ÖBB HOLDING

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Rail freight in Europe: How to improve capacity and usage of the network?

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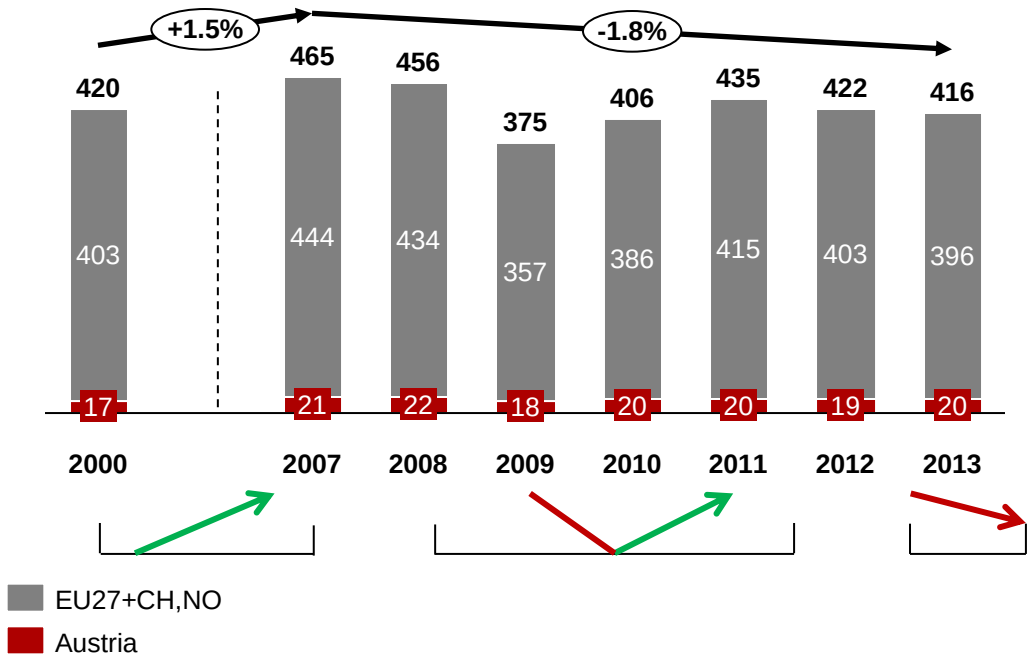
European Rail freight remains below Pre-Crisis level

Development of European Rail Freight

In Billion tkm



- **2000-2007: moderate growth in rail freight,** driven predominantly by positive economic development
- 2008-2011: **dramatic reductions, then impressive rebound 2010/11**
- **Since 2009: weak economic development** in the **Euro-Zone** and **strongly increasing factor costs -> modal share** of **railways decreasing**
- **Neither rail nor road or shipping industry back to pre crisis level;**

