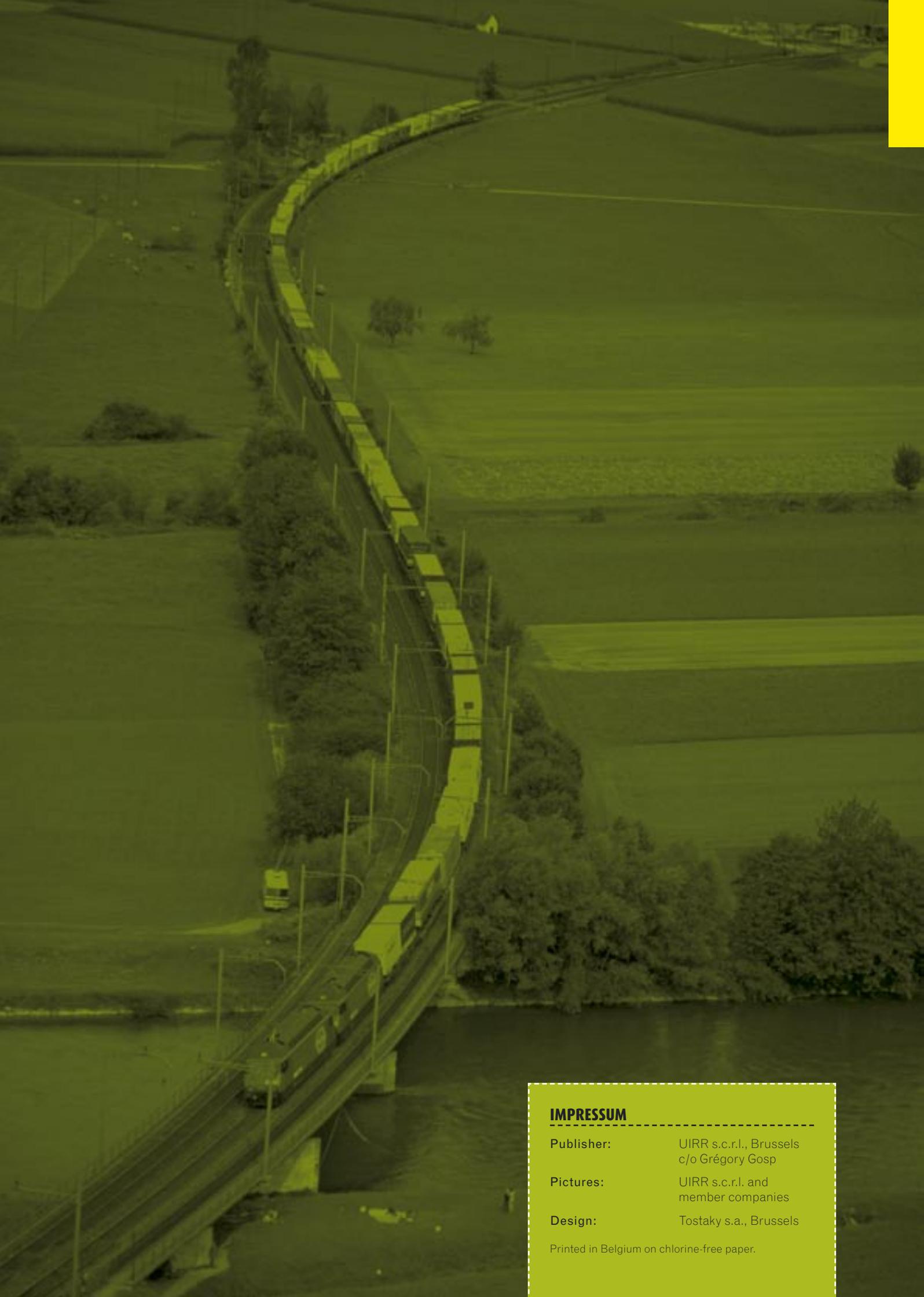


UIRR

UIRR Report 2006

International Union of combined
Road-Rail transport companies





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FOREWORD

Eugenio Muzio
Chairman of the Board

With increase in gross domestic product of 2.7% in 2006 and a boom in trade following the enlargement first to 25 and recently to 27 Member States, the European Union appears to be well on the way to sustainable growth which will underpin its increasingly secure political role in the world.

Thanks to this positive backdrop, combined transport was able to achieve exceptional rates of growth last year on all routes served by the UIRR, in particular on the transalpine routes, which are considered to be the most relevant.

This new demonstration of the fact that CT is the only true alternative to road for intracontinental routing of goods nevertheless confronts us at the same time and in an emphatic manner with infrastructural limits which will only become more pronounced in the absence of strong measures in this respect.

Indeed, the major traffic corridors and the terminals which feed them are close to saturation point, which is impeding the rapid transit demanded by the market.

However, it is from the achievements up to 2004/2005, which fell short of expectations, among other things due to deficiencies in quality of service attributable to the rail sector, that the European Commission undertook a mid-term review of the White Paper of 2001 and had it give birth to the concept of co-modality, its interpretation of which is permitting effective recourse to the different modes of transport taken individually or in combination according to the contributions for which they would best be suited.

While understanding the reasoning, I believe that it would be particularly dangerous to reduce support for combined transport. Road transport will not be able to absorb the current and foreseeable rates of growth in demand for freight transport; for its part, the road-sea combination can only make a limited contribution to solving the problems, that is to say only where the conditions for use of sea transport in a functional, viable and more environmental manner are met.

On the strength of these observations, the UIRR warmly invites the European Commission to lead a wide-ranging programmatic campaign which would be implemented as soon as possible by:

- establishment of the required infrastructures, both in terms of new railway lines and of new terminals;
- realisation of interoperability such as to allow the provision of competitive international rail transport;
- a policy of support for modal transfer giving concrete encouragement to the road haulage companies and the forwarding agents to make greater use of combined transport;
- incentives designed to make the rail sector guarantee the traction services required to meet the needs of the market and which would be accompanied by performance commitments.

