Annual Report

2010

International Union of combined Road-Rail transport companies

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IMPRESSUM

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The Chairman's address

RUDY COLLE
EXECUTIVE CHAIRMAN

On a sleepy autumn Friday, 23 October 1970 representatives from seven European Combined Transport operators, a then fledgling industry, gathered in Munich to discuss how they could better facilitate the development of their innovative solution for transporting freight; the result was the founding of UIRR. Forty years later, today, one in every four freight trains in Europe is a Combined Transport train carrying out roughly 11% of European cargo-movements. UIRR, a respected industry association in Brussels, presently represents the interests of 18 road-rail Combined Transport companies operating a network which intertwines the entire continent.

The negative consequences of the economic crisis, which materialised in a 17% decline of Combined Transport traffic during 2009, were overturned in 2010, when this truly co-modal system of forwarding freight recorded a 8% growth thereby recovering half the output lost.

The recovery was unfortunately hindered by a number of factors:

- Rail traction providers reduced capacities during the crisis which resulted in locomotive shortages,
- Infrastructure maintenance and strikes affecting rail caused serious disturbances in the flow of traffic, and
- Some actors of the road sector continued their below-cost pricing with the hope of regaining market share.

Combined Transport operators nevertheless retained their confidence and upheld their persistence to improve in-house efficiency as well as to introduce innovative services to best satisfy the expectations of their customers. The sector's optimism is accurately indicated by the UIRR Combined Transport Sentiment Index, which consistently reflected positive values throughout 2010.

UIRR looks forward to the enactment of important legislation that could resolve many of these problems: the amendment of the Eurovignette Directive and the recast of the First Railway Package.

Intentions of the European Commission on how to tackle the climate-change challenge that humanity faces and the safety issues of transport are contained in the Transport White Paper. The desire to meaningfully decarbonise freight transport necessitates a considerably greater role for road-rail Combined Transport – especially on longer-distances – without which Europe's transport sector can not be placed on an ecologically and environmentally sustainable track.

UIRR will continue to support European decision-makers and legislators in their efforts to reach these goals by channelling to them vital information on the underutilised capabilities and potential of Combined Transport.

"The negative consequences of the economic crisis were overturned in 2010, when this truly co-modal system of forwarding freight recorded a 8% growth thereby recovering half the output lost"

Key figures of the year

2010: THE YEAR OF COMBINED TRANSPORT

The crisis-induced economic slowdown resulted in a 17% decline of road-rail Combined Transport during 2009, which was the first overall decline of Combined Transport in ten years, while its magnitude reached a level unseen in the 40-year history of UIRR. With growth of 8%, about half of this decline was recovered in the course of 2010. UIRR remains confident that **road-rail Combined Transport offers the best solutions to optimise co-modality by efficiently inserting electric railways into long-distance transport-chains.**

The shortcomings of long-distance road transport in social (disregard of working time rules), safety (high accident rate), security (attacks on cargo while resting or refuelling) or externalities (less sustainable levels of GHG and noise emissions, vibration, etc.) aspects can easiest be solved if the pallets containing the cargo to be shipped are loaded into "intermodal loading units" (swap-bodies or semi-trailers), which are most efficiently delivered to a transshipment terminal or port via truck, and from where sustainable modes like rail or (inland) navigation can be used to cover the longest segment of the transport. Combined Transport Operators are the organisers of transport-chains which involve rail-freight on critical (long-distance) segments.

85%

of accompanied CT trains arrived within 30 minutes

1 in 4

number of CT trains among all freight trains

632 km

average rail distance covered by a UIRR consignment in 2010

UIRR began compiling service quality data in 1999, and has continued with this practice each year since. On the one hand domestic unaccompanied CT trains, which do not leave the railway network of one particular country, have consistently recorded a punctuality performance of over 80% and RoMo trains in excess of 85%, on the other hand **the punctuality performance of border-crossing unaccompanied CT trains, is still below 70% on average.**

UIRR has continuously voiced its expectations and proposals on performance levels towards both the rail sector, as key sub-contractors of Combined Transport, and political decision-makers who influence the structure and motivations of the rail sector. Confidence remains unshaken that punctuality levels can and will be raised, which remain **an essential condition for CT's competitiveness**.

The Community of European Railways (CER) reported the total performance of European rail freight (31 countries) in 2010 at 280 billion tkm. Compared to this the performance of European Combined Transport was estimated at about 80 billion tkm, which translates to 28,5%, meaning in other words that **every fourth freight train was a CT train in 2010**.

Moreover, the 2010 growth of 5% for the entire European rail freight sector (as reported by CER) in contrast with CT's 8% expansion means that **Combined Transport is a more dynamic segment of rail freight than others**. High growth coupled with the quality needs of Combined Transport makes this market segment one of the most important for the rail freight undertakings to pay attention to.

The average distance travelled by an unaccompanied CT consignment was 743 km (85% of total traffic), while RoMo trains (accompanied CT) typically cover 275 km (15% of total traffic). The weighted average of the two is 632 km, which is equal to **the average distance travelled by a long-distance truck with a single driver in one day**.

The 2011 Transport White Paper of the European Commission foresees the diversion of every second tonnekilometre of long-distance road transport to "more sustainable modes", a dominant player of which is electrified rail. **Road-rail Combined Transport has proven its ability to assume long-distance traffic** and stands ready to collaborate in fulfilling the goals of the European Commission.