Source: EUROSTAT

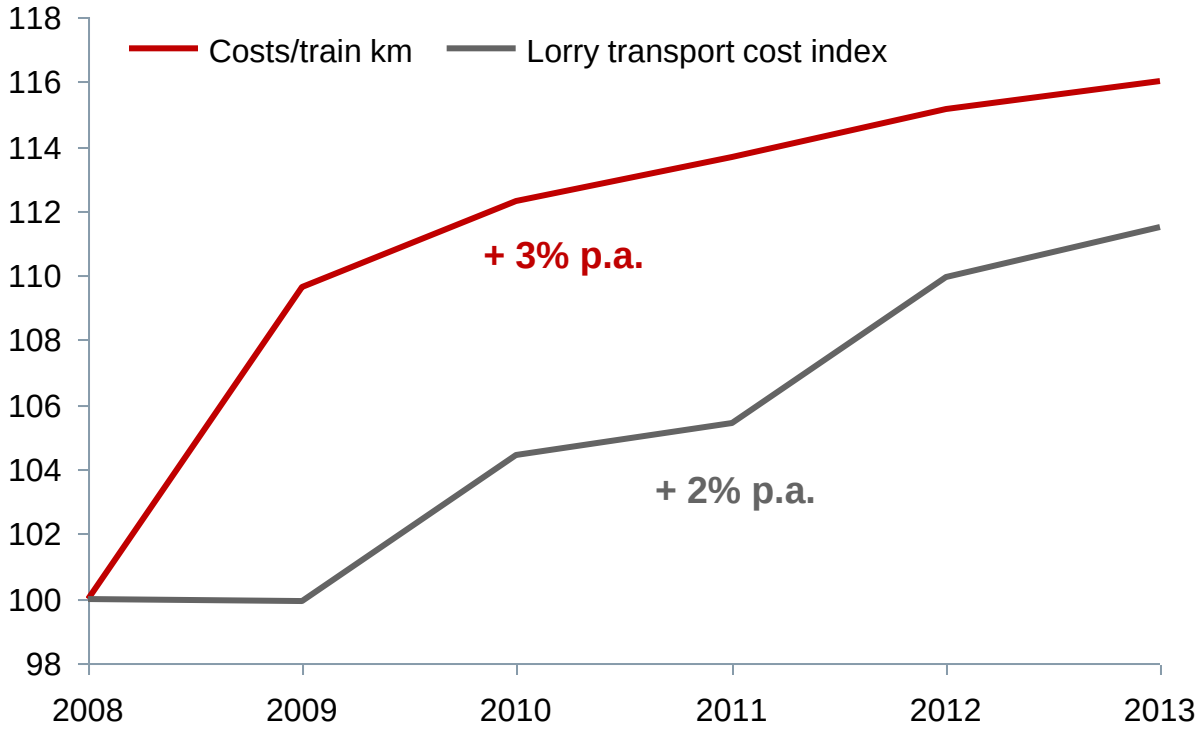
Anything but a rosy situation

- **Low profitability** despite increase in traffic
- Demise of Single Wagon Load → Abandonnement by RUs in some countries
  - RCA: 99% Market Share in SWL in Austria
- Bleak Outlook: Increased competition by road freight transport
- Intermodal shift remains distant without real costing in transport sector
- Seize White Paper Review for policy turn-around
- Road Package as way forward?

Road freight remains with cost advantage compared to rail freight

Cost development of rail freight in Austria

2008 = 100



- **Cost development for road transport slightly more advantageous** than for rail transport
- Increase of **rail-related energy levies in AT significantly higher** than for road
- **Costs for staff in Eastern Europe significantly lower** – Advantage for road sector using trucks under Eastern European flag

Quelle: RCG (track usage fees, energy, traction costs incl. staff), transport cost index plus road charge

How to achieve modernization and interoperability?

Modernization

- Strained Economic Situation of RUs and IMs
  - Lack of financial capacity :
    - Insufficient investments in (interoperable) rolling stock

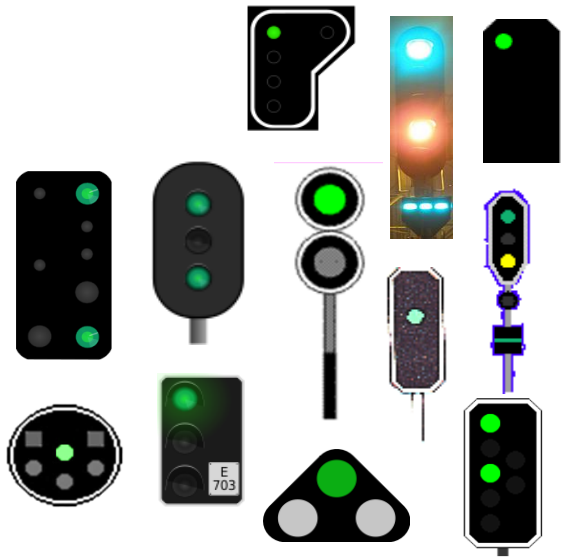
- **That‘s long before we can talk about interoperability!**

