

UIRR Report

1999



IMPRESSUM

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FOREWORD



WERNER KÜLPER

Chairman of the board of UIRR, with Mrs. Loyola de Palacio, Vice-President of the European Commission and Commissioner for Transport and Energy

The European railways are starting the year 2000 in an upbeat mood, adorning their calendar with a quotation from the renowned French railwayman Louis Armand, President of the UIC in the fifties, who made the prediction: "The railways will be the means of transport of the 21st century - provided they survive the 20th."

Unfortunately, however, it is too early to rejoice just yet. The railways, and with them combined road-rail transport, have survived the final year of the 20th century more by accident than design. Quality has fallen to an all-time low, and the railways are further fighting for survival. A future rail transport market is already taking shape in the form of political statements of intent but, in practice, the process of implementation is advancing at a slow pace. To make things even worse, decisions are being made in other areas - such as eastward enlargement of the EU, transit negotiations between the EU and Switzerland, and liberalisation of road transport - which are having an effect on the transport market. Each delay is therefore a step backwards.

There are still quite a few measures that need to be taken with respect to the political framework conditions if the railways really are to be made into the means of transport of the 21st century. In February 2000, the UIRR member companies published a policy statement containing concrete proposals as to how assistance can be given to the development of rail and combined transport.

The most important points of this statement are:

- Full independence of infrastructure and operation
- Obligation of the States to successfully implement concrete liberalisation measures
- Monitoring of restrictive practices in order to prevent exploitation of monopoly situations
- Infrastructure costs for rail transport that are comparable with those of the road transport sector
- Equal speed of liberalisation for road and rail transport
- Right of disposition to track for combined transport operators
- Pan-European interoperability
- Expansion of promotional measures for combined transport

As these measures will only have an effect in the medium and long term, immediate improvement of the quality of service in combined transport is required. For the most important routes, quality groups have been formed in co-operation with the railways, and these investigate any irregularities and propose improvement measures. Meanwhile,

the UIRR regularly draws up a harmonised statistical quality report, which analysed more than 17,000 trains in 1999 and provides the management of operators and railways with European benchmarking.

The main reason for lack of punctuality of international trains was a shortage of locomotives and drivers. This is clearly due to management errors and the UIRR has little tolerance for a situation in which there is a lack of resources for transport booked well in advance. If operators and their customers are still obliged, as a rule, to pay full price for poor service, and they receive no compensation for the financial loss suffered, then this shows just how far we still are from achieving a properly functioning market.

The operators themselves are making every possible effort to further concentrate traffic, to take on responsibility for full utilisation of capacity, and to make additional capacity available by means of investment in carriages and in loading and unloading equipment. They are combining their strength in alliances and mutual shareholdings. Use is being made of synergies from joint developments in EDP. On the 30th anniversary of its founding, due to be celebrated in Brussels in the autumn of 2000, the UIRR will not be announcing that it is satisfied with what has been achieved. The sole aim of our member companies is the transfer of transport from road to rail. And in this respect we want to return as quickly as possible to double-figure rates of growth.

Werner Külper

“A NEW START” IN COMBINED TRANSPORT

When the UIRR was founded in Munich - its 30th anniversary will be in October 2000 - the members at that time set themselves the following objectives: “The coordination and promotion of combined transport and representation of their joint interests in respect of the authorities and the organisations concerned.”

Above all else, it is remarkable that these aims are still valid, because they were included – apart from a few minor amendments - in the updated versions of UIRR’s statuts of 1991 and 1997/98. While, on the other hand, it is clear that aims such as these inspire the corporate designs of all entities in the commercial arena, the dimensions of the work of our organisation extend far beyond them. Through the impact of the activities of its members, the UIRR on the one hand serves the interests of the modes of transport that these associate, and on the other hand - and above all - works to the benefit of the community at large through promotion of forms of transport which provide mobility of a justifiable kind and protect the environment.

As far as the road transport sector - which currently accounts for 75% of freight movement in Europe - is concerned, combined transport provides it with an additional way of improving the organisation of freight transportation. And as far as rail transport is concerned, it has become clear that combined transport, after the dramatic relative loss of market share of recent decades, represents a means - indeed the safest - of winning back market share in the freight transport sector.

These advantages are acknowledged by the associations concerned, that is to say by the IRU and the UIC/CER, just as by the competent persons from representative companies in these sectors, who draw attention to the importance of combined transport in their operating strategies and to the outstanding role played by the operators in the development of this transport technology.

This development has not come about of its own accord, having required the sustained commitment and the coherent efforts of all the parties involved, as the quality and reliability of the chain is only that of its weakest link, this link being the basis upon which customers make their decisions.



RUDY COLLE

Director General of UIRR, Brussels

If combined transport has failed to grow over the past 18 months, following a long period during which the average rate of growth in international traffic has been between 10 and 15%, then this is precisely because one of the “links” has failed to fulfil its obligations. As confirmed by several of the articles in this Annual Report, this is due to the railways, the quality of which in various places in Europe has sunk below the minimum acceptable level, which has at the same time not prevented the railway companies from raising the prices of their services to levels beyond what is bearable.

It is pleasing to note that the first signs of an improvement are visible. “Quality working groups” made up of UIRR operators and railway companies have got to work on various corridors, and also in the extended framework of their joint association INTERUNIT. On the other hand, there is a PACT project, led by the UIRR and receiving financial assistance from the EU Commission, which is designed to achieve the same objectives of supervision and improvement of railway services.

There are further developments worthy of note. The new relations between DB Cargo and Kombiverkehr in the framework of the expansion of a CT network within Germany - “Kombi-Netz 2000+” - demonstrate that, when the quality and price are right, redevelopment of potential follows close behind. The fact that in this case the operator has to bear the commercial risk of this selected network alone is part and parcel of the dynamics of private enterprise, which is the best guarantee of motivation, innovation and progress.

The ineluctable rail liberalisation is also taking on shape, even if this, also, is happening too slowly. Even if the entire rail infrastructure in the Community is in theory already freely accessible to all CT trains, in reality much remains to be done: improvement of essential inter-operability between the national networks and overcoming of opposition and obstructions.