In the course of its participation in the Eurailfreight Conference held on 30 January last, to our satisfaction the Vice-President of the European Commission, M. Jacques Barrot, stressed that this Commission wishes to see greater market presence from rail transport, among other things by means of higher priority being given to freight in respect of the rail infrastructure.

The UIRR can only give its heartfelt support to such initiatives, convinced as it is that intermodality optimised by means of combined transport will turn out to be one of the most perceptive options selected by the European policymakers.

Eugenio Muzio



THE KEY CONDITIONS FOR RECOVERY

Rudy Colle
Director General

The number of consignments, that is to say truck equivalents to full capacity forwarded by the UIRR companies in 2006 increased to 5.4 million TEU (+15%).

This result is all the more remarkable given that it was obtained in a context of growing capacity deficiencies in the corridors and in the most important terminals as well as of deficiencies in rail quality.

The Authorities have an urgent role of financing and of monitoring to play in these areas, which would convert into facts their declarations of faith, established or re-established, in the possibilities offered by rail.

The traffic will go to the sector having transport capacity available. In this respect, rail and CT offer the better prospects if the improvement envisaged in the rail infrastructure is accompanied by a framework of equal opportunity of access to the market.

The EU recently put in place various instruments of support for co-modality – a notion by means of which it expects a more leveled cooperation between all modes – but the words written on liberalisation and thus on better competitiveness of rail have not yet all been converted into fact, whereas others, having proved their worth, are being questioned.

A case in point is the weight and dimensions of road vehicles, which certain groups wish to see increased by 50%, that is to say to 60t and 25m.

The UIRR was the first body to express wariness of a decision modifying the relations between modes which would be taken based on an incomplete assessment of the situation. It has already established that the gain in productivity of such vehicles would greatly increase the number of road journeys owing to a re-transfer of CT traffic to road instead of reducing it. Moreover, it is unrealistic to think that mega-trucks can offer the same level of safety as conventional vehicles or



that they could use the roads without expensive additions to or adaptations of the road infrastructure. We should therefore be glad of the decision of Vice-President Barrot to examine all the implications of such an option from a neutral perspective.



The task of the Authorities is to conceive appropriate framework conditions – liberalisation of the railways, interoperability, and fair market access for all modes and their combinations.

It is up to the actors involved in the transport market, such as the operator members of our Union, to conceive competitive products, for which their investments in different equipment and those of their clients require a guarantee of relevance over time. In this respect, their efforts to establish viable CT throughout Europe should be emphasised.

With respect to our office in Brussels, it has for a long time made its presence felt in all matters affecting CT; with its sometimes critical messages, it ensures that the UIRR's more than thirty years of business experience are taken into account in decisions which concern it. This appears to it to be not only a right, but also a duty.



CAPACITIES: EXTENSION AND OPTIMAL UTILISATION

Martin Burkhardt
Director General

The measures foreseen in Europe for development of the rail infrastructure and of the terminals will not be sufficient to absorb the forecast growth of CT.

This statement is taken from a study on capacities headed by the UIC and the UIRR in 2004. The latter was followed by the DIOMIS study (Developing Infrastructure use and Operating Models for Intermodal Shift) which examines the methods capable of improving modes of operation to achieve more effective utilisation of existing capacities.

Thanks to the best possible information technology management, the CT operators aim at exploiting to the full their terminal and train capacities. For example, in a network of complete trainloads, individual consignments can reach their destination via gateway combinations if the direct train is full. Various types of consignment can be put together: for example hinterland sea shipping and continental transport, urgent consignments and empty container returns. Pricing differentiation would smooth out day-to-day capacity utilisation.



Once the DIOMIS project has been completed at the end of 2007, the UIC and the UIRR will present a directional plan for the development of CT in Europe. They will launch an urgent appeal to the EU Member States because in the ten years to come we will be confronted by a considerable increase in traffic, and only if everyone decides to invest in a freight-oriented rail network will this growth be realised in a sustainable manner and with due respect for the environment.

This surplus will appear above all in the corridors which already have a high density of traffic. Even though routes have not yet been declared overloaded by the

infrastructure/rail managers, the capacity limits are frequently reached: this is shown by a deterioration in quality or the fact that the CT operators can only obtain train paths in disadvantageous timetable slots or at slow speeds. What is more, international freight trains are constantly forced to give way to passenger trains.

Investment in measures designed to increase capacities is indispensable. This might take the form of new lines for the transport of goods, a third track, or the rapid introduction of the ERTMS European rail signalling system, which allows tighter scheduling of trains.

The most urgent objective has to be to achieve, at European level, trains that are 750 metres long and 1,500 tonnes in weight, or even double this on specific corridors. The signal intervals and the sidings could, for their part, be lengthened: there is a multitude of measures suitable for increasing infrastructural capacity.

If we want more traffic moved by rail tomorrow, we need to invest right now!



PLANS FOR EXPANSION TO EASTERN EUROPE

Robert Breuhahn

Director General of Kombiverkehr

Eastern and South-Eastern Europe: a chance for new success stories



For several years the development of CT in the countries of Eastern and South-Eastern Europe has been the focus of particular interest for Kombiverkehr. In 2006, the volume of consignments developed in a very encouraging manner, and that will in all probability continue. In addition,

the development of consignments to South-Eastern Europe is a brilliant example of the way in which economic development can precede political development and can subsequently be stabilised by appropriate framework conditions.