The Director General's address

MARTIN BURKHARDT
DIRECTOR GENERAL

In 2010 a general economic recovery became apparent in the transport sector. Combined Transport Operators were diligently compensating for the losses due to the financial and economic crisis through the reorganization of their services and thereby the creation of a sound basis for further growth. Caution is nevertheless required. The crisis accelerated structural changes of the world economy. The growth of developed and developing countries is very different. The financial system is for the time being stabilized, however, in many countries national indebtedness rose disturbingly.

Long-term trends such as a shortage of resources or fuel price increases, as well as the need to find means to counter the effects of climate change all favour Combined Transport. Nevertheless, unstable growth should be expected with many fluctuations. Flexibility in operations and the ability to adjust to customer needs are therefore more important than ever.

Productivity increases remain a key factor for the Combined Transport's development, which can be effectively supported by the European harmonisation of the railway market with more competition, standardisation of loading units, wagons and operational processes as well as increasing the maximum weight and length of trains. Progress in these areas rarely occurs on a single try; rather – as in most instances – persistent and detailed work is required.

UIRR participates in various working groups of the European Railway Agency. Priority goals are to define uniform European wagon authorisation and maintenance requirements in order to increase safety, while aiming to prevent in the future counter-productive reactionism by national security Authorities, like after the accident in Viareggio.

Following several years of preparations in the field of standardisation, the standard EN13044 was adopted. It standardizes the identification of all loading units and enables more efficient data recording and administration benefitting all stakeholders of ILU-based transport-chains. UIRR was a major driver in this respect and was entrusted with the administration of the new ILU-Code by the transport sector.

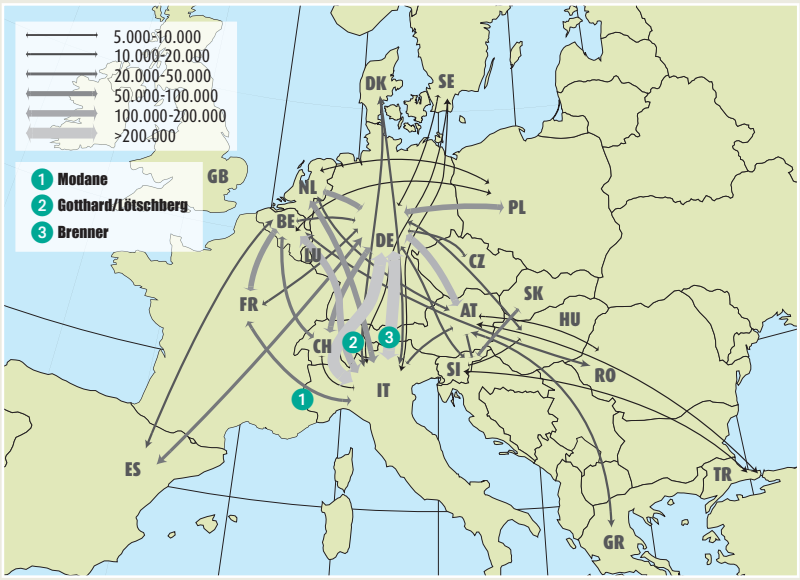
The opening of the Gotthard base tunnel in Switzerland, foreseen to take place in a few years will bring a much anticipated capacity increase on one of the most important European transport routes. It can, however, only become effective if the numerous bottlenecks of capacity and rail gauge limitations presently existing on the approaching railway lines are simultaneously eliminated.

The European Commission aims to reach ambitious goals in the reduction of transport-related CO_2 emissions and the increasing of transport safety. Effective implementation will be needed if these desirable aims are to be achieved. Perhaps through the development of a new project, following the example of Jacques Delors' successful domestic market initiative, titled for instance: "Elimination of 279 infrastructure bottlenecks in view of doubling rail freight transport capacities by 2030"? Shifting traffic to rail is indeed the most effective measure enabling to reach these goals.

"Productivity increases remain a key factor for the development of Combined Transport, which can be effectively supported by the liberalisation of the European railway market bringing more competition"

The unaccompanied product

The transfer of swap-bodies, containers and semi-trailers – or unaccompanied transport – is the more dominant form of Combined Transport (CT) in Europe. Over more than forty years, UIRR member companies established an extended European unaccompanied CT network based on direct consolidated trains. On this network, it is possible to forward any kind of containerised goods (from raw materials to products using pallets) to virtually everywhere in Europe.



The total volume of unaccompanied CT trafic in Europe reached 16 million TEUs according to the DIOMIS study. UIRR member companies carried 30% of the total domestic and over 50% of the border-crossing traffic in 2010.

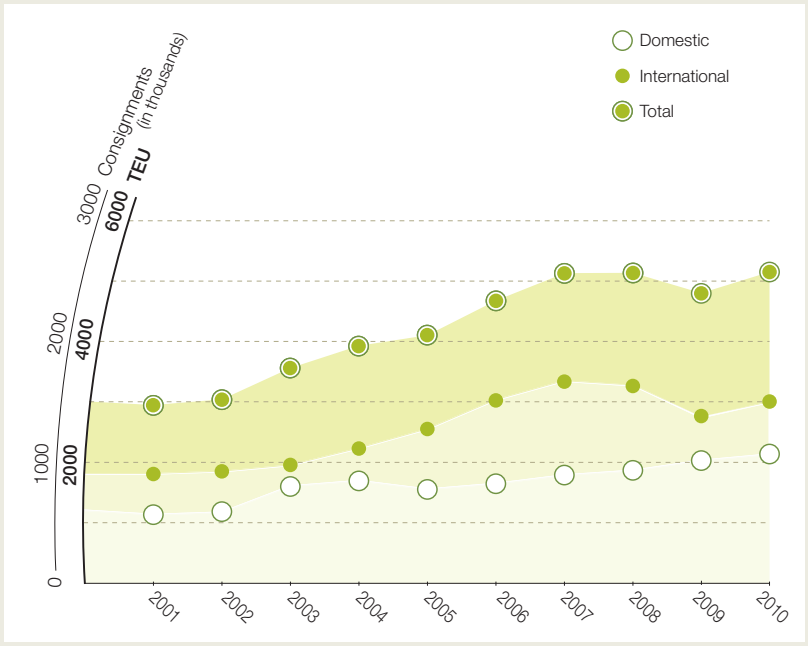
The transalpine corridors have maintained their leading roles with more than 820,000 consignments representing about 55% of the UIRR unaccompanied transport: 30% via the Gotthard, in excess of 20% for the Brenner and less than 5% through Modane. The core relation of Germany-Italy recorded more than 470,000 shipments followed by Belgium-Italy with 177,000 units and Netherlands to Italy with 65,000 consignments.

