

June 2014

Minutes

TRANSFORuM Thematic
Workshop:

Freight

4 / 5 June

Duisburg, Germany

1 Introduction

Number of participants:	11
Countries represented:	Belgium, France, Germany, The Netherlands, Poland, Slovenia, Sweden
Men / women:	10/1
Policy / industry / NGO / academia:	2 / 4 / 2 / 3

2 moderators and 2 rapporteurs from TRANSFORuM facilitated and took notes at the workshop.

The participants were welcomed to Duisburg, a location chosen for its prominence as the largest inland port in Europe. A round of introductions took place and participants were given guidance as to the proceedings of the two half day event. It was explained that the main goal of the workshop was to examine and discuss potential components of a roadmap for delivering the White Paper goal on long distance freight. Following the workshop, stakeholders were taken on a tour to Samskip van Dieren's hub in Duisburg, to see intermodal freight operations 'on the ground'.

Participants were taken through some information on the trends and relevant information about the current state of long distance freight in Europe and the level of change required to meet the goal, as well as the implications of this change. Insights that have been gathered throughout the TRANSFORuM project which framed the development of the background paper were shared with the participants.

2 The Freight Goal

Participants were asked to reflect on their own experiences and perspectives on the goal with particular emphasis placed on the following questions:

- Is the goal achievable?
- To what extent is the goal clear?
- Is it useful as a 'vision' for freight policies?
- Should it be applied for the entire EU or rather for selected corridors/areas?

Some participants expressed concerns that the goal is too far away to comprehend and that the target may be too simplified or that it can't be achieved. Others that it is achievable, that long distance rail is already suited to achieving it, but there is a lack of belief in the goal across Europe and that there is still much work to do to improve the system as a whole. A concrete goal was welcomed by some as it is seen as a key driver to progress on political decision making. Sub-goals were suggested as mechanisms to improve the goal.

The diversity of member states was flagged – some countries will struggle to meet the goals, the East-West differences need to be acknowledged. We probably need to differentiate regional goals, while keeping the overall freight goal on the aggregate union level. Of course this will then also mean that some regions have to reach further than the average goal.

Some of the trend assumptions were called into question including the rate and level of freight growth that can be expected over the coming decade(s). It was pointed out that road transport will continue to decrease its specific fuel consumption and emissions. This will put pressure on rail and waterborne to increase their competitiveness. But it was also highlighted that systems have changed and continue to change. Other freight markets (US, Australia, Russia, China) have a high share of rail and we could look to these markets for insight.

3 Building Blocks and Strategies

The stakeholders were given guiding presentations on both rail and waterways by experts from the TRANSFORuM consortium before a discussion was initiated on the building blocks and strategies for the Freight Roadmap.

- Presentation on rail (Bo-Lennart Nelldal, KTH)
- Presentation on waterways (Ernest Czermanski, UG)

Transshipment costs in multimodal transport chains are high. More automation in ports and other hubs are required, but the choices of best options are complex. Similarly, the cost and required skills of personnel and the productivity of the labour force across the sector are matters which need to be considered.

It is important to continuously work towards the full internalization of external costs. However, this will not be sufficient. The costs of rail and waterborne transport need to come down as well. But costs are not the only consideration. Speed, reliability, flexibility and other aspects of service quality are equally important. Not seldom are rail and waterborne transport already cheaper than road transport. A key barrier seems to be the complexity of ordering an intermodal shipment. In contrast you only need one phone call to arrange a door-to-door transport by truck. This needs to change; it should be uncomplicated and seamless for customers. We are not likely to see one approach, but several new business models. Support and training could be provided to enable logistics businesses to understand different modes.

Cooperation and alliances between modes need to be promoted so that there is less competition between rails and waterways. Small companies may lack capacity or resources to consider switching to other modes, lack of experience is likely to be a key barrier. Working together combining industry and agencies to agree common standards and booking mechanisms would all support the switch to a more multimodal system.

Participants suggested that the specific political situations in the member states may complicate progress or act as barriers. In some countries, like for instance Poland, the political focus is more on building motorways than railways.

4 Building Blocks for the Roadmap

Participants were asked to reflect on what policy packages are needed to develop a roadmap to deliver the White Paper goal.

It was suggested that policy packages need to offer a well analysed balance between push and pull measures. In some areas, it is easier to develop water-based transport than rail. In others, like Eastern Europe, rail will be the main alternative to road freight (if political barriers may be overcome).

Investing in new HSR diverts significant money away from improving existing tracks, which is often more cost effective, it was suggested. But there will also be a need for new infrastructure, so it is important to find the right balance. Due to the long time horizons for investments in new tracks strategic decisions need to be taken in due time.

Financing based solely on TEN-T corridors will miss important connections between modes that need to be made, otherwise there will be isolated parts of the network. Even if the modal shift target would be reached this would not mean the death of road transport. It may be wise to communicate this conclusion to somewhat lessen the lobbying against the modal shift target.

Participants suggested that too much effect should not be expected from a full internalization of external costs. Rail and waterborne transport must also increase service quality and cost efficiency considerably.

Whilst we need to understand what different policy measures mean in terms of cost, the roadmap must include something about decision making processes around infrastructure investments. Instead of focusing (only) on hard short-term cost benefit analysis calculating time savings, we need to have a more strategic approach, like in Sweden, where the questions were where do we want to go and how do we get there? This concerns more multi-modal network planning with strategic goals.

5 Day two: Recap and comments on Day 1

Participants discussed the major themes and issues coming out of the first day discussion and then went on to conduct a roadmapping exercise for 2 different scenarios. New participants were asked to comment on the recap from Day one.

