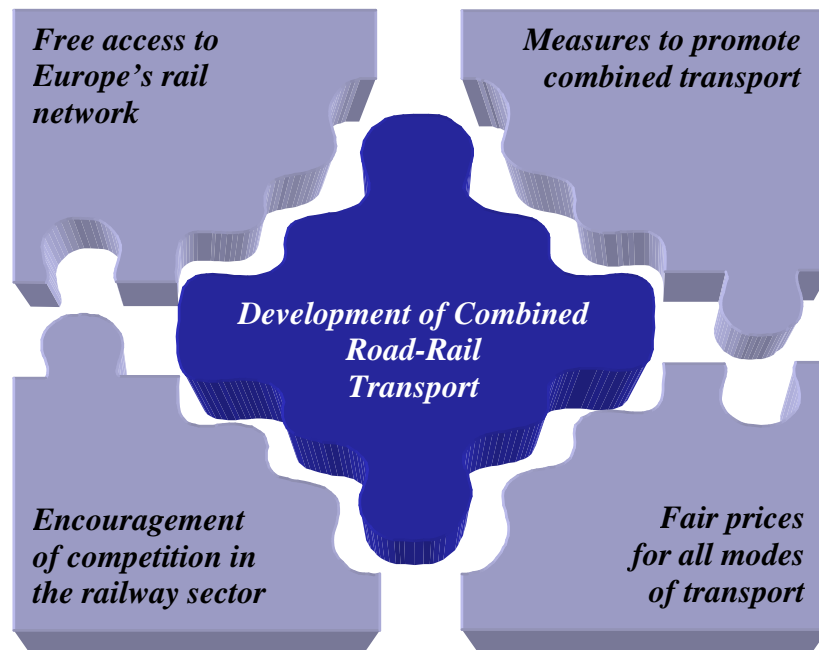


February 2000

Combined Transport and Rail Liberalisation: from Theory to Practice



Position Paper by the International Union of
Combined Road-Rail Transport Companies, UIRR

**Combined Transport and Rail Liberalisation:
from Theory to Practice**

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Abstract

Rail transport is going through a particularly difficult phase. The liberalisation process, which it is now the turn of the rail transport sector to be subjected to, undeniably represents a fundamental reform, necessarily involving changes in relationships and mentalities. But this does not explain as some from this sector attempt to do, the present drastic decline in the quality of rail services. The combined transport operators united in the UIRR, whose sole purpose is to promote the shifting of freight traffic from road to rail, consider it important to present their point of view on this worrying development.

The liberalisation of rail as proposed by the European Commission must be supported, as it will create new opportunities for a more dynamic development in European rail transport. However, this liberalisation can not be viewed in isolation from transport policy as a whole, as some of the current difficulties of rail are due to the uneven pace at which liberalisation has been carried through in other modes of transport. To put it simply, the EU's rail policy is being implemented too slowly and concrete transitional measures are therefore needed in order to come out of the present crisis and to establish an efficient and competition oriented transport market. By way of this document the UIRR sees that if there is no cause to be pessimistic or to even reverse the process then it is certainly time to take urgent action.

More specifically, rail liberalisation will only come about if infrastructure and operations are clearly separated, so as to guarantee discrimination-free access to the entire European rail network for all rail companies, private and public alike. The European Commission and the Member States should support the traditional railway undertakings where they are moving towards liberalisation, but keep a check on them where they are exploiting or extending their monopoly, relieve newcomers of unacceptable risks and protect private companies which are already active in the rail market. The possibilities of competition law must be seized, for instance to prohibit contracts which are still all too frequently unequal, allowing certain rail companies making use of their monopolistic position to largely exclude any guarantee of service or quality and drive out already existing private companies.

At the end of 1999, the EU Council of Transport Ministers decided on a so-called "railway package". This creates an opportunity to revive the desired policy. However, in the light of the experience with "Freeways", the UIRR is sceptical about the planned Trans-European Rail Freight Network (TERFN); it is concerned that this will involve too much time being wasted on defining a theoretically liberalised network, while nothing will change in practice.