Against this liberalisation, which the railway companies thoughtlessly describe as being too adventurous in respect of safety, and disastrous in terms of optimal utilisation of capacity, with the advantages of horizontal cooperation. From a legal point of view the two concepts are not irreconcilable, and it is therefore not right to contrast one with the other. Rather, the need for their coexistence should be examined and a context created, just like in every other industry sector, in which the customer at any rate has the opportunity of freely selecting his partner for rail transport, irrespective of whether the latter is operating independently at international level or on the basis of authorised cooperation agreements with his neighbours. Efficiency and cost transparency cannot fail to be improved by this. The fact that advances in the area of liberalisation are being undertaken on a step-by-step basis is justifiable on the condition that care is taken not to give up after the first phase, which is known by the name TERFN* and the details of which are currently being worked out.

Since their formation, the UIRR companies have also been familiar with this dual environment, of competition with other private operators or subsidiaries of the railway companies on the one hand and their close cooperation on the routes concerned on the other. This international co-operation between UIRR members, which is typical of our professional association, will be continued because it has proved itself to be successful. Indeed, with the focused admission of additional members whose activities are fully in harmony with the aims set by us, it will be further expanded this year.

This should also have the effect of reversing the most recent trends and of allowing us to forget the deficit of 25% in respect of our forecasts that we have suffered over the past two years.

* TERFN: *Trans-European rail freight network, i.e. a partial network of inner European railway axes, which are totally liberalised for all international freight trains.*



“A NEW START” FOR THE UNITED KINGDOM

The development of intermodal activities between the UK and the Continent through the Channel Tunnel has been stagnating during 1999, a year which has also seen profound modification in the post-privatisation of British Rail.

There are mixed feelings regarding the success of the Channel Tunnel intermodal services so far. Operational results are in contrast with financial results and the post-privatisation process of British Rail has added to the complexity of the situation.

A few years ago, in June 1994, Railfreight Distribution and the SNCF initiated the development of traffic through the Tunnel with through freight services. Several aggregators commercialised services, attracting new business through Europe; today CTL still has the lead with no less than 52 trains per week. Despite initial teething troubles, the Channel Tunnel has been viewed as an operational success in an initial phase. Movements through the Tunnel itself have worked well. However, ensuring that trains and their freight travel reliably across mainland European and British Rail networks and terminals has proved far more difficult. Problems as diverse as congestion at terminals, lack of operational co-ordination between the various railways involved and industrial disputes in France and Italy remain largely unresolved and have contributed to the present stagnation of intermodal volume through the Tunnel at a time where both shuttle and ferry services have increased significantly.

Although CTL's traffic has grown over the last three years to destinations such as Italy, France and Spain, it is fair to say that the transformation from road to rail could have been all the more spectacular if the railways had been able to guarantee the same quality of service as road transportation. Another considerable aspect in transferring traffic from road to rail is the purchase price level generated by the Railways, which has a major importance in penetrating new market segments such as groupage or reefer transportation. Rail currently holds a 6% share in the UK freight market but it is believed that, in the long term, rail transportation could increase its share to as much as 20% of the market. EWS, the owner of most of the privatised rail freight divisions of British Rail is confident that with the right investment and determination to respond to manufacturers'



FRANÇOIS LECLERCQ

Director General CTL, London

and shippers' needs, rail could represent a significant share in the UK freight transport market in the medium term.

Since privatisation the rail industry has undergone dramatic changes. A long-standing publicly financed industry was fragmented into many smaller companies which necessarily resulted in a set of complicated contracts between parties who were previously part of the same company. It is believed that these relationships have now developed from this original concept into one which is closer to that of a partnership, based on contractual agreements but within which the rail industry can move forward together to improve performance, accessibility and further develop an investment programme to meet the aspirations of its freight and passenger customers and users.

This partnership has now been enhanced with the introduction in 1999 of a new body, the Shadow Strategic Rail Authority (SSRA) which represents the wider interest of society and public benefit and which will address the strategic issues which relate to the provision of an integrated transport strategy on a medium to long term basis. Clearly there are serious issues involved in evaluating the material environmental and social benefits that will come from a major shift of freight traffic from road to rail and more work is needed to understand the real value of such a shift. Railtrack, the freight operators and the SSRA will need to ensure that incentives are there to enable that shift to take place by the provision of efficient and reliable services at competitive prices - Railtrack has already commenced an open dialogue with the

SSRA to develop a relationship ensuring that, as an industry, the vision of a modern railway can be fully implemented.

Another concern of the rail freight industry over the years has been the shortage of terminal sites as well as land for the rail network enhancement in the UK. This will take some years to work through the system but at least the process has started - to encourage local authorities to consider and plan for the needs of rail freight, and to understand that, just as a new commercial development will require a road access, it should be planned to have the potential for a rail access wherever possible.

The structure of Railtrack's operation as a regulated monopoly supplier of infrastructure has therefore become the centre of attention. Both the SSRA and the Rail Regulator, as well as Railtrack's customers have a view on what should be done to enhance the network to cope with the expected growth of freight traffic and passengers.

For freight, in addition to larger trains, there is a demand from customers for the railways to operate 24 hours a day, seven days a week. Many freight customers remain dissatisfied that many of these trains remain at a standstill during the weekend when most of the traffic has to go by road because of rail track maintenance.

The most spectacular growth in rail freight is expected to come from faster, lighter freight trains, mainly intermodal trains. These trains will adopt similar speed profiles to many passenger trains, and the customers demand equal treatment for train paths to passenger trains.

To achieve the improvements in quality of service, speed and reliability as well as the forecast growth in both passenger and freight traffic, the SSRA, the Rail Regulator and Railtrack will have to have reached agreement about how the enhancement of capacity and capability to the network will be undertaken and financed, and how it will be implemented in a timely and cost-effective way.

With the new structure beginning to take shape and with industry players having the incentive and objective to grow the business, service quality and prices should improve further allowing the expected growth to be achieved.

“A NEW START” IN SCANDINAVIA

With the development of the fixed crossings - the Great Belt in 1997 and the Öresund Link (Malmö-Copenhagen) in 2000 - the Scandinavian countries will move closer together and their distance from the European Continent will be reduced, thus cutting journey time both for passengers and for goods. The result of this will be expansion of trade volume and hence increased demand for transport capacity - and this will be one of the key concerns in the years to come.

The sharpening of competition in the freight transport market has led to a loss of market share by the rail companies, and they continue to lose market share. Formerly uneconomic freight transport to and from virtually every single rail station in Europe is shrinking and is being replaced by what is to be considered a more efficient structure with competitive block train links between the most important European growth centres.