Kombiverkehr opened the gate of South-Eastern Europe in 1983 and started consignments to Austria, which did not become a member of the European Union until twelve years later. Since then, the transport figures have followed the same trend in the long term, that is to say a strong growth curve. Kombiverkehr has provided environmentally-friendly transport alternatives since 1990 for the former Yugoslavia, since 1991 for Hungary, since 1992 for the Czech Republic and Slovakia, since 1995 for Poland, since 1996 for Romania, since 2005 for the CIS member states and Turkey, and for Macedonia since 2006; they were all based on the same scheme starting from economic interpenetration and followed by political stabilisation and stronger growth rates.

Only the decline in the quality of service of the RUs has slowed down development in the transit corridor to South-Eastern Europe. After the difficult years of 2004 and 2005, it has nevertheless been possible to make further progress. For example, between Germany and Slovenia/Croatia, Kombiverkehr has increased the daily number of consignments by 9.1%, and in traffic with Hungary by 12.9%. From and to the Czech Republic and Slovakia, the number of consignments has almost tripled. These figures indicate that not only is rail participating in an increased

level of economic development with the new EU Member States, but that it also draws a more than proportional level of benefit.

As far as traffic from and to Eastern Europe is concerned, it benefits from the fact that the railway networks there are considerably denser than the motorway networks. In addition, the improvements in quality achieved in numerous places mean that these competitive advantages could, also in future, be transformed into market shares. For example, among the latter one can include the multi-current locomotives, and also the infrastructure managers who work as contact persons for the international complete trainload corridors, or a system under



development of constant monitoring of the quality of the rail network. By the same token, new production procedures have been put in place, such as those used by Kombiverkehr since 2006, for example on the Wels CCT gateway in order to allow direct trains to run efficiently between Germany, Austria and Hungary without the need for shunting.

Thanks to present and future improvements, CT operators have the opportunity to create new business opportunities. In the context of an enlarged Europe, there is a chance to write a new success story for rail.



IMPROVED OPERATIONAL ORGANISATION

Jean-Luc Mélard
Director General of TRW

Although the volumes processed increased noticeably, that is to say at a rate of +10.5% compared to 2005, we do not consider 2006 to have been as successful as we would have liked.

Indeed, the quality of service in railway motive power did not match client expectations. There are many reasons for this, but we have been able to identify the following: the lack of means of motive power; the lack of motive power and shunting personnel; the disparity between the products purchased from the railway undertakings and the products conceived between the latter and the infrastructure managers; finally, motive power timings which were too slow to have any chance of being satisfactory, that is to say to be able to respond to market demands.

Liberalisation should bring about changes and, by creating competition between the railway undertakings, it should make a noticeable improvement to performance and increase competitiveness. However, the experience of 2006 shows that these companies have made use of the transition period to consolidate their respective positions without really opening up the market to new forms of collaboration.



Photo: D.Wuyts ©



The lack of close support for the liberalisation measures taken by the European Commission and, more particularly, the absence of any obligation in respect of a true European service quality contract offers no possibility of recourse to the operators, who must bear ever greater risks:

- purchases of capacities very far in advance (frequently 18 months before use);
- development of wagon stocks adapted to changes in the volume of traffic;
- negotiations with the terminal managers in order to free up sufficient future capacity;
- single contract responsibility with clients.

All these elements forced TRW, in co-operation with its partners, to strive for greater efficiency and to review the engineering of its operational plans.

The traffic flows passing through the Ronet (Namur) hub were reduced by more than 30%, and the number of direct point-to-point trains was doubled.

A plan for centralisation of the destinations served on certain routes was drawn up in close collaboration with the Hauliers' Federation.

New routes are being developed, principally to central Europe and the east.

New transshipment techniques using the existing infrastructures are being tested, and these should allow the actors to get to grips with the market for semi-trailers not equipped with grappling surfaces.

All these measures are designed to lead to a reliable work structure, to contribute to the indispensable recovery of the quality of service and to a structured continuation of the growth of CT volumes with a view to achieving more sustainable mobility.



CT ON THE RISE

Hermann Ungersbäck

Director General of Intercontainer Austria

For several decades the history of combined transport (CT) has been one of unequalled success brought about by our clients, who have often remained faithful to CT despite difficult circumstances, and thanks to the UIRR member companies.

Thanks to the liberalisation and enlargement of the EU, new prospects have opened up to us since 2005. The latter nevertheless also involve new challenges that must be taken up if we are to ensure the sustained development of unaccompanied CT. This requires the efforts of all the suppliers involved in the CT chain and the creation of conducive framework conditions.

For several years Intercontainer Austria (ICA) and its partners specialising in unaccompanied transport have been carrying out preparatory work which today allows us to offer a network of high-quality CT made up each week of 90 trains in sea shipping of containers and 60 in Continental transport. This network of complete trainload services links the ports of the north and west and the Ruhr Valley via the hub of Wels (AT) with Austria and Hungary and also serves as a base from which a connection is formed with the new Member States of the EU.

In terms of opportunities we are today in a situation similar to that during the preceding wave of enlargement to the east, as illustrated for example by the constant growth in demand for transport capacity linked to the Romanian market. As the road infrastructure does not meet the standards of the west, we have the opportunity to achieve a modal transfer in favour of unaccompanied CT thanks to complete trainload connections.



Nevertheless, the conditions required to achieve this must be created, which necessitates investment, hence that made in the terminal at Oradea (RO), which has become a high-performance transshipment installation with a goods handling area of almost 10,000 m² and two mobile cranes.

Over the course of the past few years ICA, too, has striven to develop its network in the direction of South-Eastern Europe and, in co-operation with its subsidiaries in the Czech Republic (CSKD), Slovakia (SKD) and above all in Romania (ICA-Romania), it has established an operational structure in each of these countries, resulting in new integrated routes in the existing network around Austria.

New lines have been successively extended in the direction of South-Eastern Europe and have been integrated into the existing network. Finally, we must offer attractive railway prices in order to draw all the potential profit from a structuring of lines of this type.