The UIRR network of unaccompanied services are based on regular direct trains (1,100 different CT services connecting more than 300 terminals) interconnecting 29 European countries. The net (useful) weight of goods averages 20 tons per consignment, which covers on average a distance of 900 km. In 2010, more than 50% of the total UIRR border-crossing traffic was carried on a distance exceeding this average, while nearly 50% between 300 km and 900 km and only around 1% under 300 km.

Unaccompanied CT in Europe is composed of four market segments. Two basic segments can be distinguished based on the origin and destination of the goods moved: the container hinterland transport (transportation of maritime ISO containers between sea ports and inland regions) and continental traffic (the carriage of cargo sourced in and bound for European terminals). Additional segmentations can be defined as: the domestic (or national) intermodal transport which is entirely performed on the rail network of a single European country (even if the goods are being carried from one country to the other) and border-crossing transport, where at least one border is crossed; while segmentation is possible according to the distance covered: short (less than 300 km), medium (between 300 km and 900 km), and long (over 900 km).

In principle, unaccompanied CT can convey just about any type of goods that can be carried by road. Instead of fixed superstructures, for this purpose the road vehicles used in the positioning legs should be capable of carrying intermodal loading units (ILUs). The following ILUs are most often used in road-rail CT: standardised swap bodies of class A (principally 13.5 m) and class C (7.15 m, 7.45 m or 7.82 m), ISO containers of 20' (6.1 m), 30' (9.15 m) and 40' (12.2 m) and craneable semi-trailers (13.6 m). Nowadays the swap body is the most important loading unit in intra-European traffic providing the platform to two-thirds of the intermodal traffic volume in Europe.

Performance in 2010



Compared to 2009, the year when the biggest economic recession struck since decennia, the total unaccompanied business of UIRR Operators has shown a growth of 8%, though unevenly distributed among particular member companies.

Despite the slower than anticipated demand during the first half of 2010, UIRR Operators have managed – in a faster way than foreseen – to slightly exceed the turnover of 2008 (including the once-off effects related to one member company in that year).

Consequently close to 2.6 million UIRR consignments, or the equivalent of 5.2 million TEUs, were carried constituting a recovery of half the volume lost as a consequence of the economic crisis.

The traffic performance expressed in tonne-kilometre grew in a similar manner and reached 38.2 billion tkm of which 78% are achieved through border-crossing services (covering an average distance of 900 km) and with a gross tonnage of 22 per tons consignment, while these figures in domestic relations amounted to 443 km and 18 tons.

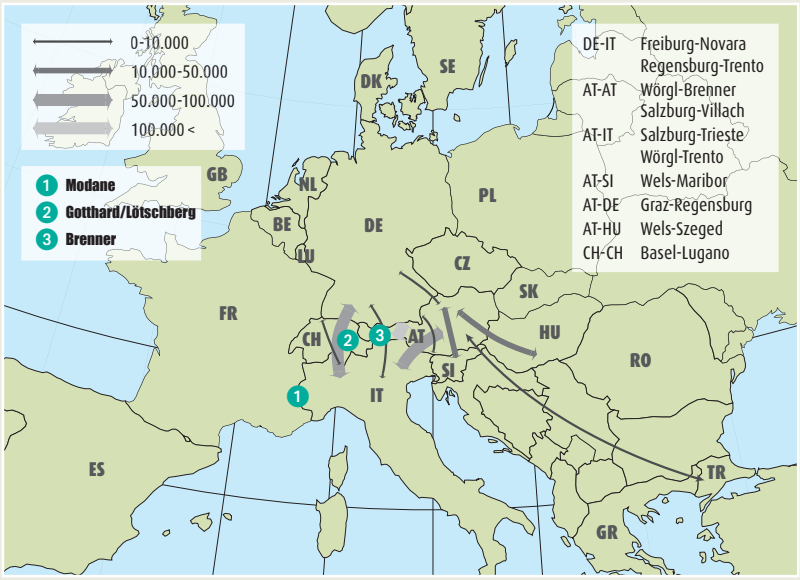
Border-crossing unaccompanied CT traffic – increasing by between 10-15% during the last decade – returned to its growth track delivering a 9% expansion, or +125,000 shipments, compared to 2009. This positive 2010 result did however not yet reach the levels achieved in this particular segment during 2008 due to contrasting developments. The most dynamic CT market, the transalpine offering of UIRR Operators through the Gotthard and the Brenner recorded impressive results, such as on the core relations Germany-Italy (+12% or 52,000 additional units), Belgium-Italy (+13% or +20,000 consignments) and Scandinavia-Italy (+21%). Hinterland maritime container traffic from the ARA ports to Germany continued its progress during 2010 with an increase of 30% (+25,000 shipments). Encouraging results were recorded in 2010 related to the continuous eastwards extension of the UIRR CT offering, in particular on the relations linking Slovenia to Slovakia (+122%), to Hungary (+92%) and to Turkey (+122%). On the other hand, the traffic to (or transiting through) France was hugely disturbed by major railway strikes, in particular France-Italy (-14%) and the transit traffic to the Iberian Peninsula (-12%). Finally, traffic originating from the Netherlands towards the Southeast (Austria) and South (Italy) dropped significantly with respective values of -19% and -8% totalling 10,000 fewer shipments when compared to 2009.