In order to reinforce the policy that is advocated, the Member States should undertake to achieve specific outcomes in terms of liberalisation. For example, they should lend organisational and financial support to new private or foreign railway undertakings operating on their networks, until these reach a 20% market share. Moreover, liberalisation will only become a reality when combined transport operators can – for example in the event of serious shortcomings in terms of quality – change the railway company that provides them with services, while keeping the slots that they have patiently built up at their own commercial risk.

The high level of rail infrastructure costs compared with those of other transport modes currently constitutes one of the main obstacles to the development of combined transport. Per loading unit, these costs should not be any higher than those of road transport, if one wishes to prevent environmentally friendly modes of transport from being pushed out of the market before the announced fair and efficient prices for all modes of transport, calculated on identical criteria, become reality.

The unequal pace at which liberalisation is being implemented in road and in rail transport, poses a particular threat to Trans-Alpine combined transport. The continued failure to harmonise framework conditions inevitably gives rise to the need for support measures until a harmonised and open transport market has been achieved.

The stagnation we currently face in the rail sector can only be overcome if, as has occurred in other sectors, new framework conditions unleash the forces and positive effects of competition. The UIRR member companies are convinced that combined transport will be capable of asserting its systematic advantages when the transport market has been fully liberalised and is governed by fair competitive conditions. In addition, short-term measures have to be targeted to return to an acceptable level of quality and to restore customer confidence. Unless this is done, any hope of development is likely to be illusory.

Combined Transport and Rail Liberalisation

- from Theory to Practice

1. Introduction

The transport sector is in crisis. Whereas between 1988 and 1997, the member companies of the UIRR recorded average annual growth rates of 16% in international transport, they achieved only a very modest increase in 1998, followed by a slight decline in combined transport in 1999. The UIRR had already warned of this development a year before it occurred, doing so at a time when the rail companies were announcing substantial price increases, despite the deplorable quality of their performance in terms of service.

Even so, there is no cause for pessimism. The problems of rail transport are known, and a broad consensus exists on how they should be remedied. The problem lies with actually putting these remedies into practice. In the light of this state of affairs, the UIRR would like to take stock of the situation, and outline the strategy, which will enable rail transport and combined transport to emerge from this difficult episode.

In practice, the inherent properties of combined transport have turned out to be fundamentally competitive in nature, in that they combine the remarkable access flexibility achieved by HGVs (Heavy Goods Vehicle) with the efficiency that results from the bulking of transport by rail over longer distances. In order to consolidate and develop combined transport's position on the market in an effective manner, the various players will all have to think on a more "European" scale from now on, and act in line with the rules of market economy. The advantages associated with the combined transport system will only come into full effect when competition between combined road-rail transport and pure road transport is made subject to comparable conditions. Besides the different technical characteristics of the HGV and the train, which have an impact on their relative freedom of movement at European level (in the case of rail, differences of gauge and of power-supply and signalling systems are the main factors here), it is currently the political and administrative obstacles that constitute the biggest barrier to free access to the European rail market.

This paper deals with various aspects of the liberalisation of rail transport, which have a direct connection with the development of combined road-rail transport. It looks in detail at the existing and planned instruments of support, with the purpose of encouraging urgent action to be taken: the gap between theory and practice is widening in transport policy. The transport expert or the politician who does not wish to promote combined transport is the exception. Yet if one judges by concrete results, one can only conclude that the underlying conditions of combined transport have deteriorated. Enough has been written and said on the topic, and it is high time to actually carry through the changes that have been announced, and so achieve some tangible results. For this reason, the UIRR has taken it upon itself to propose concrete actions or transitional measures which could provide a way out of the current impasse.

2. Liberalisation: free access to the network and competition in the railways

One of the main objectives of the European Union is to create a single internal market and ensure freedom of service provision; this is something that also applies to the transport sector. Due to the fact that the rail market is currently organised into publicly owned national rail companies it has resulted in the railways' market share declining, and therefore a gradual liberalisation of this sector should activate market forces. On the basis of outcomes in other sectors, there is widespread conviction that only the introduction of increased competition in the area of the railways is bound to produce, or compel, the required changes and to generate a sharp rise in productivity.

Although the liberalisation of Europe's railways has already been initiated politically by **Directive 91/440** of July 1991, the results so far are somewhat sobering.