Only the future will reveal if, as we anticipate, the success seen over the past few years is also possible in South-Eastern Europe and the new EU member states.

In any case, the measures have been taken to ensure development of unaccompanied CT in the years to come.



MARITIME CT: DEVELOPMENT AND OBSTACLES

Walter Schulze-Freyberg
Director General of Polzug Intermodal

The first 13.000 TEU vessels are sailing between Southeast Asian and Northern European container hub ports. The order books of shipyards are full, as if the sky were the limit for containerised transports.

All major European ports are enlarging their container handling facilities to match expected volumes: the port of Hamburg expecting a doubling of containers handled to about 18 Mio TEU by 2020, is taking terminal construction measures at HHLA and Eurogate; in Wilhelmshaven a completely new container terminal with a capacity of 3 Mio. TEU will take up operations in 2010; Bremerhaven has just completed the first stage of the new CT4; in Rotterdam, the development of Maasvlakte II takes shape and Antwerp further develops the left bank of the Schelde.



All these extension programs have in common that rail takes a prominent role in the hinterland concept as terminals now realise that in order to efficiently secure the flow of containers to and from the hinterland they need an alternative to feeder, barge and truck. The truck alone cannot handle forecasted volumes, the more so that land transport distance will grow with more overseas producers investing in Eastern Europe. Feeder and barge are competing with overseas carriers for limited berthing time with overseas vessels always enjoying priority, even if completely out of schedule.

So rail potentially has a good chance to change the modal split in hinterland container transport in its favour, and in fact in 2006 it grew more than feeder and road transportation. Customers more and more fear capacity constraints and are unwilling to put all eggs in one basket. Their strategy is to operate efficiently different routings with different transport modes to avoid band stoppage in their Eastern European plants.

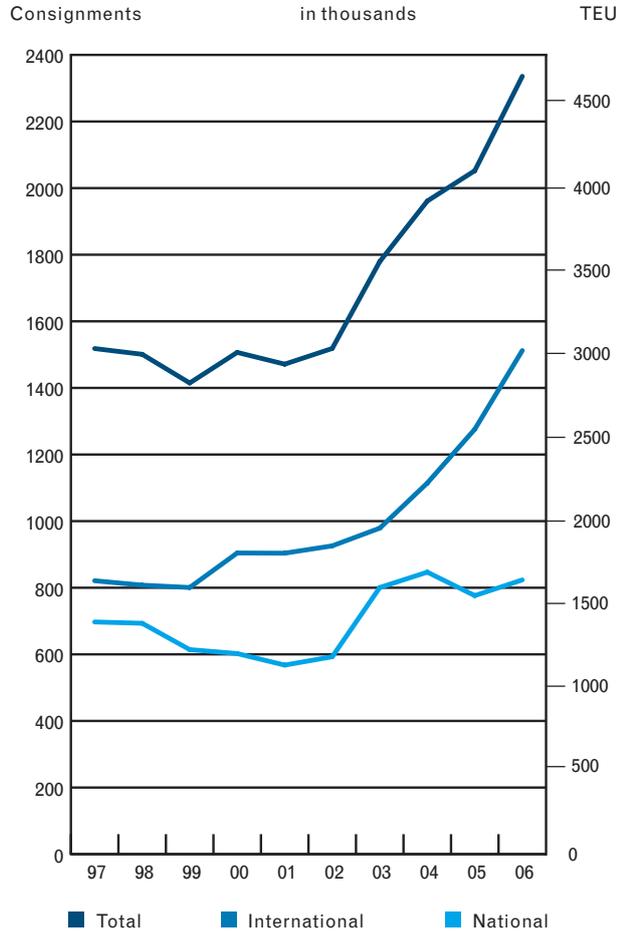
Intermodal rail offers the opportunity for interim storage at a terminal near the factory thus reducing the need for inventories at the factory site and at the same time securing short reaction times. Moreover, inland terminals are often bonded areas allowing for customs clearance shortly before usage of products, this having a positive impact on producer's or retailer's cash flow.

But, if nothing changes further, the intermodal operators may well lose the battle for the customer.

So far, limited rail handling capacities at port terminals have been a major obstacle to efficient intermodal services. Since years overseas carriers and container terminal operators have forecasted increasing volumes and invested considerable monies in capacity extensions, including port railway facilities. The problems may now start once a train leaves the port. Not taking full account of the container boom, the railway sector has run a disinvestment strategy leading to a deterioration of the network and to a severe lack of rolling stock – problems which cannot be easily mitigated without immediate counter actions. If not, it will be difficult for CT operators for the 3/4 years to come to satisfy the increasing port hinterland demand and to provide adequate service to their customers.

THE YEAR 2006 IN BRIEF - TRENDS

Unaccompanied Transport 1997-2006
(Swap bodies, Containers, Semi-trailers)



Unaccompanied Transport (Consignments)

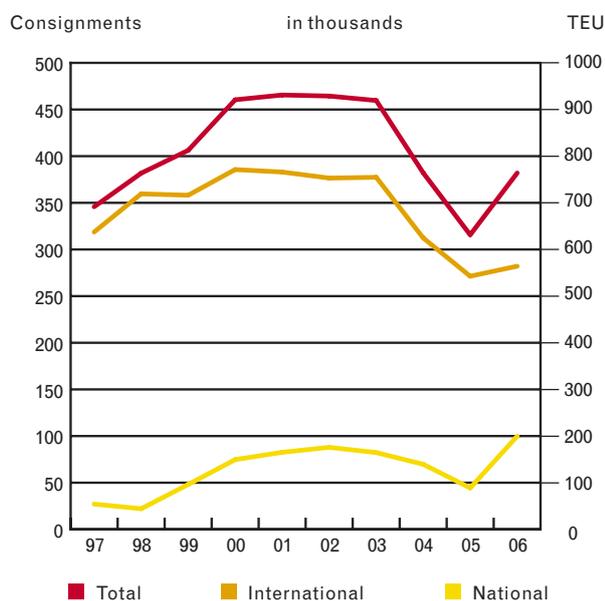
| Year | International | National | Total |
|------|---------------|----------|-----------|
| 1997 | 821.009 | 697.191 | 1.518.200 |
| 1998 | 807.739 | 693.233 | 1.500.972 |
| 1999 | 800.624 | 614.183 | 1.414.807 |
| 2000 | 904.339 | 602.314 | 1.506.653 |
| 2001 | 903.708 | 567.642 | 1.471.350 |
| 2002 | 925.742 | 592.731 | 1.518.473 |
| 2003 | 978.915 | 800.612 | 1.779.527 |
| 2004 | 1.114.364 | 846.775 | 1.961.139 |
| 2005 | 1.275.927 | 776.318 | 2.052.245 |
| 2006 | 1.512.370 | 823.406 | 2.335.776 |

