Key challenges for intermodal traffic movement across Europe

Alessandro Valenti
Director Sales & Operations Shuttle Net

ECTA - Düsseldorf, 22.11.12
Facts & Figures

Foundation 1967
Share capital CHF 20 million
Shareholders 100
Capital structure 72% transport and logistic companies
28% rail companies
Employees 410
Traffic 2011 100 trains per day
723,894 road consignments – 12.9 million net tons
Resources 5,874 rail platform
13 main-line and/or shunting locomotives
9 own managed terminals
IT systems for intermodal transport
Financial data 2011 Turnover CHF 493.1 million (EUR 399.7 million)
Profit for the year CHF 2.7 million (EUR 2.2 million)
Cash flow CHF 47.5 million (EUR 38.5 million)
Value Chain of Combined Transport

Hupac's business model: combined transport from terminal to terminal with own railcars and free choice of rail partners.

- Trucking
- IT management
- Trucking

Local distribution provided by customers

Traction: external railway companies
Rail infrastructure: national monopolies

Local distribution provided by customers
Industrial concepts of Hupac

Assets management

10 own managed Terminals
> Busto Arsizio
> HTA Hupac Terminal Antwerp

Rolling stock: 5’847 rail platforms
> 4’647 own wagons - ECM certificate
> 1’200 leased wagons

Locomotives: 13 shunting and main-line locomotives
Traffic Techniques

Unaccompanied combined transport: Hupac Shuttle Net

- Transportation of containers, semi-trailers and swap bodies by rail
- Connection between the main European economic areas
- Transportation from terminal to terminal or from port to inland terminal
- Competitive on transalpine routes of 300 km and over

Rolling Highway (RAlpin)

- Transportation of whole trucks by rail
- Drivers travel in a separate sleeping car
- Additional offering for crossing the Alps
100 trains per day
724,000 road consignments per year
Shift policy of Switzerland and EU

Quality  Productivity  Efficiency

Rail market opening  Modern railway infrastructure  Fair intermodal competition
Rail market opening
Support for open markets

- Privately-owned RUs
- State-owned RUs

2007
- ITL
- FNC
- ERS
- SNCF
- DLC
- PCC
- DB
- MAV
- Crossrail
- SBB
- Hector Rail
- TX
- WLB
- EWS
- Hector Rail
- ECR

2012
- DB
- SNCF
- ITL
- R4C
- Veolia
- FNC
- PCC
- EWS
- ECR
- Hector Rail
- SNCB Log.
- ERS
- WLB
- SBB
- TIC
- Crossrail
- SBBCI
- TX
- RCA
- ECR
- MAV
- RCA
- TX
Rail market opening: Hupac supports railway liberalisation

1999  Railway licence in Germany
2002  Participation in Dillen & Le Jeune Cargo
2003  First co-operation with private partners
2003  Railway safety certificate in Italy
2004  First border-crossing transports with SBB Cargo
2004  Tender for all Hupac transalpine trains
2005  Integrated traction with 7 different rail suppliers as main contractor for all trains
2007  Integrated traction Belgium-France (Spain) with SNCF
2008  Integrated traction Germany-Poland with PKP
2010  HTA Hupac Terminal Antwerp offers access to all rail companies
2010  Participation in Crossrail (25%)
2011  Participation in SBB Cargo International (25%)
Modern railway infrastructures
Modern railway infrastructure: Gotthard base tunnel 2017: Productivity and capacity gains

**Train weight: +25%**

**Locomotive needs: -30%**

---

High-gradient journey (today)
Flat railway (with ATG)

---

- Basel
- Juraquerung
- GBT (Gotthard Base Tunnel)
- CBT (Cointrin Base Tunnel)
- Airolo
- Göschenen
- Lianezza
- Lugano
- Chiasso
- Bözberg / Hauenstein
- Arth-Goldau

---

Train weights and locomotive needs compared before and after the implementation of the Gotthard base tunnel.
Modern railway infrastructure: NEAT 2017/2019

- Modern rail infrastructure strengthens export industry
- Intermodal logistics is an important location factor
- Combined transport ensures an eco-friendly mobility in the future
- Pre-requisites:
  - Investments in terminals
  - Interoperability, ERMTS
  - Extension of the NEAT access lines CH - I
# Freight Corridor 24: a great opportunity

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>NEAT 2017</th>
<th>GOAL 2020</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>m.</td>
<td>tons</td>
<td>profile</td>
<td>m.</td>
</tr>
<tr>
<td></td>
<td>750</td>
<td>2000</td>
<td>P400</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>1 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
</tr>
<tr>
<td></td>
<td>P400</td>
<td>P400</td>
<td>P400</td>
<td>P400</td>
</tr>
<tr>
<td></td>
<td>750</td>
<td>1600</td>
<td>P384</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>3 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
</tr>
<tr>
<td></td>
<td>P384</td>
<td>P380</td>
<td>P380</td>
<td>P380</td>
</tr>
<tr>
<td></td>
<td>1 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
<td>1 loc.</td>
</tr>
<tr>
<td></td>
<td>P380</td>
<td>P390</td>
<td>P390</td>
<td>P380</td>
</tr>
</tbody>
</table>

- ECTS?
- Cross acceptance?
- Safety certificates?
- Common criteria of maintenance?
- Workshop certification?
- New customs codex?
Flat Rail Route via Luino, Mountain Rail Route via Chiasso and Domo

Alpine transit 2019 – train weight of 1,800 tons

via Luino – Flat rail route

via Chiasso – Mountain rail route

via Domodossola – Mountain rail route
Transit via Switzerland: a modern infrastructure instead of subsidies

- Planned reduction of operating subsidies for intermodal transport

A modern infrastructure for intermodal transport means:

- 750-m-long sidings
- 4-m profile
- 2,000-tons trains with 1 loc.