Despite the Directive's stipulations of

- **separation of infrastructure and operation** for rail services, and
- **free access to the network**

a single rail company still dominates the market in every European country. All of the experiences so far have shown that the minimal requirement, as formulated in the Directive, of a separation of infrastructure and operation in purely accounting terms is not enough. The risk of discrimination remains too high.

⇒ **Only complete institutional separation into independent companies can guarantee equal competitive conditions for all rail companies.**

Air transport and the European telecommunications sector provide impressive illustrations of the success that deregulation and liberalisation can lead to when accompanied by a broad opening-up of the market. Accordingly, only free access to the network for all qualified candidates represents the key to the true liberalisation and revitalisation of rail freight transport in Europe.

If the traditional rail companies wish to preserve their long-term chances of participating in the freight transport market, they have no option but to evolve from purely national transport companies into companies working at European level. As pure road transport travels unhindered on Europe's motorways, this should become tomorrow's norm for rail, meaning that a company should be able to send a full train all the way across Europe under its own management, making use of different national networks, one after the other.

The setting up in 1997 of pilot corridors on the European rail network known as **freeways** has not led to the hoped breakthrough in international transport. It is true that rail companies can now reserve their route for all cross-border transport with a single national infrastructure manager (**One-Stop-Shop**). However, as the separation of infrastructure and operation is incomplete, the barriers to newcomers, already a fact on the national networks, have also appeared on the international corridors.

But even the established rail companies very rarely “venture onto” adjoining networks, because although the freeways are certainly available in theory, they are in practice blocked by the organisational interdependences that exist between the infrastructure managers and the rail operators. This is why certain European rail companies prefer to create **international alliances** for freight transport. This approach may lead to more efficient overall management of international rail transport, but it presupposes a clear and neat separation of infrastructure and operation. Moreover, there is a danger that such alliances will lead to national monopolies eventually emerging at European level. Unless this topic receives more widespread attention, we shall not end up with a free rail market; rather, we shall see the evolution of national state monopolies into private rail monopolies on an international scale. In addition to this horizontal extension of the monopolies, we also run the risk of seeing them extend vertically into sectors both upstream and downstream of actual rail transport. Moreover, private operators are being subjected to financial difficulties, the purpose being to oust them from the market.

There are also indications that certain rail companies are putting contracts into application whose compatibility with the rules of competition is doubtful, in that they rule out any guarantees in terms of quality and service, but at the same time increasingly impose the risk of running adequately loaded trains on the customer.

⇒ **The existence or development of market-dominating monopolies calls for increased monitoring of competitive behaviour.**

Effective protection of the private companies currently active in the rail market is one of the essential conditions of liberalisation. To date, neither the European Commission nor the Member States have had recourse to the possibilities that competition legislation offers. Instead of taking action, they have waited to receive official complaints from players on the market.

3 *The "Rail Package"*

In order to advance the liberalisation process and reinforce the competitive position of rail freight transport, the European Union's Council of Transport Ministers adopted a series of measures at its session on 9 and 10 December 1999 with the following key points:

- the definition of a **Trans-European Rail Freight Network (TERFN)**, involving access to ports and transshipment yards
- a more marked separation of infrastructure and operation
- the creation of a harmonised and transparent allocation system for infrastructure costs
- free access to the TERFN network for all licensed rail companies in the territory of the European Union¹
- non-discriminatory rules of access to the network
- a strategy aimed at improving interoperability and eliminating bottlenecks

¹ Previously, this was only the case in international transport for international groupings of rail companies holding a licence, between the different countries in which they were based, with transit rights in other European Union countries.

One might be forgiven for thinking that with the full implementation in all Member States of the above measures, the "rail package" will genuinely revitalise the process of rail liberalisation. Yet care should be taken to ensure that the delimitation of a partially liberalised network does not in legislative terms postpone the real objective, i.e. non-discriminatory access to the entire rail network, to some dim and distant future.

On the model of the "**Freeways**", the possibility cannot automatically be ruled out that difficulties or restrictions to the right of access will not appear in practice to create problems for the TERFN, as a potential "**FreeNet**". On the contrary, there is a significant contradiction in current transport policy at national and European levels: on the one hand, rail freight transport in general and combined transport in particular are regarded as hopeful prospects in the light of the expected increase in traffic flows. On the other hand, they are unable to deploy to the full their economic potential, because of political and administrative restrictions.