Economic growth had a significant impact on all the road-rail CT traffic flows in Europe. Thus, the international unaccompanied CT of the UIRR companies increased at the impressive rate of 19%, or 237,000 consignments, between 2005 and 2006. Clearly, POLZUG's membership of the UIRR contributed to the overall growth by adding 70,000 containerised consignments between the Dutch and German ports and Poland. However, other already very important routes such as those across the Alps (Brenner and Gothard) made very good further progress. By way of illustration, traffic between Germany and Italy – which alone represents 33% of consignment volume – recorded strong growth of 11%, or 55,000 more consignments than in 2005! Benelux-Italy traffic grew by 13% (+30,000 consignments). The routes between the Scandinavian countries and Italy via Germany experienced growth of 15% (+4,000 consignments compared to 2005). With the deployment of direct trains capable of ever higher performance, traffic from and to the Iberian Peninsula also expanded by a substantial 25% (+14,000 compared to 2005). And thanks principally to the SINGER project of the Marco Polo programme, the volume of traffic passing through Slovenia to, most notably, Germany, Austria and Hungary, grew by more than 30%.

For its part, national unaccompanied CT increased by 6%, or 47,000 consignments. The excellent results recorded on German (+30%) and Austrian (+109%) territory must not be allowed to conceal the reducing effect of the large restructurings carried out, most notably in France.

Overall, unaccompanied CT grew by 14%.

Accompanied Transport 1997-2006
(Rolling Road)



Accompanied Transport (Consignments)

| Year | International | National | Total |
|------|---------------|----------|---------|
| 1997 | 318.657 | 27.087 | 345.744 |
| 1998 | 359.606 | 22.122 | 381.728 |
| 1999 | 358.111 | 48.099 | 406.210 |
| 2000 | 385.643 | 74.777 | 460.420 |
| 2001 | 382.964 | 82.589 | 465.553 |
| 2002 | 376.512 | 87.922 | 464.434 |
| 2003 | 377.348 | 82.308 | 459.656 |
| 2004 | 312.329 | 69.786 | 382.115 |
| 2005 | 271.311 | 44.369 | 315.680 |
| 2006 | 282.064 | 99.911 | 381.975 |

Accompanied CT has had to be completely restructured as a result of the opening up of the EU in May 2004. Nevertheless, in 2006 international accompanied CT started on the path to recovery with a 4% increase in consignment volume, thanks most notably to growth in consignments on all the Austrian routes between Italy and Slovenia, Hungary, Romania. It should be noted that a new rolling road was opened between Ljubljana (Slovenia) and Spačva (Croatia).

The fortunes of national accompanied CT were mixed: there was exceptional growth in Austria, which virtually tripled its traffic compared to 2005, reaching more than 80,000 consignments, but there was a decrease of 4% on the Basel-Lugano route.

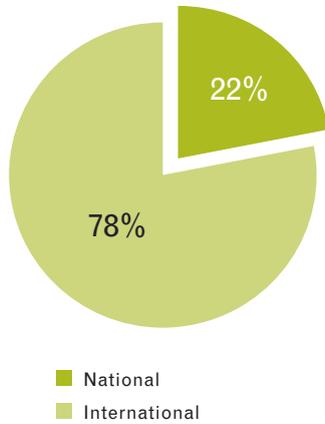
In total the Rolling Motorways experienced a very positive result in 2006, that is to say +22% compared to 2005.



THE YEAR 2006 IN BRIEF - TRENDS

Traffic Overall

(Accompanied and Unaccompanied)



International and National traffic in Mio TKM

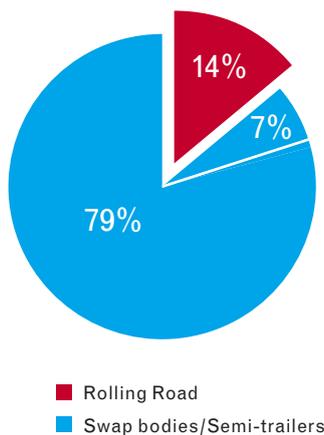
| Year | International | National | Total |
|------|---------------|----------|--------|
| 1997 | 21.527 | 8.334 | 29.862 |
| 1998 | 21.926 | 8.308 | 30.234 |
| 1999 | 20.742 | 7.846 | 28.588 |
| 2000 | 24.330 | 8.156 | 32.486 |
| 2001 | 24.663 | 7.217 | 31.880 |
| 2002 | 25.027 | 8.047 | 33.074 |
| 2003 | 25.248 | 7.671 | 32.919 |
| 2004 | 26.173 | 8.338 | 34.511 |
| 2005 | 28.871 | 8.086 | 36.957 |
| 2006 | 35.558 | 9.836 | 45.394 |

With the combined increase in the number of consignments and in the average distance covered, growth in traffic expressed in tonne/kilometres was very significant in the international segment (+23%). Transalpine traffic made a significant contribution to this growth: +24% from and to Belgium, +15% from and to Germany, and +9% from and to the Netherlands. New member POLZUG contributed more than 1.6 million thousand-km units, whereas the disappearance of former member CONLINER reduced the total by half a million units.