Objective:
- 2020 NEAT - Luino - Novara/Busto
- 2030 NEAT - Chiasso - Milano/Gronda Est
## Terminals in Northern Italy

### 2011

<table>
<thead>
<tr>
<th></th>
<th>WEST</th>
<th>CENTRAL</th>
<th>EAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI</td>
<td>671’000</td>
<td>294’000</td>
<td>29’000</td>
</tr>
<tr>
<td>%</td>
<td>67%</td>
<td>30%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### 2020

<table>
<thead>
<tr>
<th></th>
<th>WEST</th>
<th>CENTRAL</th>
<th>EAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI</td>
<td>1’204’000</td>
<td>425’000</td>
<td>360’000</td>
</tr>
<tr>
<td>%</td>
<td>61%</td>
<td>21%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Cities mentioned:
- Domodossola
- Novara
- Mortara
- Gallarate
- Sacconago
- Certosa
- Rho
- Segrato
- Melzo
- Brescia
- Piacenza
Terminal strategy for Northern Italy

Memorandum of Understanding RFI/ Cemat/ Hupac signed on 11.5.2012, in Lugano

Common construction of intermodal terminals East of Milan:

> Milano Smistamento
> Piacenza
> Brescia
Fair intermodal competition
Rail cargo branch under stress – how long can this go on?

<table>
<thead>
<tr>
<th>2010 Railways</th>
<th>Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Big Incumbent RUs</strong></td>
<td>&gt; 1 Billion €</td>
</tr>
<tr>
<td>European RUs operating in niches</td>
<td>&lt; 10 Million €</td>
</tr>
<tr>
<td>Few private owned Operators</td>
<td>&lt; 5 Million €</td>
</tr>
<tr>
<td>State owned operators and some privates</td>
<td>&gt; 100 Million €</td>
</tr>
</tbody>
</table>
Fair intermodal competition: Market conditions

Increasing energy cost

Explosion of wagon maintenance cost

Strong CHF

Increasing infrastructure cost
Examples of External costs’ factors on the Rail system

- The Price politics of the European Infrastructures depend from the politics
- There is no link between cost management of the infrastructure / politics / market
- External costs’ factors are out of the possibility of management of the rail operators

Example of the Variation 2013 vs. 2012

Source: Info from RUs
Politics of the Governments in European intermodal transport

The Swiss ministry has introduced a new RID surcharge on Swiss rail infrastructure: surcharge x axle x 300 km.

Surcharge on the whole railcar

Forcing RID transport back to road?
## Modes of Transport: Rail vs. Road

<table>
<thead>
<tr>
<th>Road</th>
<th>Rail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privately-owned companies</td>
<td>Governance</td>
</tr>
<tr>
<td>Europe-wide harmonised transport system (drivers’ licence)</td>
<td>Interoperability</td>
</tr>
<tr>
<td>100% free access</td>
<td>Infrastructure Free access</td>
</tr>
<tr>
<td>Clearly focused on freight traffic</td>
<td>Strategy</td>
</tr>
</tbody>
</table>

**Future??**

**EU’s goal (white paper 2011):**
- 30% 2030
- 50% 2050 by rail
Entry Barriers for RUs: the Benchmark is the Road System

<table>
<thead>
<tr>
<th>Investments in rail freight traffic</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of locomotives</td>
<td>300.000 €</td>
</tr>
<tr>
<td>Acquisition of multi-system locomotives</td>
<td>300.000 €</td>
</tr>
<tr>
<td>Delivery terms</td>
<td>6 months</td>
</tr>
<tr>
<td>Countries covered by request for homologation</td>
<td>27 countries</td>
</tr>
<tr>
<td>Costs for the 1st homologation</td>
<td>60,000 €</td>
</tr>
<tr>
<td>Time frame for the 1st homologation</td>
<td>&lt; 6 months</td>
</tr>
<tr>
<td>Time frame for the 2nd homologation (cross acceptance)</td>
<td>0</td>
</tr>
<tr>
<td>Costs for on-board signalling system</td>
<td>0</td>
</tr>
</tbody>
</table>
Pre-requisites for the future of combined transport

- Efficient terminals
- Acceleration of the railway liberalization at European level
- Sufficient route capacities
- Harmonization of rules, reduction of obstacles
- Promoting programmes applied over the long-term
- Firm framework agreements for the protection of investments in CT
- Establishment of infrastructures in time
Thank you for your attention.