Any restriction on network access constitutes a handicap compared with competing modes of transport, all of which, without exception, operate in "open" European networks. As is the case in these other modes, the rail companies – both the established ones and the newcomers – must have the opportunity to react as comprehensively as possible and in a flexible manner to the logistical needs of their customers.

The "Rail Package" in summary

Measure	Content
Revision of Directive 91/440	<ul style="list-style-type: none"> - Definition of a Trans-European rail freight network (TERFN), including ports and transshipment yards. - Creation of independent institutions to regulate network access, where there is no organisational separation of infrastructure and operation.
Revision of Directive 95/18	<ul style="list-style-type: none"> - Free access to the TERFN for all rail companies registered in a Member State of the European Union.
Draft Directive 98/480 (Directive 95/19 revised)	<ul style="list-style-type: none"> - Rules on route allocation and access charges. - Access to the national networks for "authorised applicants" (natural persons and legal entities).
Proposal for Directive on interoperability COM 99/617	<ul style="list-style-type: none"> - Adaptation of technical specifications for renovation, extension and new construction work in the area of infrastructure and rolling stock.
Working paper on bottlenecks in the rail network	<ul style="list-style-type: none"> - Elimination of bottlenecks in the "Trans-European Network (TEN-T).

The notion of “**authorised applicant**” introduced in draft Directive 98/480 is an important one. Thanks to this Directive, rail routes may be acquired not just by rail companies registered in the EU, but through other persons or legal entities². This point is based on the principle that a company developing business and assuming commercial risk for particular transport services must be able to obtain an unrestricted right of disposal over the slots on which its activities take place. The proposed amendments of the abovementioned Directive would unfortunately restrict this proposal to an option that would be open to Member States of introducing the notion of the "authorised applicant".

⇒ **As long as CT operators are not able (e.g. in the event of a flagrant lack of quality) to change their rail service-provider company, while keeping their slots, liberalisation will remain no more than a theory.**

This situation could be addressed by means other than the concept of "authorised applicant", if infrastructure managers were obliged to maintain a register indicating on whose behalf the rail companies reserve slots, e.g. for their own commercial development or for a particular partner/customer. The entitlement over these slots would then belong to the duly registered commercial instances. Passing on slots to another rail company would not in this case be regarded as slot trading – something that is prohibited. Moreover, the registered partner should be entitled to receive certain information directly from the infrastructure manager (such as, in the planning phase, indications regarding adaptations to the timetable that may possibly be desired or required, or, in the course of subsequent operations, details about irregularities, capacity restrictions at certain times of day or repair work).

So far, the creation of the legal conditions intended to bring about rail liberalisation has not had the expected effects. Generally speaking, it may be said that it is not only the former national rail companies that are trying – for obvious reasons – to slow down the process of liberalisation. Some Member States are also guilty of prevarication when it comes to implementing EU decisions relating to liberalisation in their national legislation. The initial Rail Directive back in 1991 envisaged the intensive liberalisation of combined transport, which in theory would open up the entire network of the European Union to every certified rail company. The fact that in practice no rail company ventures onto any neighbouring network is a clear sign that those one might expect to be in the know are not convinced that they would not be subject to discriminatory treatment.

For this reason, the key point is not to know what axes will be included within the TERFN network for priority liberalisation. It is more important to ensure that we do not end up once again with a purely legal and theoretical liberalisation devoid of any practical consequences.

⇒ **The rail package will only succeed if Member States commit to achieving concrete results in the area of liberalisation.**

It is important that in future, **progress in the area of liberalisation** should be evaluated using clear indicators. All Member States should undertake to introduce specific transitional measures until

² For example by public legal entities, crane operators, forwarders, or combined transport operators.

these indicators reveal a sufficient increase in guaranteed traffic on their national network by international or private rail companies.