In order for the competitiveness of the railway companies in terms of both price and quality to be improved, they must cooperate with each other more efficiently. Improved coordination of freight transport is required, in particular in the border regions. The opening of the Great Belt and Öresund fixed crossings creates opportunities such as these for the Scandinavian and other European railways. The introduction of an “Inter-Nordic Combined Transport Network” will result in the creation of direct block train links connecting Scandinavia with the European transport centres.

On 28 August 2000, DSB Gods and Rail Combi/SJ will already be taking the first step in the creation of the “Inter-Nordic Combined Transport Network” and, immediately after the opening of the Öresund Link, will launch a new “Nordic Rail Shuttle”, which will run five to six times per week connecting Stockholm Årsta with Copenhagen and Taulov (Jutland), with a direct connection to south-bound trains.

The Baltic shipping companies and ports have recognised the increased competition resulting from the fixed links and are therefore investing millions in harbour and terminal equipment and in new ferry tonnage in the expectation of retaining or even expanding their market position.



HANS RAUN

Director of Kombi Dan, Padborg

The fixed crossings may turn out to be advantageous for Scandinavian trade and industry, but the links in themselves are insufficient. If the Dan Link/Nordic Link corridors are to keep up with the Baltic Corridor, then expansion of the railway infrastructure is required as soon as possible, i.e. a rail network and terminals both east and west of the Great Belt. More than EUR 6.7 billion have been invested in the Öresund Crossing and the Great Belt, but the infrastructure through Denmark and Schleswig-Holstein is not adequate for the freight volumes from and to Scandinavia which are expected to use the links.

Without this investment, the corridor through Denmark may create a bottleneck, instead of becoming the transport link of the century as planned. Clearly, one should be allowed to ask the question why the Danes should have to make it attractive to the Norwegians and



Swedes to use Denmark as a transit corridor.

The competitiveness of the major transit corridors will be gauged and Scandinavian trade and industry should be able to choose freely. Thus block trains from and to Norway and Sweden must always use the most attractive corridor, whether it be the Baltic, the Dan Link or the Nordic Link. The consolidation of transport through a hub in Denmark will be advantageous if the traffic volume is concentrated.

At the end of the eighties, discussions took place as to whether combined transport in Scandinavia could form an alternative to road transport. In the meantime, we must recognise that combined transport, as far as the rail-borne part is concerned, can, due to the restricted capacity, only be a complementary element – albeit a not inconsiderable one. Nevertheless, we must take immediate action to ensure that an effective and coherent railway network is constructed in Scandinavia as part of the trans-European rail freight network.

Continuing liberalisation, not least due to EU Directive 91/440 on the separation of operations from infrastructure, initially led to great frustration and turbulence in the market. Thus, for example, timetable data are no longer freely available. The national railway companies are not open about their timetable data and the quality of transport has deteriorated to such an extent that it has led to loss of market share for combined transport. According to a Danish proverb, “it has to get really bad before it can become good again”, and we really believe that just now.

There is no doubt that European freight transport will increase substantially in volume over the years to come. Over a period of 15 years, transport volume will double given an annual rate of growth of 4-5%. One can only make suppositions as to what percentage of this will be accounted for by rail. The problem of getting more freight off the road and onto rail is not the core problem; rather, the problems are scattered among the various agents active in the market. Without doubt, however, it will be the politicians who draft the agenda in terms of the importance granted to the railways in the Scandinavian transport sector.

“A NEW START” - INNOVATIVE PROJECTS

Besides playing the role of industry association and representing the interests of the CT operators to the public sector, increasing the efficiency of co-operation between the CT operators at European level is also an important job of the UIRR. In recent years, co-operation in the framework of projects assisted by the EU Commission has taken on increasing importance.

In many cases, the UIRR office in Brussels takes on the management of such projects. The financial assistance encourages innovations by limiting the start-up risk. As assistance is only given to international projects, the EU Commission provides effective support for the efforts of the UIRR to achieve European harmonisation. This is especially important in intermodal transport, in order to remove the incompatibilities arising from the cooperation of many different companies in the transport chain.

UIRR member companies have participated in the PACT Programme (Pilot Actions for Combined Transport) ever since it was introduced. This comprises three project areas:

- Feasibility studies
- Operational projects for the development of new markets
- Operational projects in the area of information technology and telecommunications

An example of a feasibility study is the “Pan-European Survey”, which examined the business environment for combined transport in the European states. Since it was carried out, the data have been updated and included in a study entitled “Report on the Current State of Combined Transport in Europe” by the European Conference of Ministers of Transport (ECMT). Also the result of a PACT project is an introductory description entitled “Focus on Combined Transport”, which has since been translated into eight languages. A study concluded in 1999 entitled “Support of International Combined Transport of Dangerous Goods” has been widely acknowledged by experts and has been supplemented by a leaflet, “Combined Transport with Dangerous Goods”, of which a large quantity has been printed and which now provides customers with introductory information in nine languages. A study



MARTIN BURKHARDT

Deputy Director General UIRR, Brussels

designed to develop a CT quality strategy is currently in progress. The basis for this is provided by the drawing up of a set of harmonised European quality statistics including about 17,000 trains annually.

One of the first PACT projects, started in 1992, was a pioneering move in the development of new CT markets. This was the creation of a multimodal corridor between central Europe and Greece via Italy, which, in the light of the ensuing crisis in Yugoslavia, formed an important inner-EU link. Other equally successful projects include the expansion in 1993 of the loading and unloading capacity at the French-Spanish border in Port Bou and the project currently underway to create a multimodal link between Austria, Germany and Sweden with includes ports and ferry links. The development of a block train link from central Europe through Austria and Hungary



to Romania could succeed within three years in transferring more than 10% of freight on this difficult route from road to rail. It has demonstrated the possibilities – as well as the limitations – of conquering new CT markets. This is because with the current crisis in rail transport due to multiple price rises by the railways and increasingly frequent late arrivals, the operators have unfortunately been forced to abandon this scheduled freight train for the time being.

The modernisation of information technology has been the focal point of many projects. The harmonisation of codes and protocols and the provision of development aid for smaller and eastern European operators has improved telecommunications and has made it possible to carry out pilot tests in consignment tracking by satellite.