For its part, national traffic registered an appreciable increase of 12%, essentially due to the net growth in the number of consignments in Germany.

The average distance in the international segment reached 850 km, most notably due to extension of the traditional services (Benelux-Spain/Germany-France-Italy); in the national segment it is 510 km (increase in consignments on short accompanied routes). The average gross weight of a consignment is 24 tonnes in international traffic and 21 tonnes in national.

Techniques



Proportion of CT techniques in total traffic in thousand consignments

| Year | Swap bodies | Semi-trailers | Rolling Road | Total |
|------|-------------|---------------|--------------|-------|
| 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 | 1.405 | 145 | 460 | 2.010 |
| 2004 | 1.806 | 155 | 382 | 2.343 |
| 2005 | 1.978 | 164 | 316 | 2.458 |
| 2006 | 2.136 | 200 | 382 | 2.718 |

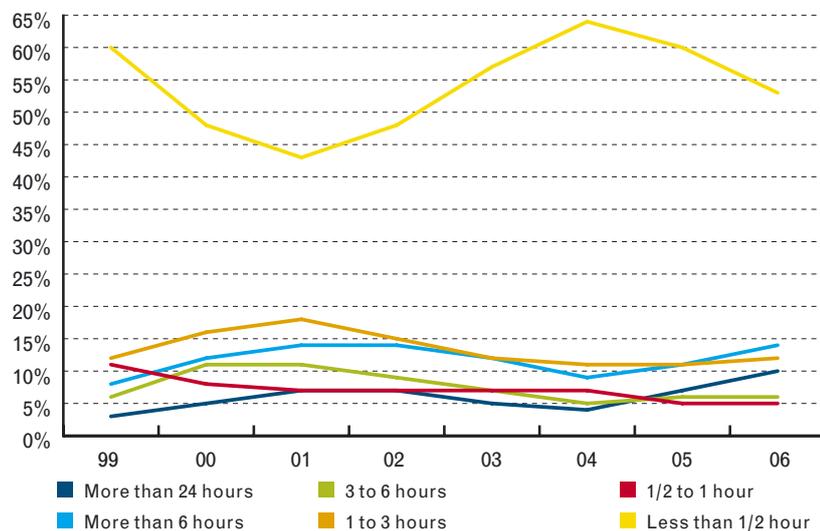
The share of CT accounted for by the unaccompanied segment was 86% of the total number of consignments carried out in 2006. The share accounted for by swap bodies and containers decreased slightly, principally due to a large increase in the number of consignments in accompanied CT.

About 64% of the swap bodies and containers were forwarded in international traffic, the rest in national. In international, there are just about as many routings of swap bodies under 8.30m (or 20' containers) as greater than 8.30m (or containers of 30'; 40' and above). At 7% of consignments, the share accounted for by semi-trailers was once again maintained on the five principal routes representing more or less all the routings by semi-trailer (Germany/Belgium/Denmark/Netherlands from and to Italy and Germany-Switzerland). Accompanied transport is growing slightly and this is thanks to the steady contribution of national routes in Austria.

One UIRR consignment corresponds to the transport capacity of one lorry on the road, which is equivalent to two EVP/TEU (formerly 2.3). The reduction in this equivalence indicates once again that in CT smaller and heavier units are increasingly used.

Punctuality

(Delays)



The year 2006, which featured growth in the volume transported, was another difficult year.

Of 23,000 international trains monitored in 2006, only 53% were punctual (tolerance of 30 minutes), 30% were late by more than 3 hours, and 10% were late by more than 24 hours which, on a like-for-like basis, constitutes a decline compared to 2005 on practically all the routes monitored. The national trains were also monitored; their scores are better. Thus, in Germany, the rate of punctuality is 73%, whereas for France it is 85%.

Although the subject is the focal point of much analysis, it should be noted – and deplored – that collection of the data itself is becoming increasingly difficult. On the other hand, we must highlight the initiative of the Combined Transport Group of the UIC, which has taken measures to redefine the aims and functioning of the quality groups and has scheduled a periodic review starting in June 2007.

Finally, it would be desirable for the Member States to implement in concrete terms the system for improvement of the performance of the rail network between infrastructure managers and railway undertakings foreseen in EC Directive 2001/14.



THE YEAR 2006 IN BRIEF

UIRR and European Policy

On the occasion of the Annual General Assembly held in Vienna on 21 June 2006, Ing. Eugenio Muzio and Dr Janos Berenyi were re-elected to their respective posts of Chairman and Vice-Chairman of the Board of Directors of the UIRR for the period 2006-2009.

The following day, INTERUNIT also held its Ordinary General Meeting. Among other things it was decided to enlarge its membership to include all the RU's, even those not being members of the UIC, and all the road-rail CT operators, even those not affiliated to the UIRR.

At the conference of 22 June organised in Vienna by the UIRR on the subject "CT: New Conditions and Opportunities in an Enlarged Europe", Mr Kazatsay, Deputy Director-General to the DG TREN, gave the first presentation of the contents of the mid-term revision of the White Paper on Transport of 2001.

Throughout the year the UIRR made every effort to make the voice of road-rail CT heard among the Community's governing bodies. This manifested itself most notably by participation in various working groups of the European Commission (evolution of the rail market, freight logistics...) and of the European Rail Agency (ERA), as well as by the organisation, in October, of a visit to the LDCT Delta 3 terminal at Dourges (F) for the Director of the Inland Transport Department of the European Commission, Mr Grillo-Pasquarelli, and his team, in order to continue to improve the awareness of the political Authorities of the specific nature and the numerous advantages of road-rail CT.