These transitional measures until a minimum level of liberalisation has been achieved could take the following form:

The entry of rail companies onto the market is complicated by admission procedures, high investments in special equipment, which have to be written off over lengthy periods, and unpredictable market conditions. In parallel with the support given to former national rail companies that attempt to liberalise, special attention needs to be given to the assistance and support to be given to other private rail companies. So, national Transport Ministries could set-up **information centres** for newly created rail companies or for those making use of new rail routes. In this way, these Ministries would be directly confronted with the legal and institutional inadequacies in the access rules in application in their countries, and could take corrective action immediately. In addition, **financial aid for a limited period** would represent a sensible transitional measure, as it would help eliminate intermodal or intramodal competitive disadvantages and have the effect of reducing newcomers' financial risks.

4. Competition and intermodality

The comparatively high cost of using the rail infrastructure currently constitutes a major disadvantage for rail freight transport compared with other transport modes. Route utilisation charges can be as high as fifty percent of total transport costs. In future, this flagrant imbalance could be corrected by a harmonised system of **infrastructure cost allocation** for all transport modes.

A fair price structure requires greater consideration of **external costs**, as envisaged in the European Commission's White Paper. The basis of this is the valuation and taking into account of the resultant damage caused by each transport mode. Such costs include those caused by air pollution and noise pollution attributable to transport and by accidents. Concrete action is still awaited in this area.

⇒ **It is not admissible that those transport modes that are environmentally friendly and safe be ousted from the market, while principles that have been declared are not implemented. There should therefore be a transitional measure in the form of a state subsidy to help pay the infrastructure costs of such transport modes, until such time as the announced fair competition becomes reality.**

Another condition for the creation of equal opportunities for rail transport is the elimination of technical "barriers". Only the introduction of widespread technical and organisational **interoperability** will allow rail transport to make good its inherent advantages in international transport. For this reason, projects that help overcome the existing differences between different national rail systems are particularly deserving of support (differences of gauge and of power-supply and signalling systems).

- ⇒ **The international community's task is to support States and companies which abandon their individual systems in favour of international harmonisation.**

As the accessibility of rail routes depends on the least efficient link in the chain, the **elimination of bottlenecks** and the **extension of capacity** of the rail infrastructure must be central issues of political debate. The development of separate routes intended for passenger and freight transport, to the point where separate networks are created for rail freight transport, will lead to a substantial increase in accessibility and reliability and will boost average speeds. Ultimately, this will have the overall effect of improving the quality of services.

The European Commission could put more pressure on Member States to make them move in the direction of liberalisation, for instance by only granting subsidies for investments in infrastructure of recognised utility for international services. It is not enough for rail routes to simply belong in theory to a European network, such as the TENs.

- ⇒ **Subsidisation should be contingent on rail companies from different Member States being able to actually operate in practice on the infrastructure.**

5 *Measures to promote combined transport*

In **combined transport**, the rail companies's main customers are the **operators**³, who currently handle some 90% of such transport. Over the years, they have perfected the technical and organisational aspects of combined transport in collaboration with the rail companies, and have caused significant transport volumes to pass from road to rail. This has enabled the rail companies to handle dispatches in a much more economical fashion, with full trains. The UIRR member companies alone hold a market share of about 65%, routing loading units equivalent to about 5 million standard units (TEUs), or to the daily transshipment onto the railway network of 9,000 long-distance road transports.

In this connection, a series of targeted **promotional measures** have been put into application, to good effect. These have enabled transport policy to support the development of combined transport at the national and European levels, while broadly complying with the rule of cost neutrality. Support for CT is based mainly on Directives **92/106** and **96/53** and includes derogations for road vehicles used for the positioning legs before and after rail transport.

The following is a brief survey of the principal promotional measures:

³ In combined transport, the operators constitute the link between the forwarder and the rail companies. They organise transport and transshipment capacities for the road-rail transport chain between the forwarding and reception terminals, or in door-to-door transport. Comparable to wholesalers, they buy from the rail companies complete trains or the means of traction for their own wagons, and sell the various transport capacities/wagons to their own customers. They thus fulfil the basic conditions of combined transport, accumulating different individual road transport dispatches into transport volumes that can economically justify rail transport (see also **Appendix II**).