While the PACT Programme promotes the application of existing techniques and their implementation in a more practice-oriented manner, the fourth and fifth framework programmes of the EU Commission make available wider-ranging resources for research and development in greater depth. In the “CESAR” project - Co-operative European System for Advanced Information Redistribution - European standards for customer interfaces in combined transport are being developed. The internet as a medium of communication with the CT operators makes it possible for customers to make direct online bookings and to make status queries regarding their consignments. The first stage of the project was concluded at the beginning of 2000 with a pilot application on the Gotthard route and the system will be available before the end of the first half-year at <http://www.cesar-online.com> for use by customers of the participating companies, Cemat, Hupac and Kombiverkehr. In a follow-up project, carried out in collaboration with Novatrans, Swe-Kombi and Hungarokombi, the three partners are developing further the functionalities of the system, which is also available to other operators.

The latest information on project results and many other topics can be found at <http://www.uirr.com>.

“A NEW START” IN HUNGARY

Over the past two years, the Hungarian economy has got into higher gear. Economic growth is expected to rise to 3-4 % annually, thus setting Hungary on a direct route into the European Union.

The multinational companies, which have for years been establishing branches abroad, have created an international division of labour previously unknown. Needless to say, this places increased demands on the freight transport sector. Our chief desire is that the volume of freight shipped by combined transport increases, because this unites the advantages of rail and road transport and reduces the burden on the environment and on roads and border crossings.

If high quality CT services are to be provided, smoothly running railways are necessary. In Hungary, there are currently two railway companies of national importance: state-owned MÁV, and GYSEV, which is jointly-owned by Hungary and Austria.

In a similar fashion to the other eastern European railway companies, the volume of freight transported by MÁV has fallen by 60% since the fall of the Berlin Wall in 1989. The Hungarian government has recognised that, in the absence of far-reaching reform, the railways may lose their former transit role and may also be replaced by other forms of transport in the international and domestic markets following EU liberalisation. The objective is the complete separation of infrastructure and operation, stabilisation of the financial situation, and greater attention to market requirements accompanied by adaptation to ensure compliance with EU standards.

In Hungary, development of CT has speeded up as a result of the accession treaty concluded with the EC in 1990 and by the signing in 1991 of the AGTC Agreement* in Prague. The fact that Hungary forms the interface between important road and rail corridors further reinforces this role. The aims of the Hungarian concept for CT are as follows:

- Realisation of the Hungarian sub-network in European CT at the corresponding level;
- Guaranteeing of an environmentally-friendly alternative method of goods transport;
- Transfer of all road transport to rail and water, which is beneficial to environmental conservation and transport safety;



ISTVAN TOMCSANYI

Director General of Hungarokombi, Budapest

RoMo transport began in 1992 with the introduction on a joint basis by Hungarokombi and Ökombi of the Budapest-Wels route. This pioneering route, which was at that time exclusively available for transit traffic, is still offered today by Hungarokombi. Its significance has changed considerably, however. Nowadays, it mainly serves export and import traffic between Hungary and the rest of Europe. The next important development for RoMo was the opening of the route between Sopron and Wels at the end of 1994. The intention of this link was to allow the Hungarian freight forwarders to become accustomed to using the railways. The rapid start-up of the critical Austrian routes and the experience gained provided the spur necessary to bring about research of new markets. With the support of the Austrian government and by means of our own confident efforts, we have succeeded together with Adria Kombi in organising a RoMo link with Slovenia.



In 1999-2000, we are developing a new EDP system linking headquarters with the terminals and agents, which is designed to provide improved management of operations and comprehensive service to our partners. An important element of this is our own website at www.hungarokombi.hu which constantly provides all interested parties with information on the number of vacant spaces available for reservation in the individual RoMo trains. By participating in UIRR's CESAR-II project, we wish to offer our customers the facility of being able to use the internet to obtain status reports regarding any consignment, to reserve spaces, and to receive confirmation of reserved spaces.

By far the greater percentage of unaccompanied transport is sea freight, large containers transported to Hamburg, Bremerhaven, Rotterdam, Trieste and Koper.

One of our important tasks is to build up CT links with eastern Europe. Thanks to the experience we have gathered so far, we see in our favourable geographic position an opportunity to build up traffic to Romania, Bulgaria, Greece, Turkey, the Ukraine and Russia. Normalisation of the situation in Yugoslavia is also resulting in a massive demand for transport.

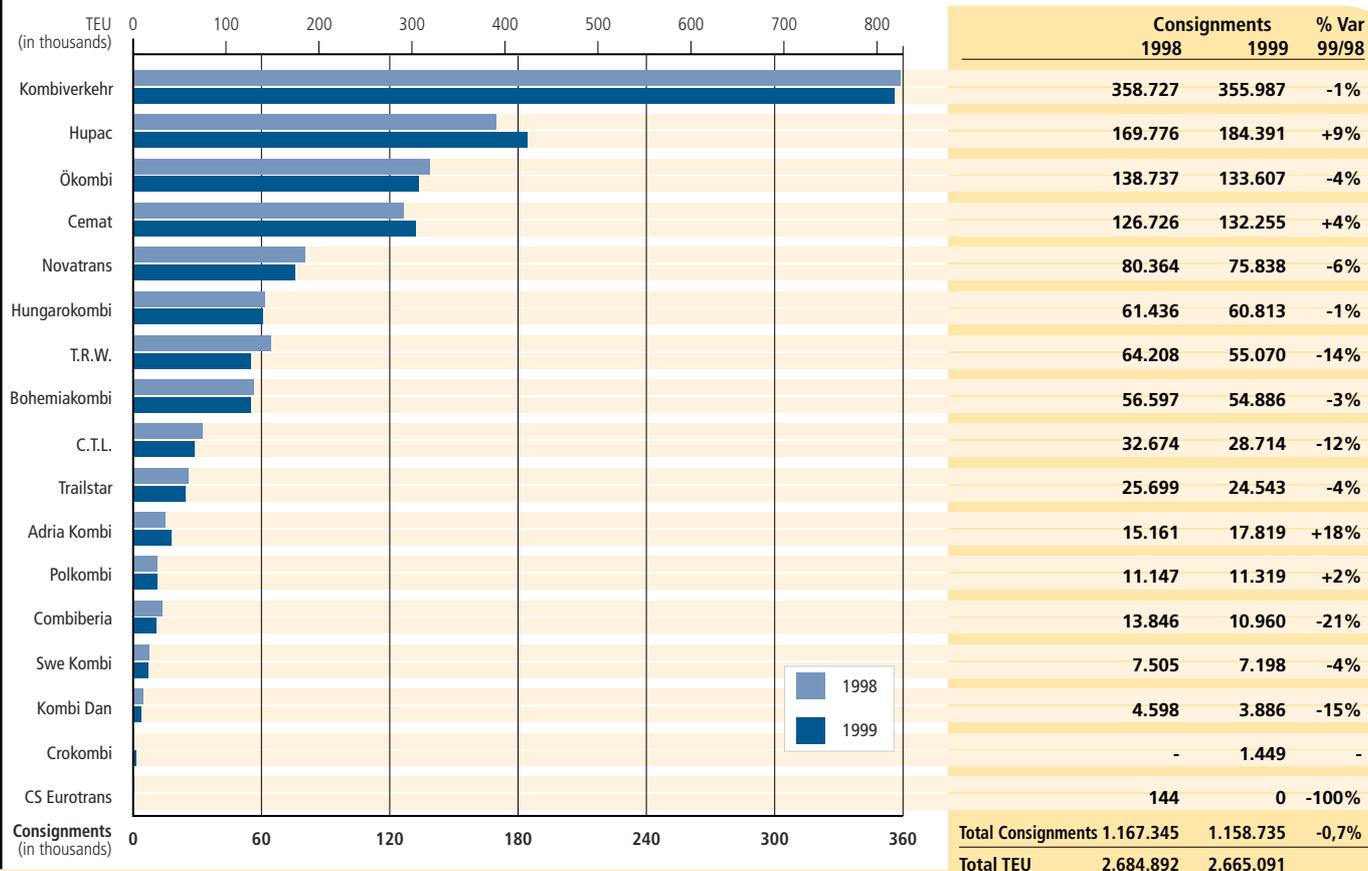
In order to provide our customers with the very highest quality of service, we have developed a quality assurance system that has been approved in accordance with ISO 9000 by the Austrian technical standards institute, TÜV Österreich. It will, however, undergo further development, with the goal of obtaining the customer-oriented 2000 version of the ISO 9000 certificate.