Domestic unaccompanied traffic expanded by 6% compared to 2009 and reached over 2.1 million TEU. Contradictory results may be detected behind this encouraging growth: the intra-German traffic (+6%, +17,000 shipments), the Italian area (+12%, +13,000 consignments) and the Belgian environment (+2%, 7,000 additional containers) must be highlighted, while operators suffered a contraction of domestic traffic within Poland and Romania, of 28% and 47% respectively resulting in a total decline of 5,000 units.

The accompanied product

Accompanied Combined Transport is in practice called "Rolling Motorway" (RoMo) and is seen as the most suitable way to transfer complete road vehicles using roll-on roll-off techniques, onto CT trains composed only of special low-floor wagons. When these rolling motorway trains also include a sleeping car, in which the driver can rest during the train journey, this type of transport is defined as "accompanied combined transport" and should not be confounded with the French notion of "Autoroute ferroviaire", which conveys mainly (non) craneable semi-trailers by rail.

For road haulage companies wishing to use rolling motorways it is just as simple to organise consignments: each road train and semitrailer truck with official approval for road traffic may in principle use rolling motorway services without any technical modifications.



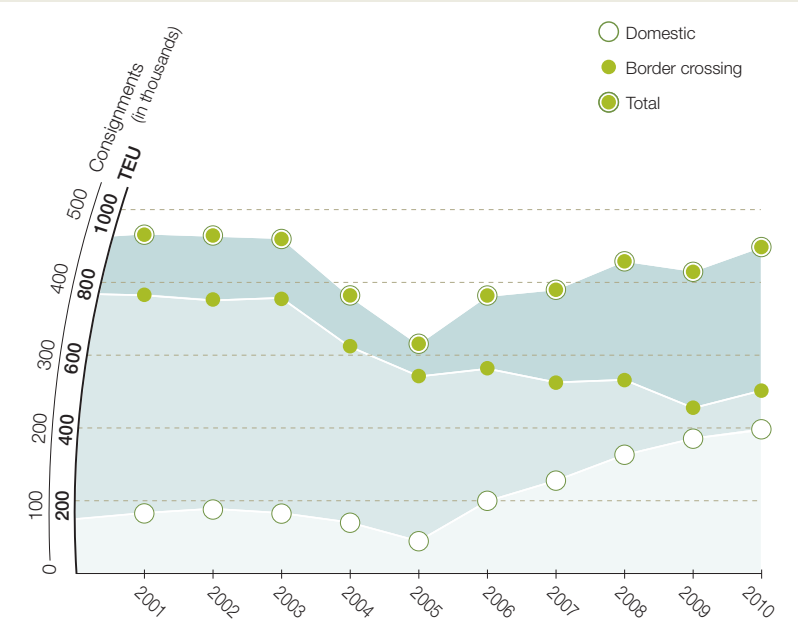
Thanks to the creation of a revolutionary new freight wagon – the RoMo wagon concept – by a European wagon manufacturer in the early 1970s, the first RoMo services were offered between Switzerland and Germany. The RoMo network was continuously extended between the eighties and the nineties, but with a clear shift of the core network from Germany to Austria. In this period, the evolution of this transport technique is quite remarkable: from 158,000 trucks in 1989 to 400,000 units in 1999. Nowadays 450,000 road trucks have been transported by RoMo trains which are marketed by six European operators, all members of the UIRR. A normal European rolling motorway train can carry 20 to 27 trailer trains or semi-trailer trucks and can be loaded in less than 30 minutes. The performance of a RoMo wagon, which are equipped with disk brakes (and thus very silent) was doubled during this past 20 years to reach around 1,000 km per day.

RoMo services are especially designed to attract the following market profiles:

- Hauliers with less than 10 road vehicles
- Companies without own (logistic) network
- Shippers with unbalanced and non regular transport relations
- Companies from countries, which do not (yet) benefit from adequate infrastructure needed for unaccompanied traffic (e.g. Greece, Romania, Turkey…).

It is not simple to set up a commercially viable rolling motorway service: in principle a road haulier is only prepared to pay the amount saved through rolling motorway transport for rolling motorway use. That includes fuel costs, tyre wear and motorway tolls. However, the total amount mostly does not cover the operational costs of rolling motorway traffic. The model only proves worthwhile when distance based motorway tolls are set higher or when other specific rules and restrictions are applied to transiting HGVs. RoMo business is particularly popular where public Authorities have implemented rules of road safety and decongestion (driving bans, weight limitations, legal prescriptions for the transportation of dangerous goods).

Performance in 2010



Attributable to a better economical context in Europe than a year earlier, the 2010 RoMo business year of UIRR operators, can be seen as a return to growth: in total, they managed to transport around 450,000 full trucks representing an increase of 8% or 32,000 more units compared to 2009. The performance of RoMo traffic amounted in 2010 16 million tons (+9% vs 2009) and 4.1 billion TKM (+10% vs 2009).