Interoperability

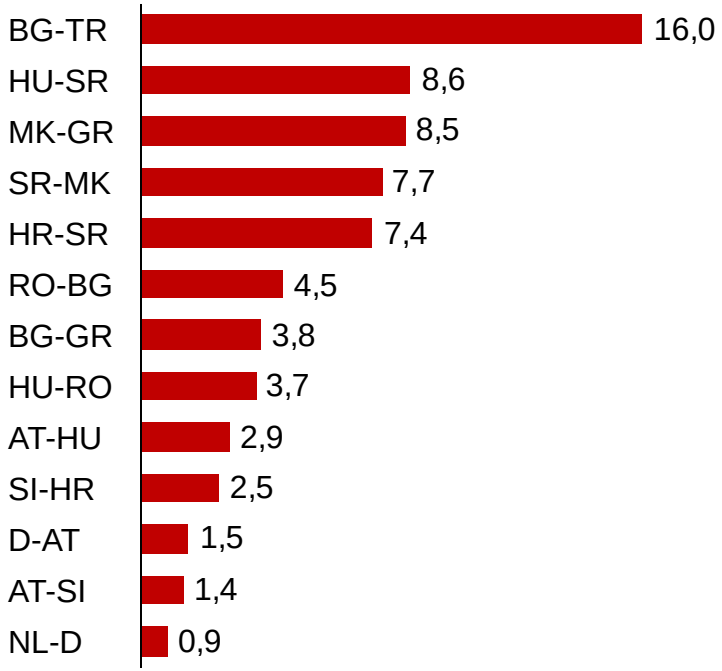
- Highly dynamic, complex, processes partially in parallel
- Serious impacts (financially/economically) → Reaping benefits in the long run
- For now: lower competitiveness

Lacking interoperability hinders cross-country traffic in terms of quality and efficiency

12 national variants of the same message: „go ahead“



Loss of time due to bureaucracy and lacking technical coordination



Typical time spent by freight trains at border crossings (hours)

- **Waiting times** at borders often for purely **technical** reasons due to lacking interoperability – trucks are faster
- Many different national **safety regulations** (tail lamps, safety systems etc) in cross-border traffic, **electrification systems, train lengths/weights, speeds**

Source: CREAM Final Report 2011

Follow system-view-approach- Focus on the benefit for the sector

- **Holistic Approach- benefit of an integrated company**
- Work together with others to improve system
- Insist on improvements based on lessons learned
- Think positive- Be adaptive

We finally need to generate benefits → improvements in the area of

- Vehicle authorisation, Single safety certificate
- National rules- avoid gold-plating
- Focus on the essential parameters
- Avoid over/double-regulation
- Focus on reasonable migration strategies
- *as much as necessary and as little as possible> maximum as enemy of the optimum*