The purpose of all these efforts is to consolidate our market position in the face of ever-tougher competition and unfavourable trends in the rail market, though it is also our aim to keep pace with the UIRR members in order to ensure that they constantly have a close and reliable partner in Hungary.

** European Agreement on Important International Combined Transport Lines and Related Installations*

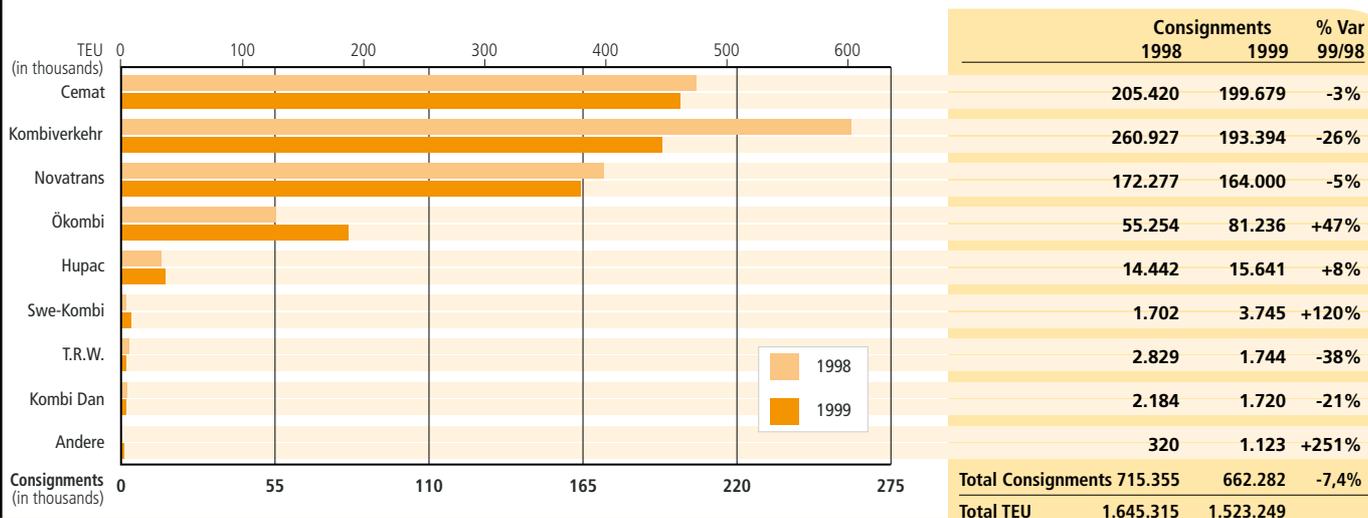
TRENDS

INTERNATIONAL TRAFFIC



Following limited growth in the previous year, the ongoing crisis in 1999 in the rail transport sector led to stagnation. Problems are being caused by frequent late arrivals combined with price rises on the railways. While the operators developed a whole series of new markets, some existing individual block trains even had to be cancelled. Worst affected were trains on long international routes which, in theory, are most suitable for CT, but which, due to the service provided by various national railways, accumulate costs and delays. The only route on which traffic has increased is the Gotthard route, which is governed by transport policy still heavily influenced by Switzerland.

NATIONAL TRAFFIC

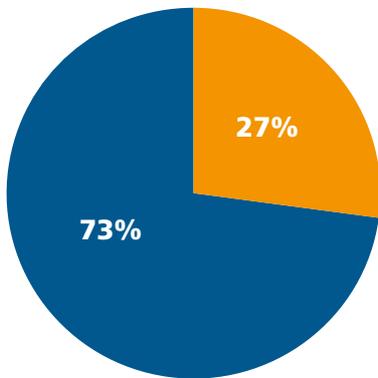


The three European countries with a large volume of national traffic were forced to accept a decline. While this was relatively small in France and Italy, in Germany a quarter of traffic shifted back to the roads. In that country, Kombiverkehr pursues improvements in quality and productivity by means of a new production system which, at the beginning of 2000, is showing first signs of success on a core network.

A large percentage of the traffic in Switzerland and Austria involved international transport chains in which only the main part of the route is completed "nationally" by rail.