Whilst it may be difficult to achieve the goal, it is nonetheless important that we strive to deliver it, as the future effects of climate change cannot be ignored, was one comment. Although it is also important to understand that the value of the environment is different in each member state. A concrete goal may be desired, but it isn't clear what the Commission wants – so the goal and its aims need to be clarified, was yet another comment.

There are good intentions to move towards interoperability, but many options will be expensive. We need to see some major shifts, the removal of obsolete planning paradigms before real change can occur and this is difficult for governments to do, so there is a big challenge. So a starting point could perhaps be a structured approach around understanding what the strategic aims of Europe are.

There is a need to strengthen and increase the links between transport and freight agendas and those of the enterprise sector. Transport is a derived demand affecting all societal sectors, so a more holistic view across different EU policy areas is needed.

We need to acknowledge that the freight sector is changing; there is a trend towards smaller, more frequent loads, so how can we make multi-modal freight competitive? Concentration/bundling of shipments is key to achieve the frequency the customers expect, while also utilizing expensive infrastructure in an efficient way (longer trains etc).

A key priority is to ensure that the intermodal interfaces for the customer to be as simple as possible. But we also need to spend time getting the customers to appreciate what the options are and to remove the conception of rail and waterborne as "old-fashioned" transport modes. Conclusions may possibly be drawn from the transformation of passenger rail to a "modern" transport mode, made by the introduction of high-speed passenger trains.

ITS solutions need to offer real time tracking of goods

6 Roadmapping Exercise

Participants worked in groups to discuss roadmapping options for two corridors across Europe considering the following elements:

- Main barriers to achieving goal on selected corridor
- Most important measures
- Timings and priorities
- Transfer to other examples?

Following group discussions, a brief report back session on each corridor took place. Discussions are summarized below.

6.1 Rhine-Alpine Corridor

A broad range of measures was identified that would need to be implemented to enable a 30% shift in the corridor.

It was seen that getting the right actors together is important as local expertise is as important as steering the process from the top down. A strong co-ordination amongst group of core actors is needed to catalyse processes. The advantage of the corridors is that they are able to bundle activities. The corridors were considered as the “main arterial system” of European freight transport.

There is also a current bias because demand side considerations and customers are not active enough in the discussions – in particular it would be essential to enable a stronger integration of customers perspectives when trying to achieve the white paper target. We need to think about how to change the business culture of the sector towards a significant improvement in in terms of service quality. More intermodal entrepreneurs are also needed.

Reliability (attractiveness and criteria for service quality) should be the overarching aim and standardisation is one of the areas that can be focused on to increase reliability. There is a need for pragmatic measures to be given priority, not those that are initially hard to implement. Good practice examples are useful, but not one size fits all. In many areas the crucial point is not in first line to build new infrastructure. More priorities for freight and an upgrade of the existing infrastructure can be even more important.

It was seen as a disadvantage of the focus on corridors that the last mile problem is not addressed enough with this approach. Furthermore, the corridor is not a homogenous area, so it might be more useful to split it into segments. National policies may cause blockage as things are done differently in different countries.

6.2 Netherlands-Poland Corridor

The consolidation of shipments was suggested as being a key measure. To achieve this sharing trains between providers to increase capacity and offer additional options to the customers was emphasised. In this context flexible terminals open to all operators would be required. To attain economies of scale it is also important to consider the markets beyond Poland, like Ukraine, Belarus and the Baltic countries.

Poland is still dominated by road. Without a clear, comprehensive vision which should be connected to promotion of the rail, there is a stigma attached to the rail in certain countries (Eastern Bloc). The European Commission could start by investing in raising awareness of the problems at the same time as promoting the alternatives.

It was suggested that perhaps a new Marco Polo programme could be introduced that focused on the E-W corridor.

7 What are the priorities for EU (and national levels)?

The policies required need to be quantified and elaborated on in terms of their consequences and effects of implementation. When the EU introduces a new law, they should take people in from practice to avoid time loss. By addressing the practical issues and making use of the knowledge in the market the corridors may become more viable. The Commission should look at the measures that solve competition issues, get a sense of the business models that work and offer modal shift incentives or subsidies in line with these areas.

Measures that are market-based should be the driving force for change. There are several measures that could be implemented to give rail freight more capacity, higher service quality and reduce its costs. Allowing longer trains is often a cost-effective strategy, which requires comparatively modest infrastructure investments. Standardization is important in terms of train length, axle loads and train profiles.

Europe should simplify procedures, strengthen funding, introduce road charging and help in the retrofitting of freight wagons. Improved enforcement of existing agreed rules in road freight is very important. This relates for instance to rules regarding working hours, vehicle weight and speeds of trucks.

EU coordination of cross border aspects of national transport by a European regulator, e.g. ERA. ERA should also act as a one-stop shop for infrastructure managers.

Intermodal roadmaps which integrate different modes of transport would help to integrate Horizon 2020 with TEN-T and CEF and move focus away from just thinking about corridors. We also need to think about feeding and secondary lines too, it was suggested by the participants. This holistic network approach is also important with regard to waterborne transport, including port-hinterland connections.

Rail freight operators need to improve their services and become more customer oriented. But we also need to think about customer rights like in passenger transport – by for example offering compensation for lost cargo or long delays. And we have to bring the customer perspective and the shippers to the table. There also needs to be a more interactive operation between logistic managers and corridor managers and between modal operators.

And finally it was stated that the overall aim of the Commission – to minimise environmental impact – should not be forgotten. The ten sub-goals in the White paper are means to a higher end.