In comparison to previous periods, the RoMo figures are reaching again those of the "golden" years, period between 2000 and 2003.

During 2010, the RoMo operators succeeded in improving the most important characteristics of the trains such as the train capacity utilisation (close to 90% and even above on some relations), the wagon load factor (up to 2,000 loadings per wagon per year) and the load/unload speed (20 minutes for 20 trucks).

In the RoMo concept, the railway part represents most often a shorter segment of the total distance. Indeed, 50% of the current UIRR RoMo traffic is offered on distances below 300 km whereas the total distance including the road and rail parts may reach up to 1,500-2,000 km.

With 251,000 trucks transferred from road to rail, the 2010 European **RoMo border crossing traffic** (100% commercialised by UIRR operators) has recorded a significant increase of 9% compared to 2009 but did not yet reach the 2008 levels. Accompanied transport in Europe is completely concentrated on trade lanes involving Austria and Switzerland. This concentration highlights these countries' distinctive transport policies promoting this specific form of Combined Transport, in addition to those promoting unaccompanied transport.

On the Austrian side, all RoMo relations (7 services totalling 74 trains per day) have recorded very encouraging results: the RoMo services transiting through the Brenner pass, which represents one quarter of the total border crossing traffic, increased by 19%, i.e. 10,000 additional full trucks compared to 2009, whereas the RoMo lines on the Danube-Pyhrn-Tauern improved by 15% (+11,000 trucks). In contrary, the RoMo traffic, connecting Germany to Italy along the Gotthard axis, nearly reached the very positive 2009 levels despite the negative impacts on the operations by construction works at the southern ramp of the Lötschberg tunnel and of the lack of railway resources (locomotives and drivers).

Domestic RoMo recorded an overall growth of 6% to reach around 198,000 full trucks in 2010 (+11,000 compared to 2009). On the Austrian side (with 2 services and 28 trains per day), the RoMo volumes continue to grow in a very regular manner: +5% in 2010 compared to 2010. On this corridor, the traffic more than doubled in less than 3 years: from 88,000 trucks in 2006 to 186,000 in 2010 (95% are carried on the RoMo service connecting Brenner to Wörgl). The Swiss side provides a daily connection between Basel and Lugano and achieved a traffic increase of 12% in 2010, which could however not compensate for the decrease of the previous year.

Business environment

2010 was an important year for preparing changes in the framework conditions of road-rail Combined Transport. Four initiatives were in the focus of attention:

- Amendment of the **Eurovignette Directive**, which regulates the way access to State owned (public) road infrastructure is charged ("user pays principle") and defines rules for the internalisation of external costs of road transport ("polluter pays principle"). UIRR published a comprehensive position paper summarising the way CT Operators envision the correction of competitive imbalances that presently prevail in this respect between road transport and rail, distorting the optimal execution of co-modality.

- The Recast of the **First Railway Package**, announced in October, which regulates the competitive relations within the rail sector including important topics such as track access charging, internalisation, structural separation and decoupling. UIRR aided the preparatory work of the Commission by issuing a position paper on issues of rail infrastructure.

- The **"weights and dimensions"** debate, which investigates a possible revision of legislation related to the maximum allowed transport vehicle sizes and weights. UIRR continued communicating its positions in this respect drawing public attention to the significant dangers the Europe-wide circulation of longer and heavier trucks would pose to making freight transport safer and more sustainable.

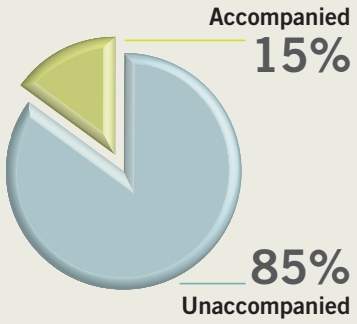
- The European Commission's **Transport White Paper**, which outlines the main aims and priorities of European transport politics for a decade. UIRR contributed to establishing facts for this important policy declaration through participation in several background studies, as well as through publishing comprehensive position papers.

The fundamental factors influencing policymaking in transport did not change direction, but rather got stronger during 2010. The price of mineral oil returned to its growth path increasing the costs of the transport-led oil dependency of our societies. The consumption of oil accelerated the pressures on accounts of payment throughout Europe, which relies heavily on imports of this energy source from increasingly unstable regions of the World. Evidence of the adverse effects of climate change on our daily lives continued to be felt through the increased frequency of extreme weather phenomena.

It must be noted that the organic evolution of transport in Europe during 2010 remained on its unsustainable track preparing the circumstances for a much needed paradigm shift that some visionary European transport politicians like the late Transport Commissioner, Madame Loyola De Palacio, have been calling for since the turn of the Century. Under this approach a much increased role for sustainable transport modes, like electrified rail, can not be circumvented.

Challenges and outlook

Unaccompanied Combined Transport remained the dominant CT service offered by UIRR operators in 2010. Technical restrictions such as limitations in railway gauge (height of the rail infrastructure elements such as tunnels or bridges), or lower net load capacity per train/axle do not support the development of intermodal services everywhere in Europe.

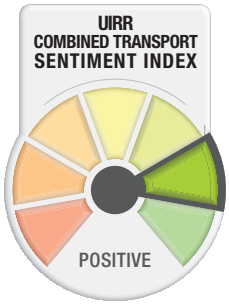


Besides framework conditions largely determined by the (European) legislator, the industry also has considerable impact on the competitiveness of CT services offered to shippers. Combined Transport Operators, and their partners running ILU-based transport-chains, continuously seek improvements to the quality of their services. CESAR, their tracking and tracing system established nearly a decade ago, is a great example of this. Another initiative of the industry was to standardise the marking of intermodal loading units which materialised with the adoption of EN13044 by CEN in October 2010.