TRENDS

TOTAL TRAFFIC



INTERNATIONAL (INT.) AND NATIONAL (NAT.) TRAFFIC IN MIO. TKM

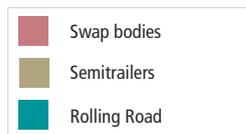
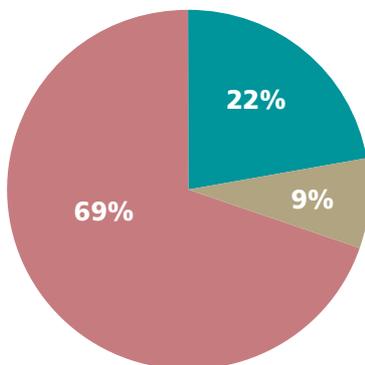
Year	Int.	Nat.	Total
1990	11.708	6.969	18.677
1991	11.902	7.170	19.072
1992	13.206	7.043	20.249
1993	14.490	6.844	21.334
1994	17.077	7.606	24.683
1995	17.720	7.250	24.970
1996	19.584	7.583	27.167
1997	21.527	8.334	29.861
1998	21.926	8.308	30.234
1999	20.742	7.846	28.588

The growing Single European Market and the increasing globalisation of industry are resulting in a steady increase in the percentage of international traffic which, at 21 billion tonne-kilometres, now accounts for about three-quarters of total transport services.

Average distances are about 700 km for international traffic and about 600 km for national traffic. The latter is influenced by the respective structure/geography of the individual countries and varies considerably from one country to another, being about 530 km for Germany, around 650 km for France and about 800 km for Italy.

The operators in the UIRR transfer around 8,800 long-distance truck journeys daily onto the rail.

TECHNIQUES

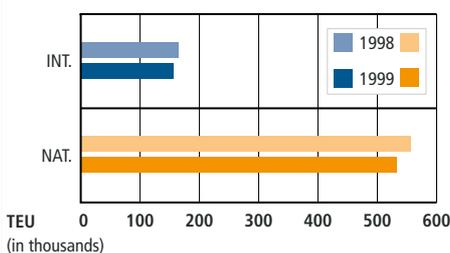


PROPORTION OF PIGGYBACK SYSTEMS OF TOTAL TRAFFIC IN THOUSAND CONSIGNMENTS

Year	Swap bodies	Semi trailers	Rolling Road	Total
1990	727	242	214	1.183
1991	765	235	226	1.226
1992	835	229	225	1.289
1993	884	202	211	1.297
1994	1.057	219	253	1.529
1995	1.079	224	312	1.615
1996	1.160	207	344	1.711
1997	1.333	185	346	1.864
1998	1.335	166	382	1.883
1999	1.260	155	406	1.821

At 69%, unaccompanied transport with swap bodies and containers accounts for the largest share of freight units transported by the UIRR's full members. If one adds to that the CNC traffic, which is structured differently, then it accounts for three-quarters of combined transport. The percentage of semi-trailers transported is as yet only in single figures. The rolling motorway trains, on which entire trucks are transported, with the driver accompanying the consignment in a couchette wagon, are becoming increasingly significant. With twelve departures daily per route, some of these "ferry-type transports on rail" are making an important contribution to relieving the strain on the roads.

ASSOCIATED MEMBERS



NATIONAL (NAT.) AND INTERNATIONAL (INT.) TRAFFIC IN TEU

Year	Int.	Nat.	Total
1998	165.495	556.200	721.695
1999	156.794	532.334	689.128
	-5,3%	-4,3%	-4,5%

Traffic of CNC - which, as a rail subsidiary, is an associated member of the UIRR - is shown separately, as its structure is different. While the full UIRR members organise terminal-to-terminal rail traffic for logistics companies and freight forwarders, CNC provides the complete chain of transport including the initial and final road leg with containers. A further part is maritime hinterland traffic.

COMPANY REPORTS

Adria Kombi, Ljubljana. Following a relatively weak 1998, this member returned to growth, in particular on the Ljubljana-Salzburg RoMo. In partnership with the Slovenian railways, Adria Kombi launched its KO-MAR shuttle train, linking the port of Koper with the inland terminals at Ljubljana, Celje and MARibor. This service includes daily door-to-door connections and it was therefore possible to transfer a large volume of road freight to rail. Projects for 2000 are further expansion of the "Gateway Ljubljana" concept, linking of the port of Koper to a block train system currently being set up, and the introduction of a new RoMo link, Maribor-Wels.

Bohemiakombi, Prague. The Lovosice-Dresden RoMo, which came into service in 1994, and the main purpose of which is to relieve the pressure on heavy goods traffic between northern Bohemia and Saxony, succeeded in maintaining the high volume of transport of the previous year and also

improved train capacity utilisation. With ten round trips daily, this transport link continues to be operated on behalf of the Free State of Saxony and in cooperation with the Czech Ministry of Transport. In the autumn, the 450,000th heavy goods vehicle was transported. The volume of unaccompanied traffic was down slightly. An international logistics train between the Czech Republic and Poland was stabilised.

Cemat, Milan, ended 1999 with mixed results. The volume of national traffic was again down, albeit by a small amount, whereas international traffic increased. These are the effects of a transitional period during which the rail companies made certain decisions and quality left much to be desired. Nevertheless, the outlook is positive, as the railways understand that CT has a strategic role to play. In preparation for future growth, Cemat invested heavily in rolling stock. In cooperation with its Swiss partner, Hupac, a weekly train will operate from the beginning of 2000 between

Singen and the Italian port of Genoa. Together with partner T.C.E.T. (Transport Combiné Europe-Tunisie), subsidiary Combimare will be responsible for onward transport to Tunis.

Combiberia, Madrid. As in the previous year, the 1999 results were negatively affected by social conflicts of the railways and also by some natural catastrophes such as the floods in southern France. Although the first few months were disastrous, the situation improved from the second quarter onwards, and thanks to this Combiberia was able to achieve traffic volume comparable to that of two years previously. Wide-ranging investments also by the railways in rolling stock form the basis for future growth in CT. Some projects, for example the restarting of traffic through the Channel Tunnel, were postponed until 2000.

CTL, London, succeeded in maintaining its position as the leading CT operator in the Channel Tunnel. In a business environment in which the market share of intermodal transport fell by 8%, CTL managed to improve the reliability of its services to Italy and France thanks to successful cooperation with the railways. A new service to Spain is being prepared. CTL also added complementary services such as road transport and warehousing to its range. Internet-based tracking and tracing for cargo units was received with great interest by customers, allowing them as it does to monitor the progress of their goods in "real time".

Hungarokombi, Budapest. In contrast to the previous year, this member company improved its performance in unaccompanied transport while performance in RoMo transport was down. The available RoMo rolling stock was not sufficient to fully meet demand, which increased significantly in the second half. A shadow was also cast over the market situation by the crises in Russia, Turkey and Romania and by the war in Yugoslavia. Existing capacity is being utilised as fully as possible by making timetables flexible and by optimising carriage availability. The system train to the north German ports, by contrast, achieved double-digit growth. Hungarokombi's volume currently puts it in sixth position among the UIRR member companies. Plans for the future include new RoMos to the Ukraine, Romania



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and Bulgaria and the creation of a pool of interchangeable containers providing equipment for combined transport customers.