In parallel with the lobbying campaigns, the UIRR pursued its active participation in various European projects concerning, among other things, safety and security in respect of consignments (COUNTERACT) and in respect of terminals (INSECTT), as well as development of CT services on certain routes (SINGER from and to Slovenia, BRAVO). The closing conference of the BRAVO Project held in Munich on 17-18 April 2007 provided the opportunity to highlight the excellent results achieved. Indeed, since the launch of the project three years ago, the CT operators (**KOM-BIVERKEHR, CEMAT, ICA**) and the RU's which participate in it have recorded growth in unaccompanied transport of 57% on the Brenner route, *inter alia* thanks to innovative methods such as the use of multi-system locomotives, pocket wagons for megatrailers, of radio control systems for locomotives, and of on-line tracking of trains, as well as the development of a quality manual designed to optimise operational methods.

In addition, the UIRR will strive to participate in the annual calls for proposals launched as of 2007 in the framework of the Marco Polo II programme in respect of activities designed to improve the balance of modal allocation.

Finally, the first satisfaction survey relative to CESAR indicates a very positive perception of clients in respect of this pan-European track & trace service, which is being improved constantly and which already has more than 400 regular users.



THE YEAR 2006 IN BRIEF

Operational Organisation of the Member Companies

With consignment growth rising to 14.6%, **KOMBI-VERKEHR** strengthened its European leadership in 2006, most notably thanks to close co-operation with its clients, which took the form of customised services. The German operator aims to achieve the figure of one million consignments in 2007.

To meet growth in demand resulting from expansion of trade, **CEMAT** purchased 200 Multifret-type articulated wagons (ex-ICF).

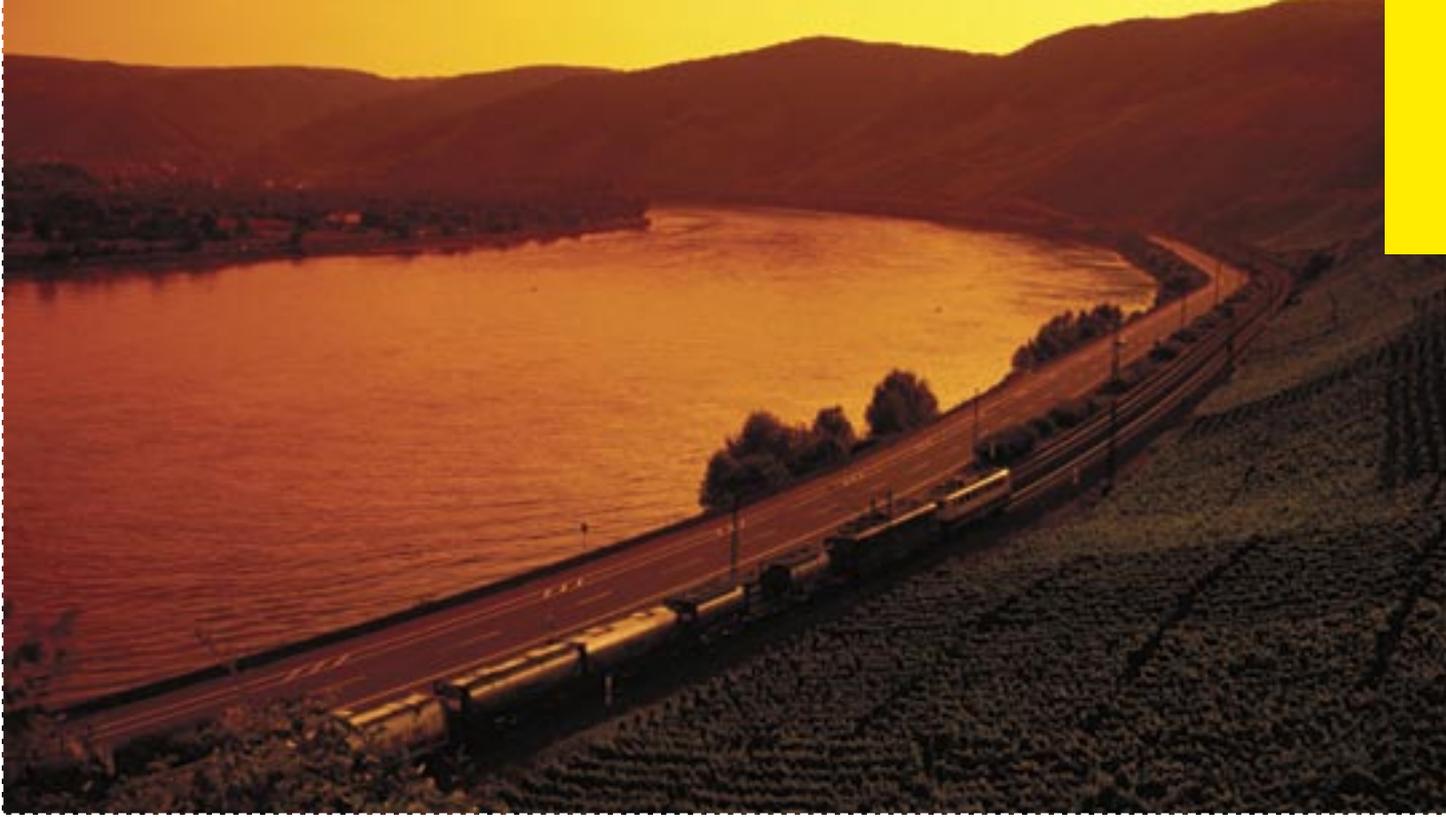
HUPAC opted for the concept of continuous motive power, under which a single railway undertaking is responsible for each train, achieving record growth in 2006. This new form of production is made possible by the liberalisation of the railways and can permit management of larger volumes without loss of quality. The Swiss operator, which, like **NOVATRANS**, will celebrate its 40th anniversary in 2007, also opened a representative office in Warsaw (P) in order to develop its activities in Central and Eastern Europe. At the same time as pursuing its strategic development in Eastern Europe, for its part **INTERCONTAINER AUSTRIA (ICA)** opened an agency in Hamburg in order to be closer to its German clients and established a Customer Service Trucking system allowing it to co-ordinate and develop road transport (initial and final positioning legs) throughout the whole of Austria.