Freight railways and rail infrastructure managers are strategic subcontractors of road-rail Combined Transport, hence their influence is considerable to the success and development of this unique mode of transport. Deficiencies of infrastructure performance, shortcomings of traffic management as well as imperfect competitive relationships within the rail sector may all result in a shortage of train paths available for freight trains, especially of the high quality type Combined Transport – competing head-on with trucks – requires. Two critical points may emerge on the European rail infrastructure in the short-run future testing the capabilities of the rail sector and transport politics:

- The **Brenner crossing** of the Alps in Tyrol (Western Austria) where extensive reconstruction work is scheduled for 2012 which, if unattended, may cause major disruption resulting in a temporary decline of Combined Transport's competitiveness on this important route.
- While the opening of the **Gotthard base tunnel** in 2017 will mean much anticipated additional rail capacities between Germany and Italy, the rail gauges of the approaching lines must also be upgraded if all CT trains are to be able to use it.

The outlook of road-rail Combined Transport is seen positively despite all difficulties by UIRR Operators as expressed in the UIRR CT Sentiment Index.



The ILU-Code brought to life by EN13044, resembling the BIC-Code used on maritime containers, will enable the efficient and reliable marking of ILUs exclusively used in European Combined Transport. EN13044 also established rules on standardised codification plates to be affixed by the manufacturers prior to initial delivery of ILUs. Issuance of the ILU-Codes will begin on 1 July 2011 under the administration of UIRR. For more information see: www.ilu-code.eu

ILU-Code

the identification of Intermodal Loading Units in Europe

Members' news

ALPE ADRIA
8% growth of traffic mainly based on serving the hinterland of Trieste Port (unaccompanied), while also running a successful Ro-La service to Salzburg.

ADRIA KOMBI
39% growth performed by the Slovenia based operator, which relies greatly on the hinterland traffic of the Koper Port serving among others major automotive clients in Slovakia. Development was aided by funding through the Marco Polo project SEEIS.

BOHEMIAKOMBI
Recently introduced electronic road tolling in the Czech Republic and Slovakia, together with the rebound of manufacturing, aided the company to an overall growth of 20% year-on-year. Instead of shipping complete trucks, new services based on transporting semi-trailers in special pocket wagons were introduced to and from the Czech Republic.

CEMAT
Completing its reorganisation, Italy-based Cemat realised growth of 9% in 2010.

HUNGAROKOMBI
The exclusive Ro-La operator realised growth of 17% partially aided by the funding received through the Marco Polo project Ro-Mo-Net.

HUPAC
A very strong year of traffic growth of almost 15% was realised by Swiss Hupac, mainly focusing on providing connections across the Alps, but also achieved significant growth over other relations throughout Europe. Hupac founded a new freight railway undertaking together with SBB to improve the quality of railway services connecting Germany and Italy through the main North-South axis crossing Switzerland.

ICA
Increased its service offering in both the Northwestern and South/Southeastern directions while improving its customer service quality through joining the CESAR network.

KOMBIVERKEHR
11% growth of Germany's strongest Combined Transport Operator reflects the rebound of Europe's biggest economy following the crisis.

NAVILAND CARGO
Using its own locomotives for traction helped Naviland Cargo to avoid the negative effects of prolonged railway strikes in France, resulting in 23% year-on-year growth in traffic volumes.

IFB
Continued its organic network building throughout 2010 enforced by the acquisition of Eastern relations operated by Swiss Intercontainer-Interfrigo, which stopped operating at the end of the year. Unique multimodal solutions, combining road-rail services with inland navigation, were also introduced by IFB.

NOVATRANS
Expanded its services to Spain by a new rapid train called Barcelyon on the Lyon-Barcelona route using the recently inaugurated line built to European standards which incorporates the 8,3 km long Perthus tunnel under the Pyrenees.

ÖKOMBI
Europe's biggest Ro-La operator achieved 10% growth in traffic mainly relying on their transalpine services towards the South and Southeast.

RALPIN
RAlpin could not continue its dynamic expansion of several years due to severe disturbances related to construction works on the (rail) infrastructure it uses in Northern Italy. RAlpin has prepared to assume responsibility for the RoLa activities of Hupac, which is divesting from this business from 1 January 2011.

NENAD KOJIĆ
MANAGING DIRECTOR

"Croatia's becoming a member of the European Union will ease the use of the key port of Rijeka"

Q: What was the decline in traffic that Crokombi suffered as consequence of the economic crisis, and how much of that was the company capable to recover during 2010?
A: Crokombi's traffic volume was halved in 2009 as compared to the previous year. The crisis aborted the fledgling rolling motorway service introduced in 2008 on the Spačva - Wels relation, hence Crokombi today exclusively deals with unaccompanied combined transport. 2010 saw a modest rebound, which means that the shortfall from 2008 has been reduced to 37%. The first months of 2011 allow us further cautious optimism as the consistent traffic upswing experienced suggests higher performance than the year before.

Q: What do you, as a Combined Transport Operator, expect – in terms of business opportunities – from the impending EU accession of Croatia?
A: The main focus of Crokombi's business is cross-border Combined Transport connecting the North Adriatic ports of Rijeka and Koper with EU Member States Austria, Hungary, Slovakia and the Czech Republic. Crokombi's hopes are high on the recently started block-train services to Budapest and Bratislava, which today not yet deliver the desired results. Croatia's becoming a member of the European Union will ease the use of the key port of Rijeka and contribute to reduced operational obstacles mainly related to the need to cross the "external" borders of the EU.