Hupac, Chiasso, succeeded in achieving and even exceeding its target for the year, thanks to a powerful spurt towards the end of the period, assisted by brisk trade in goods and adaptation of individual aspects of its range of services. The company thus concluded 1999 having increased traffic by almost 5%. There is great development potential for intermodal transport in 2000. The only reservation is the continuing poor quality of certain railways. Negative effects from this factor are also to be expected in 2000. Hupac is convinced that, by reducing railway infrastructure costs (track prices) and increasing productivity, intermodal transport can compete with road transport. In preparation for the new market scenarios, Hupac Intermodal SA was formed at the end of December. The objective is to hive off operational activities from the parent company Hupac SA and to operate an independent and transparent sales company focused on the market and customers. A further milestone for the Hupac Group was set by Hupac GmbH in Singen: halfway through the year it was awarded its railway operator licence.

Kombi Dan, Padborg, became an independent UIRR member following the winding up of Skan Kombi. Originally established in 1985 in Denmark, the legal form of Kombi Dan was changed from that of a cooperative association to a joint-stock company in order to organise its ownership in a more active fashion and to allow it to play its role of mediator between railways and road more effectively. The liberalisation of rail transport, the completion of the European Single Market, the increasing globalisation of trade and industry, and the environmental effects of transport have reinforced this role and have resulted in tougher requirements from Danish customers in terms of quality and price. Efforts to achieve the very best possible conditions in terms of transport and prices were reflected in a positive net result in spite of a fall in transport volume.

Kombiverkehr, Frankfurt. The continuing upheavals resulting from the restructuring of the national railways are having an effect on Kombiverkehr's business. Although, on the

whole, volumes were consolidated in international business, two sets of price increases by the railway undertakings and further falls in road transport prices reduced volumes in the national market. The year-end saw the beginning of a complete turnaround. A contract was concluded with DB relating to the purchase of an entire national block train network. "Kombi-Netz 2000+", which will be operational from February, will initially include a system of 26 national block trains with 58 connections daily, and will be marketed independently in order to provide customers with services permanently adapted to market conditions. It is also a major component of an international network structure. The successes in international transport show that the requirements for further dynamic development are met when it is possible to overcome the ever present quality defects in rail transport. In November, Kombiverkehr received the licence as railway undertaking.

Novatrans, Paris, was forced to accept slight losses due to quality problems of the railways, although this situation improved somewhat over the course of the year. Nevertheless, various additional services contributed to a revival of business: these included the doubling of the number of trains on the Lille-Avignon-Marseilles route and an increase in train frequency between Le Havre and Novara. In addition, several terminals were modernised and improved technically by installation of access controls. For some time, operations have been made easier by a new computer sys-



tem introduced in collaboration with partners Hupac and Cemat. Customers are now able to check on the status of their consignments at any time by internet. In 2000, Novatrans will be joining the informatics project CESAR and will as a result be linked to additional partners.

Ökombi, Vienna, reported further expansion in 1999. This was helped in particular by the "rolling motorway", which was also hugely in demand as a result of the Mont Blanc and Tauern tunnel fire catastrophes. Ökombi reacted immediately to these situations and concentrated the rolling motorways on three routes: Brenner, Tauern and Danube (to Hungary). The service was very well received,



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bringing a large number of new customers off the roads onto the railways, and they have expressed a desire to continue to make use of this service in future. Had the volume of rolling stock been sufficient, the increase in traffic volume could have been far greater. This situation, combined with the general increase in demand for this form of transport in the Alpine region, led to the decision to order an additional 200 low-loader wagons worth about EUR 30 million for the rolling motorway, and delivery of these should begin in the autumn of 2000. In unaccompanied combined transport, both bilateral and national, CT recovered following a slow start to the year. For bilateral CT, the result of the previous year was almost achieved, and national CT even saw an improvement.

Polkombi, Warsaw, succeeded in increasing the quantity of freight transported in spite of the low rate of growth of the Polish economy and the crisis in Russia. This gave rise to increased interest from investors and hence to a share capital increase. The successful block train service run in cooperation with Czech UIRR partner Bohemiakombi should soon be expanded to two departures daily. Polkombi is also actively involved in projects in partnership with other UIRR members. Since the company's own terminal in Kobylnica, near Poznan, was brought into operation, above-average freight volumes have been handled making it possible to integrate the terminal successfully into the combined transport network.

Swe-Kombi, Helsingborg. Since involvement of UIRR partners Kombiverkehr and Hupac as new shareholders, Swe-Kombi's impact on the continent has increased. The pricing policy of the railway companies currently only makes it economic to operate block trains. The capacity utilisation of trains, chiefly those running south, is still not optimal, and every effort will be made to achieve improvements with the help of technical solutions. Intensive work is also being carried out to expand the Scandinavian customer base in order to concentrate more traffic within Sweden. Swe-



Kombi will participate as a new project partner in the expanded CESAR II project.

Trailstar, Rotterdam. This member company, which has been part of the Hupac Group since 1998, took on a new organisational structure in the autumn. Lean and cost-efficient management is allowing better utilisation of potential synergies between it and the parent company. Thus, customers for transport to Italy are now served by Hupac Intermodal, while Trailstar continues to look after the operational part of the business. In 1999, the Born-Italy connection had to be terminated due to insufficient cost cover. Therefore, Trailstar recorded a reduced volume of traffic for 1999. Nevertheless, the outlook for 2000 is good and an increase in the volume of traffic is expected in Rotterdam. Trailstar continues to be open to new forms of cooperation in the sense of new operational forms - both in the continental and the maritime sectors.

T.R.W., Brussels. Following a difficult period, this member succeeded in regaining the confidence of its main shareholders in respect of more efficient future management of its activities. Reorganisation and a capital increase combined with concentration on the most important routes and sub-contracting of loading and unloading work are bringing about the first positive results, in particular on the Belgium-Italy route. Traffic from and to Spain via Hendaye and along the Mediterranean coast came up against difficulties due to construction work and poor quality of services. In order to improve the situation, the operating procedure and information flow were simplified. From the beginning of 2000, four trains each week will run to Perpignan and Port Bou and a fifth train has already been planned. The Cortax System was examined in detail and adapted to suit customer requirements.