Interoperability Conclusions

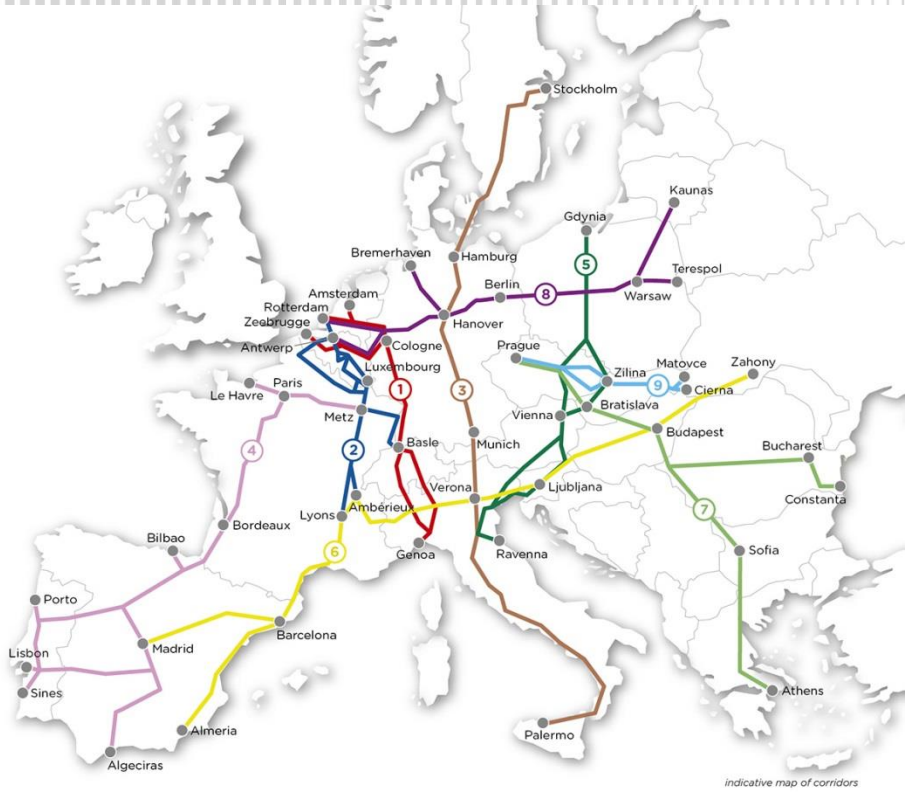
- We spend **money** on Interoperability
- For now: **no benefit** detectable
- We need to **learn** and do better in the future
- Language and **lack of understanding** is still a problem
- **Inconsistent implementation**

How to increase capacity and usage of the network? The development of Rail Fraight Corridors

Reg (EU) Nr. 913/2010 concerning a European rail network for competitive freight

Goal:

- Increased Customer Satisfaction
- Sufficient Number of “Quality Train Paths”
- Better cooperation of Infrastructure Managers in selected corridors
- More efficient cross-boarder traffic
- Increase of market share



Currently…

- **No harmonized implementation** → Higher expenses → **loss of competitiveness**
- BAD practice example: Each Member State has individual regulations for border crossing regarding „short penetration“ of international network
- Regulatory deficits lead to non-uniform statutory provisions

How to increase capacity and usage of the network? The development of Rail Fraight Corridors-The Way Forward I

Increase Capacity:

- Treating freight transport with greater priority
- Localize/ remove bottlenecks
  - Financial political, social bottlenecks
- Extensive harmonization of operators
  - Traffic management, standardized dispatching rules
  - Standard paramters, e.g. train lenghts

Interoperability:

- **Improvement only** when and if **operating rules of railway companies** (on the corrdidor) have been **harmonized** and mutually **accepted.**
- **Technical framework conditions between different corridors should be harmonized as much as possible**
- Possibly greater impact than full ETCS coverage

Organization of corridors:

- **Quick** and exhaustive transnational **planning of train paths**
- Train paths with **minimum number of stops**
- Pre-arranged path, observing construction& maintenance
- **Publish schedule** for carrying out investment in sensitive areas (bottlenecks)

However:

- These points **cannot be seen in isolation from each other**! Railsystem as driving gearwheel!
- RFC-Reg at this point creates new layers of **bureaucracy**, new desks and inconsistent, incomplete implementation so far. →Check out **UIC-Requirements Brochure!**
- We must take ourselves in hand and more often keep to the basic principle that **"less is more" .**

How to increase capacity and usage of the network? The industry involvement in Shift2Rail

- **Expectations extremely high to tackle a number of unsolved/ open points, expecially in the realm of technical specifications in the regulatory framework.**
- **Challenges include:**
  - Reduction of the handling and set up time at marshalling yards
  - Increase of average speed
  - Learn from other modes, in terms of information, planning and monitoring systems. Most important: Adopt to other modes!

Concern:

- **Too much driven by manufacturing industry; RUs may tag along**
- **Lack of Usability**