Exemption from road tax

In accordance with the European Directive, road vehicles primarily engaged in the first and last legs of combined transport operations must be completely or partially exempt from road tax. This solution prevents the over-burdening of transport with infrastructure taxes, since a rail infrastructure utilisation fee already has to be paid in connection with combined transport. Additionally, these vehicles generally only cover very short distances.

Exemption from traffic prohibitions

Transport by rail may also be carried out without restriction at weekends and on public holidays, whereas road vehicles are subject to traffic prohibitions during these periods. To make the most of this advantage of rail transport, road vehicles used in the relatively short positioning legs are exempt from traffic prohibitions at weekends and on public holidays.

Increase in maximum gross weights

This measure aims to compensate for an inherent disadvantage of combined transport. Because of the use of intermodal swapbodies, road vehicles involved in combined transport are generally heavier than fixed-structure trucks. The logistics companies whose job it is to route heavy goods will only opt for combined transport if they can have the same payload available as they do with pure road transport.

As regards to the demands made on transport to the hinterland of seaports, it is already possible today to transport **40-foot containers** with a vehicle gross weight of **44 tonnes** by road upstream and downstream of rail transport, even in countries where the maximum authorised weight is generally 40 tonnes. An extension of this weight compensation measure to all loading units used in unaccompanied combined transport (20-foot containers, swapbodies and cranable semi-trailers⁴) would be logical, and would contribute to the development of combined transport.

Extension of promotional measures

The European Commission has drawn up proposals to modify the above-mentioned Directives, under which it wishes to extend and unify certain promotional measures which have already proved highly useful in some States. These modifications would be warmly welcomed by the combined transport sector.

Unfortunately, a proposal to modify Directive 92/106, which would stipulate a maximum road transport segment of 20% of the total distance for combined transport operations to be eligible for support, is far too rigid. It would have the effect of excluding certain combined transport chains from the promotional measures. This is because the decision to opt for combined transport does not depend exclusively on the geographical proximity of a transshipment terminal, but also on the possibility of opting for the terminal via which rail transport services may best meet with the overall

⁴ Unaccompanied combined transport: the transport of containers, swapbodies and semi-trailers transhipped in a terminal between a road vehicle and a wagon. By way of comparison, in accompanied combined transport – known as the "rolling road or motorway" –, the entire vehicle is loaded onto the wagon and accompanied by the driver (see also **Appendix I**).

logistical requirements. The current rule, which requires use of the "closest suitable terminal" for transshipment onto the railways is clearly closer to reality, and should therefore be retained.

Turning to subsidies for operational improvements or investments, currently governed by Regulation 1107/70, care should be taken to ensure that these are not granted in their entirety to the rail companies, but, in the spirit of liberalisation, directly to users or operators. This would also enable a closer check to be kept on results. The subsidisation of investments in transport units such as swapbodies and cranable semi-trailers would also help haulage and logistics companies to acquire the appropriate equipment for intermodal transport.

The Switzerland-EU Transit Agreement

One of the most effective measures in support of international combined transport has proved to be the 28-tonne limit imposed on HGVs in Switzerland. The significant difference from the permissible gross vehicle weight in the neighbouring countries to the north and south has had the effect over the last few decades of encouraging the use of combined transport to route a large proportion of all freight crossing the Alps.

Environmental considerations led the Swiss to maintain this limit for a long time. Nonetheless, under pressure from the European Union, Switzerland has had to accept a gradual raising of the limit up to 40 tonnes. But unless this liberalisation of transalpine road transport is accompanied by a similar liberalisation of rail transport and an allocation of external costs to each transport mode, even with the current level of transit costs, there are fears of a serious decline in transalpine rail transport, which represents the largest flow of combined transport in Europe, with all the accompanying consequences for the environment. This example shows that:

⇒ **The goal of liberalising road transport and of managing it using uniform conditions throughout Europe is a good one. The liberalisation of rail should be regarded as equally important and environmental protection is vital. If these goals are pursued according to differing degrees of priority, undesirable consequences may be expected.**

6 Conclusions

The introduction of competition on rail in order to improve its productivity is a key issue for the development of combined transport, as also are fair and effective infrastructure charges, i.e charges that do not penalise rail compared with other transport modes. A new approach to transport policy based on the market economy must be organised around two main elements:

- 1. the introduction of genuine competition on the railways, on the legislative basis of Rail Directive 91/440,**
- 2. the creation of fair competition between the transport modes, as introduced by a European Commission Green Paper.**

Measures intended to channel transport flows should be regarded as ineffective and would indeed be superfluous if the transport policy sketched out above were applied in practice. Combined transport would then be able to turn its strengths to its advantage. In the mean time, i.e. during a limited transitional phase, administrative and financial assistance should be used to make up for the existing inequalities in competition; combined with instruments facilitating the creation of the right technical and logistical conditions, such assistance would help shift traffic from road to rail.