Associated member

CNC (Compagnie Nouvelle de Conteneurs), Vincennes, also experienced a year full of contrasts. As in the previous year, the first half showed a decline. However, thanks to an internal restructuring and a slight improvement in the reliability of the railways, the situation improved thereafter. CNC invested in the development of valuable partnerships. Thus, agreements were concluded with various ports, and participating interests were acquired in terminal operators and road transporters. Renewal and extension of the ISO 9002 certificate to a number of terminals are being continued.

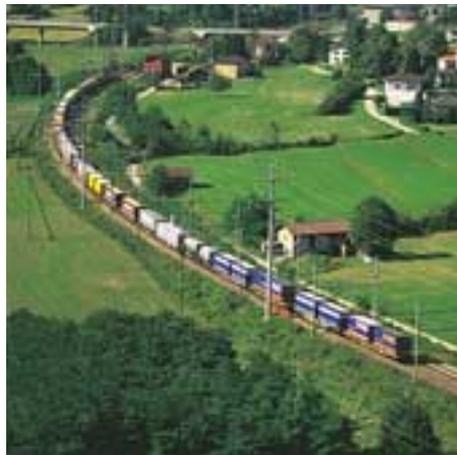
MEMBERS OF THE UIRR ON 1ST JANUARY 2000

SLOVENIA	ADRIA KOMBI Tivoljska 50 SLO - 1000 Ljubljana	Tel: (+ 386) 1 / 431.01.57 Fax: (+ 386) 1 / 431.01.54 E-Mail: infor@adriakombi.si
CZECH REPUBLIC	BOHEMIAKOMBI Opletalova 6 CZ - 113 76 Praha 1	Tel: (+ 420) 2 / 24.24.15.76 Fax: (+ 420) 2 / 24.24.15.80 E-Mail: bohemiakombi@inbox.vol.cz
ITALY	CEMAT Via Valtellina 5-7 I - 20159 Milano	Tel: (+ 39) 02 / 66.89.51 Fax: (+ 39) 02 / 668.00.755 E-Mail: info@cemat.it
SPAIN	COMBIBERIA c/ Rafael Herrera, 11; 3°, Pta 308 E - 28036 Madrid	Tel: (+34) 91 / 314.98.99 Fax: (+34) 91 / 314.93.47 E-Mail: combiberia@infonegocio.com
CROATIA	CROKOMBI Vodovodna 20a HR - 10000 Zagreb	Tel: (+ 385) 1 / 364.37.37 Fax: (+ 421) 1 / 364.37.35 E-Mail: crokombi@zg.tel.hr
SLOVAKIA	C.S. EUROTRANS Kuzmányho 22, P.O. Box B-2 SK - 010 92 Žilina	Tel: (+ 421) 89 / 622.447 Fax: (+ 421) 89 / 625.138 E-Mail: cseurotrans@za.sknet.sk
GREAT BRITAIN	C.T.L. 179/180 Piccadilly UK - London W1V 9DB	Tel: (+ 44) 207 / 355.46.56 Fax: (+ 44) 207 / 629.57.14 E-Mail: info@ctcl.com
HUNGARY	HUNGAROKOMBI Szilagyí Dezso tér 1 H - 1011 Budapest	Tel: (+36) 1 / 224.05.50 Fax: (+36) 1 / 224.05.55 E-Mail: info@hungarokombi.hu
SWITZERLAND	HUPAC Viale R. Manzoni 6 CH - 6830 Chiasso	Tel: (+ 41) 91 / 695.29.00 Fax: (+ 41) 91 / 683.26.61 E-Mail: info@hupac.ch
DENMARK	KOMBI DAN Thorsvej 8 DK - 6330 Padborg	Tel: (+ 45) 74.67.41.81 Fax: (+ 45) 74.67.07.03 E-Mail: kombidan@post.tele.dk
GERMANY	KOMBIVERKEHR Postfach 94 01 53 D - 60459 Frankfurt/Main	Tel: (+ 49) 69 / 79.50.50 Fax: (+ 49) 69 / 79.50.51.19 E-Mail: info@kombiverkehr.de
FRANCE	NOVATRANS 21, Rue du Rocher F - 75008 Paris	Tel: (+ 33) 1 / 53.42.54.54 Fax: (+ 33) 1 / 43.87.24.98 E-Mail: info@novatrans.fr
AUSTRIA	ÖKOMBI Taborstraße 95 A - 1200 Wien	Tel: (+ 43) 1 / 331.560 Fax: (+ 43) 1 / 331.56.300 E-Mail: info@oekombi.at
POLAND	POLKOMBI ul. Targowa 74 PL - 03-734 Warszawa	Tel: (+ 48) 22 / 619.79.14 Fax: (+ 48) 22 / 619.00.00 E-Mail: polkombi@it.com.pol
PORTUGAL	PORTIF Avenida Sidonio Pais, 4-4° - P.3 P - 1000 Lisboa	Tel: (+ 351) 1 / 52.35.77 Fax: (+ 351) 1 / 315.36.13
SWEDEN	SWE-KOMBI Hamntorget 3 S - 252 21 Helsingborg	Tel: (+ 46) 42 / 38.12.00 Fax: (+ 46) 42 / 38.12.12 E-Mail: mail@swe-kombi.se
NETHERLANDS	TRAILSTAR Albert Plesmanweg, 151 NL - 3088 GC Rotterdam	Tel: (+ 31) 10 / 495.25.22 Fax: (+ 31) 10 / 428.05.98 E-Mail: info@trailstar.nl
BELGIUM	T.R.W. Avenue du Port, 100 / bte 1 B - 1000 Bruxelles	Tel: (+ 32) 2 / 421.12.11 Fax: (+ 32) 2 / 425.59.59 E-Mail: trw@trw.be



Associated member:
FRANCE

CNC 8, Avenue des Minimes F - 94300 Vincennes	Tel: (+ 33) 1 / 43.98.40.00 Fax: (+ 33) 1 / 43.74.18.40 E-Mail: continental@cnc-transport.com
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UIRR
International Union of Combined
Road-Rail Transport Companies

rue Montoyer 31/bte 11
B - 1000 Bruxelles

Tel: (+ 32) 2 / 548.78.90

Fax: (+ 32) 2 / 512.63.93

E-Mail: headoffice.brussels@uirr.com

Internet: <http://www.uirr.com>