Q: How will the increasing traffic at the Rijeka Port – as an alternative to Koper and Trieste – and the favourable transit location of Croatia factor in your development plans?
A: Crokombi earnestly believes in the competitiveness of Rijeka Port as an alternative to Koper (in Slovenia) and Trieste (in Italy) mainly due to its superior positioning. Reaching the new container terminal, to be completed shortly, will be made easier with the shorter and faster new rail connection between Rijeka and Zagreb. Simultaneously Cargo Center Zagreb will turn this important junction into an efficient turntable in every direction, and in particular towards destinations in the East.

Q: Does national transport politics envision an emphasized role for transport and logistics services within the Croatian economy? If yes, how will Crokombi be capable to benefit from such a vision?
A: Croatian transport politics places a major emphasis on developing the infrastructure for mobility not only manifested in the extensive highway network, but in the freight-related projects in Rijeka and Zagreb mentioned above. Based on this and the imminent accession of Croatia into the European Union, Crokombi, as a Combined Transport Operator looks very optimistically into the future to meet expectations for this unique transport system.

Rail Cargo Austria Group

WILHELM PATZNER
MANAGING DIRECTOR

Q: What was the decline in traffic that ICA suffered as consequence of the economic crisis, and how much of that was the company capable to recover during 2010?
A: Due to the economic crisis the decline in 2009 – as compared to 2008 – amounted to 16%, translating to a reduction from 439.955 TEU to 368.052 TEU. During 2010 ICA was able to recover to 409.808 TEU which was an increase compared to 2009 of 11% but still falls short of the volume achieved in 2008. The change in traffic structure of ICA was significant as maritime hinterland traffic suffered most in 2009 (-24%) while continental business declined by only -7% when compared to 2008. Consequently, by today continental traffic accounts for two thirds of ICA's volume compared to less than 50% in 2008.

Q: Which relations do you, as a Combined Transport Operator, foresee as offering the most exciting potential – in terms of business opportunities – in the coming years?
A: In the continental business ICA expects Central Eastern Europe to be a major growth market carrying also a big risk potential because of low margins and poor infrastructure. Furthermore, we expect the relation Italy-Poland to show increased dynamism but still with low competitiveness against road transportation at the moment because of low trucking prices and relatively high railway costs.

Q: How do you foresee Austria's role in ILU-based long-distance freight transport? How does ICA intend to capitalise on this potential?
A: The Rail Cargo Austria Group is reorganising itself to streamline its operations and further enhance its customer services. Part of this process during 2011 ICA will be integrated into RCA. I am confident that the new organisational setup will enable us to maintain the eminence of Austrian operators in cross-border Combined Transport.

Q: What are the most important factors that need to change in Europe in order to increase the competitiveness and market share of Combined Transport?
A: Externalities must be internalized through economic and regulatory measures. Railways pay their true cost (including infrastructure costs) and road transportation does not (especially concerning environmental damage). Looking to the USA shows that under completely liberalized market conditions railways and operators can be competitive when able to drive longer and heavier trains. Therefore, the conditions must also be created in Europe to allow longer and heavier trains meaning that infrastructure investment is necessary by either enhancing existing tracks or, ideally, building new, purely freight tracks.

"Looking to the USA shows that under completely liberalized market conditions railways and operators can be competitive when able to drive longer and heavier trains"

IFB
member of Logistics

GEERT PAUWELS
CHIEF EXECUTIVE OFFICER

"There is an alarming growth of re-monopolisation that does not stimulate the rail market"

Q: What was the decline in traffic that IFB suffered as consequence of the economic crisis and how much of that was the company capable of recover during 2010?
A: During the crisis IFB has lost about 20% of its intermodal business. Due to quality issues with traction partners in the south of Europe that have now been resolved and through investments in developing our network we have been able to win most of this decline back in 2010. Terminal volumes for 2010 exceed pre-crisis levels. Thanks to investments in the previous years, there is now enough capacity in the Antwerp region to handle this growth. In 2011 IFB plans to invest in the Genk terminal effectively doubling its capacity.

Q: IFB has engaged in an ambitious expansion program in 2010; what is your strategic vision for IFB as a combined transport operator in the coming years?
A: Today IFB is a leading neutral intermodal and terminal operator, delivering quality transport and logistics solutions on a reliable, international network reaching from Northern to Southern and from Western to Eastern Europe. It is our intention to become a top 3 intermodal player in Europe. We continue to invest in a truly Pan-European network with reliable and high-frequency connections. IFB intends to grow by developing a multimodal service offering, featuring sustainable transport modes like rail and barge. Furthermore IFB developed both central and local commercial and operational assistance capable of facilitating a high level of customer service. Finally, IFB possesses the terminals and the wagon fleet needed to make this happen.

Q: How do you foresee Belgium's role in ILU-based long-distance freight transport? How does IFB intend to capitalize on this potential?
A: Besides the assets mentioned before, IFB has the advantage of being located in the heart of Europe, close to the major North Sea ports. It is our ambition to offer more of these long-distance transports in the near future. IFB has recently put into place a business unit organization, where four highly qualified and experienced managers take full responsibility of developing their region and traffic, while combining their forces to offer a truly Pan-European network.