The crisis that rail transport is currently undergoing may not lead to the conclusion that rail transport, and especially combined transport, would be incapable in the future of making a substantial contribution to the sustainable development of transport. The crisis has been caused above all by the disintegration of the old rail structures, and the lack of resolve on the part of transport policy-makers to establish the framework conditions for a new market structure.

Appendix I About Combined transport

In the context of a Europe that is becoming gradually more integrated, the development and maintenance of competitive transport and its efficient use increasingly represent a central topic of public debate.

To ensure high-quality sustainable mobility and the simultaneous preservation of natural resources, it is vital that the different transport modes should be interwoven in an intelligent and effective manner. For freight, combined transport meets these requirements.

Combined transport (CT) integrates the advantages of rail and road into a uniform package: rail's capacity to route substantial freight quantities in a single operation over long distances, and the flexibility of the road vehicle for regional distribution. Goods travel in standardised containers, in swapbodies or in semi-trailers, which are efficiently transferred at transshipment points, also known as terminals, and which represent the interfaces between the transport modes. In order to relieve ecologically sensitive regions of the effects of the passage of heavy goods vehicles, there is also the option of the "Rolling Motorway", whereby entire road vehicles are loaded onto special trains.

Combined transport involves collaboration between different partners. The rail companies provide their operating system, i.e. the locomotives and personnel required to ensure the proper functioning of transport by rail. The rail slots required are reserved via their managers. The combined transport operators purchase the required traction from the rail companies. Wagons are supplied by the rail companies in the case of around half of all combined transport, and by the operators in the case of the other half. The rail companies, the operators or the local manager runs terminal activities.

On the basis of these elements, the combined transport operators put together their combined transport service offering. They market either terminal-to-terminal transport services for logistics companies, forwarding agents and freighters (such as the active members of the UIRR), or the complete transport chain for shippers and shipping companies (such as the UIRR's associate members).

Combined transport is recognised to be the market that offers the most dynamic growth prospects for Europe's rail companies. Increasingly, it is replacing transport by conventional rail, and is the only rail product that is sufficiently attractive to shift road traffic to rail.

From the viewpoint of transport and environmental policy, the development of combined transport represents the Member States' and the EU's most important strategy as regards goods transportation. The level of political support that this transport method enjoys at the European level and which has produced a series of concrete actions is commensurate with the importance of this strategy.

Appendix II The UIRR

Founded in 1970 and based in Brussels, the UIRR is an umbrella organisation of combined transport companies.

It currently represents combined transport operators from 18 European countries; these operators in turn represent the many thousands of haulage companies which hold shares in them. Most of the UIRR's member companies were founded by road hauliers and forwarding agents. As private companies, they obviously have to pursue the objective of making a profit, but they are also distinctive in reinvesting these profits in improving services and prices and in new, higher-performance equipment, enabling them to offer their customers the most economical combined transport product possible.

The following combined transport operators are members of the UIRR (as of January 2000)

Active members:

ADRIA KOMBI	Slovenia	KOMBIVERKEHR	Germany
BOHEMIAKOMBI	Czech Republic	NOVATRANS	France
CEMAT	Italy	ÖKOMBI	Austria
COMBIBERIA	Spain	POLKOMBI	Poland
CROKOMBI	Croatia	PORTIF	Portugal
CS EUROTRANS	Slovakia	SWE KOMBI	Sweden
CTL	Great Britain	TRAILSTAR	Netherlands
HUNGAROKOMBI	Hungary	TRW	Belgium
HUPAC	Switzerland		
KOMBI DAN	Denmark		

Associate member:

CNC	France
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