The approval of the Preservation Plan at the beginning of 2007 will give the new **EUROTUNNEL** the solid foundation necessary to steer the company back towards profitability. The acquisition of five Class 92 locomotives by its freight subsidiary, Europorte 2, will allow it

to start up its Continental rail activity in 2007. In the framework of its eastward expansion, **POLZUG INTERMODAL** now has a majority stake in the capital of Silk Road Express Georgia LLC. For its part, **TRW** decided to allocate individual destinations to each terminal and started tests with a basket-wagon allowing the transport of non-cranable semi-trailers, which opens up excellent prospects for the company.

NOVATRANS made preparations to relaunch its transport plan scheduled to start in 2007, while **CEMAT** acquired seven new wheel-mounted cranes in order to modernise its fleet and support activities on the inter-modal work sites.

The results of a study commissioned by **HUNGAROKOMBI** confirmed the worrying consequences for CT of membership of the EU of Romania and Bulgaria, that is to say a very pronounced transfer onto the road of traffic previously conveyed by rolling road, putting the latter at risk. Indeed, for a certain number of reasons, whereas the liberalisation of international road transport became effective there as of 1 January 2007, liberalisation of the rail sector will take longer to materialise, creating unequal competition. **HUNGAROKOMBI** led an effective campaign to lobby the Hungarian Authorities and obtained a temporary grant to bridge the period of transition to framework conditions which favour a mode of transport, i.e. rail, which has greater respect for the environment.



THE YEAR 2006 IN BRIEF

Development of CT Services

New lines

Last October **CROKOMBI** launched a rolling road link between Spačva (HR) and Ljubljana (SI) which most notably draws benefit from the partnerships established with **ÖKOMBI** and **ADRIA KOMBI**.

NOVATRANS recorded net growth in its international bilateral traffic, most importantly thanks to the partnerships with **TRW**, **CEMAT** and **KOMBIVERKEHR**, and launched a rapid train service (140kph) between Rungis and Perpignan as well as a direct train link between Dourges (F), Turin (I), and Novara (I).

Realisation of the SINGER project (Marco Polo programme) opens up excellent prospects for **ADRIA KOMBI** and its partners (**CEMAT** and **KOMBIVERKEHR**), which are now better equipped to compete with the road transport sector.

KOMBIVERKEHR commissioned a new line from and to Lovosice (CZ), in complement with the "Bohemia-Express" service established in partnership with **BOHEMIAKOMBI**. The German operator introduced complete trainloads to Antwerp (B, with **TRW**), expanded its service from and to Verona (I), and implemented measures designed to develop its traffic to northern Europe. A link between Novara (I) and Lübeck (D) was opened with **HUPAC** and **CEMAT**, and also between Taulov and Hamburg-Billwerder linked to Netz 2000+, in partnership with **KOMBI DAN**.

ROCOMBI is carrying out the final preparations for commissioning of links between Constanta and Pitesti (R) to Hungary, the Czech Republic and Slovakia.

HUPAC established various new lines in 2006 (most notably Rotterdam-Hamburg) involving about twenty new trains. Numerous other links will be opened in 2007.

RALPIN will continue to expand its rolling road service

in 2007, most notably on the Lötschberg-Simplon route, which will be reinforced by the commissioning planned for June 2007 of the Lötschberg base tunnel. **HUPAC** and **RALPIN** will be particularly concerned with the opening of discussions designed to redefine the framework conditions of the transfer of goods from road to rail in Switzerland from 2011 onwards.

INTERCONTAINER AUSTRIA (ICA) expanded its port connection service with, among other things, the launch of the Rotterdam-Wels line and the introduction of a complete trainload service between Genk (B) and Oradea (RO).

Terminals

The investments made in the transshipment and stacking areas at the Oradea terminal (RO) allowed **ICA** to launch an initial complete trainload service between Romania and Belgium.

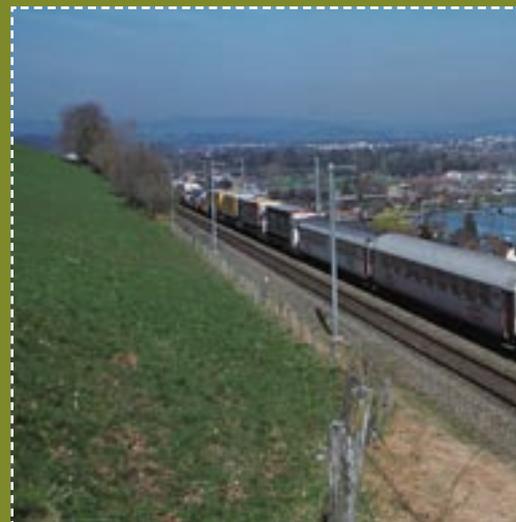
NOVATRANS inaugurated the terminals at Sète (F) and Valenton II (F) and will operate the new terminal at Grans Miramas (F), the opening of which is scheduled for the end of 2007.

KOMBIVERKEHR will make use of the improvement in the transport capacity of the Rostock terminal (D) in order to develop traffic with northern Europe. **KOMBI DAN** concentrated its activities on the terminals at Taulov (DK) and Hoje Taastrup (DK), investment in the capacity of which is anticipated. The increase in the traffic originating at the ports of Hamburg and Rotterdam was absorbed by **POLZUG INTERMODAL**, most notably thanks to progressive growth in the capacities of the Polish terminals.



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