Q: What are the most important factors that need to change in Europe in order to increase the competitiveness and market share of combined transport?
A: IFB sees different aspects that could positively influence the development of Combined Transport. First of all a higher level of interoperability would be needed. Further investments in infrastructure, signalling systems, improvement of security are required to achieve a fair competitive relationship between rail and road, train and truck. The threat of introducing mega-trucks promises to further imbalance the market. On the political level, more competition is needed within the railway sector. There is an alarming growth of re-monopolisation that does not stimulate the rail market. Factors that play in our advantage include the increasing oil prices, the implementation of distance-based road tolling, the difficulty of recruiting truck drivers for longer distance road transport, and the aim to reduce the GHG emissions of transport. If we work together to further promote Combined Transport and if we keep developing quality services on a European level, I trust our unique system of transport has a very good chance to further increase its market share.

NOVATRANS

TAREK HOSNI
CHIEF EXECUTIVE OFFICER

Q: What was the decline in traffic that Novatrans suffered as a consequence of the economic crisis, and how much of that was the company capable to recover during 2010?
A: Novatrans experienced a contraction of its traffic by 18% in 2009 because of the crisis. A pick-up of activity, still fragile, was felt in 2010, making it possible for Novatrans to stabilize the level of its national traffic. Unfortunately, the year was marred by two longer instances of rail strikes in France, immobilising Novatrans for almost two entire months. Without these the results for 2010 would have shown an increase as compared to 2009. The situation was similar in relation of cross-border traffic. It should be noted, however, that sister company Naviland Cargo, which does not rely on SNCF for traction of its trains, avoided these social movements and thus recorded a growth of 23% in 2010.

Q: The share of rail freight in France is lower than that of the European average. As a Combined Transport Operator, how do you think that this will evolve in the years to come?
A: Combined Transport is thought to develop strongly in the future because of an increasing request of the shippers who seek means of transport both ecologically and economically sustainable, and in context with the foreseeable rise of the costs of road transport (raising of prices of the fuels, ecotaxes, etc.). Rail meets these needs best especially on longer distance cross-border relations. And the policies followed by Authorities both in France and on a European scale are directed more and more in favour of the alternative means of transport should contribute to creating additional dynamism for rail, and subsequently Combined Transport.

Q: How does transport policy in France contribute to the development of Combined Transport?
A: The national transport policy in France promotes alternative means of transport (to road), such as rail or inland navigation, in order to reduce CO_2 emissions. It all falls under the initiative called the "Grenelle of the Environment" promulgated in 2007. Under this program, investments of €7 billion were launched in order to improve the French railway infrastructure, and in particular support the development of rail freight in France.

Q: Which are the most important factors that should change in Europe in order to increase the competitiveness and the market share of Combined Transport?
A: The development of road-rail Combined Transport in Europe should cover the entire continent from Spain to Russia. The success of such an initiative relies on (Combined Transport) operators capable of offering end-to-end services. Thus, Novatrans as well as Naviland Cargo aim to develop these kinds of services collaborating with partners like Cemat (Italy) or Kombiverkehr (Germany), but also launching new cross-border trains (such as the shuttle Dourges-Antwerp). The development and investment into interoperable rail technologies will further reinforce the competitiveness of the railway mode on long distance.

"The development and investment into interoperable rail technologies will further reinforce the competitiveness of the railway mode on long distance"

UIRR's year in brief

The Liaison Office of UIRR – located in Brussels – has been active on every domain of its responsibilities throughout 2010:

Combined Transport has been actively promoted at two formal events: a **luncheon** in the European Parliament and a major **conference** commemorating the founding of UIRR 40 years ago in 1970. Information was provided through a series of **personal meetings** with high level Commission officials, Members of the European Parliament, as well as Member State representatives from the Council.

UIRR's quarterly **newsletters, press releases** and a newly produced short **video-film** further contributed to the promotion of this unique system of transport. Compilation and publishing of **Combined Transport statistics** by UIRR provides a unique and valuable description.

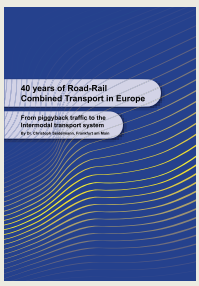
Two **comprehensive position papers** were released – on the issues of railway infrastructure and on infrastructure charging and internalisation – in anticipation of major European legislative and policy initiatives: amendment of the Eurovignette Directive, the Recast of the First Railway package and issuance of the European Commission's new Transport White Paper.

The daily operations of Combined Transport Operators were supported by the liaison office through its continued reliable provision of **terminal and customer codes**, providing the supporting framework for the **CESAR system** and aiding member companies with administrative tasks related to **Marco Polo projects** (SEEIS, Ro-Mo-Net).

A decade-long desire of the Combined Transport industry materialised when the CEN adopted EN13044 in October 2010 establishing a **standardised solution for codification of Intermodal Loading Units**, including a uniform owner-code, which will be administered by UIRR. Issuance of the ILU-Code will begin on 1 July 2011.

Operational and technical concerns of Combined Transport were discussed in the Technical and Operations committees, intensively represented at the European Railway Agency and towards the European Commission (Rail Market Monitoring Scheme), as well as at various conferences and gatherings.

Active participation of UIRR staff in EU (FP7) financed projects ensured the adequate presence of Combined Transport's interests in **Be-Logic** (aiming to develop an online transport selection tool for SMEs) and **IMCOSEC** (devising a comprehensive roadmap that will enable the simultaneous enhancement of security and efficiency of ILU-based transport-chains).



UIRR published a book on the occasion of its founding 40 years ago written by renowned Combined Transport expert, former Chairman of SGKV and Vice-Chairman of BIC, Dr Christoph Seidelmann, summarising the four decades of Combined Transport in Europe. The publication, produced in three languages: English, French and German, can be downloaded from UIRR's website (www.uirr.com), or a physical copy may be directly requested from UIRR's Liaison Office.

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