



Annual Report

2011



International Union of combined Road-Rail transport companies

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The Chairman's address

2011 will not enter the Combined Transport yearbook as an easy year, since after a robust growth in the first half, the economic slowdown in the latter half reduced the pace of the post-crisis recovery of this most productive system for inserting electric rail into land-transport-chains. The overall 5,5 percent growth achieved means that **CT practically reconquered in 2011 its pre-crisis peak reached three years earlier, in 2008.**

The past year will also be remembered for the European Commission's Transport White Paper, issued in March, which contains a quantified goal for restructuring the presently unsustainable European freight transport system. The continent's addiction to long distance road transport was found to result in an excessive emission of greenhouse gases, a burdensome dependence on mineral oil and an unacceptable level of social costs attributable to accident, congestion and pollution externalities. **The European Commission foresees the best remedy in shifting 30% of long distance road tonne-kilometres (defined as distances of 300 km or more) to more sustainable modes by 2030 and 50% by 2050.**

Combined Transport, which became the leading rail freight production system for the forwarding of single loads in 2011, must bear the brunt of this ambitious, yet realistic aim. CT's abilities are well proven by the nearly 7% average annual growth it achieved during the 15 years preceding the economic crisis. **In order to deliver the envisioned modal shift, according to UIRR's calculations, the annual growth rate of Combined Transport between 2010 and 2050 should average an achievable 5%.**

This achievement will not be possible without a significant and coordinated effort of every transport stakeholder. The European legislator will have to correct the presently imbalanced competitive framework conditions, still biased towards road, and complete the restructuring of the rail sector enabling more innovation, improved quality and efficiency, as well as reliability of service. Member States will have to closely collaborate to transform their rail infrastructures into a genuinely interoperable Single European Railway Area, and to develop the missing elements of their networks. Finally, freight railways and Combined Transport Operators will have to work more closely together to offer the service-quality which meets the expectation of shippers and consignors.

UIRR will continue to actively support this realisation-effort in the spirit of its four decades of heritage, however under the leadership of a new Chairman to be elected by the General Assembly which approved this Annual Report, and long-time Director General, Mr Martin Burkhardt. While my formal service of Combined Transport within UIRR will end in June 2012, I will certainly not fail to unconditionally support this sustainable system of freight transport from retirement.



Rudy COLLE
Chairman

In order to deliver the envisioned modal shift, according to UIRR's calculations, the annual growth rate of Combined Transport between 2010 and 2050 should average an achievable 5 percent.



Key figures of the year

97%

of CT performance lost due to the economic crisis was recovered by 2011

UIRR Operators realised 44,7 billion tonne-kilometres in 2011, which equals 97%, or falls short of by only 3% of the 2008 CT performance of 45,9 billion tonne-kilometres. The 36,1 billion tkm-s of cross-border performance of 2011 actually exceeds the comparable figure of 2008 by nearly half-a-billion tonne-kilometres. Expressed in number of consignments (or truckloads), UIRR Operators handled 215 000 more in 2011 than three years earlier.

Combined Transport has managed to grow beyond the **5% per annum needed to deliver the EC's long-term modal shift aim** defined as 30% and 50% of road tonne-kilometres realised on distance of 300 km or more to be reached in 2030 and 2050 respectively.

1 in 3

is the proportion of CT trains among freight trains in Europe

Combined Transport trains have performed nearly one-third of tonne-kilometres of the estimated total European rail freight activities in 2011, meaning that **one in every three freight trains was a CT train**.

The dynamic growth of Combined Transport simultaneously to the lesser development (or outright contraction) of other rail freight production systems resulted in the reaching of this significant milestone. Despite a lack of direct rail access at both the points of origin and destination of a shipment, CT is capable to efficiently insert electric rail traction into transport-chains. The use of loading units in the process enables the smooth collaboration of the different modes of transport, which efficiently interface with one-another at intermodal transshipment terminals.

1:25

is the ratio of fatalities in freight train accidents versus those affecting HGVs on motorways

The rail sector traditionally invests heavily in safety, which is clearly reflected in a superior performance when considering the number of lives lost in rail freight transport. At the same time **long distance road transport – HGVs on motorways – is twenty-five times more lethal**, which reflects the deficiencies of preventive technologies, the influence of the human factor, and generally inadequate enforcement creating the possibility for road hauliers to assume risks against safety (overloading trucks, speeding, disrespect of statutory resting time requirements, over-using tyres, etc.) in hope of making more profits. Even worse ratios would emerge if one compared the performance of long(er) distance trucking and CT in the total number of accident occurrences, (serious) injuries and the external costs of these to society.

Modal shift – from road to rail – is the most efficient way to reduce the unacceptably high human toll of trucking over extended distances in Europe today.

2011: THE YEAR OF COMBINED TRANSPORT

Achieving a **year-on-year growth of over 5,5%**, UIRR's Operators have come within 3% in 2011 of their pre-crisis peak of 45,9 billion tonne-kilometres (realised in 2008). Moreover, when counting in the number of consignments there was an outperformance of the peak by 7,3% in 2011. Thanks to its competitiveness-led dynamic expansion – resting on the use of loading units, the efficient operation of multimodal terminals, and an ever improving rail sector – Combined Transport can be declared the best performing production-system of rail freight. UIRR remains confident that road-rail Combined Transport provides the best solutions to optimise co-modality by **efficiently inserting electric railways into long-distance transport-chains** in Europe.

The transport policy aims of the European Commission can easiest be achieved in the long(er) distance freight transport segment by **having more Combined Transport**. Whether the target is greater energy efficiency, safety (fewer accidents, fewer injuries and fatalities, less accident costs), lower greenhouse gas emissions, reduced oil-dependence, or improved social conditions (better respected working hours, fewer work-accidents etc.), these can all be met if the (euro)pallets containing the cargo to be shipped are loaded into 'intermodal loading units' (swap-bodies or semi-trailers), which are then competitively forwarded by means of road-rail Combined Transport.



Director General's address

Whereas most incumbent railways have developed into logistics companies that employ every available mode, the exclusive objective of the operators organised in UIRR lies in shifting freight transport from road to rail. Most of the customers are logistics companies that operate on the road using their own, or subcontractors' trucks, but have also invested in loading units (swap-bodies, containers, craneable semi-trailers). Around 1 000 of these hauliers have a stake in the capital of UIRR members, whose main task is to organise intermodal transport consignments together with railways and terminal operators in an attractive way so that these customers can efficiently integrate rail into an increasing number of transport-chains.

There is nobody more interested in an efficient European rail sector than Combined Transport Operators. They are developing and optimising their rolling stock so as to enable to provide the maximum number of spaces for cargo units to match maximum allowed train lengths and weights. Reservation systems and planning software ensure optimum utilisation of train and handling capacities.

Containerisation has led to huge productivity gains in maritime transport, whereas this process is still in progress in continental traffic. For this reason, UIRR is involved in working groups of the European Railway Agency and the CEN's standardisation bodies. This involvement has been recognised and acknowledged through UIRR being commissioned by the transport sector with the administration of the ILU-Code for the introduction of standardised owner identification for every intermodal loading unit used in Europe.

Combined Transport develops best when road-, rail- and overall transport-policy work together. The UIRR Liaison Office has, among other things, the important role of being at the disposal of the European institutions as a consulting and advisory partner. For example the revised Eurovignette directive signifies a step forward in the internalisation of external costs on the way to ensuring fair competition between modes of transport.

In the current discussion concerning weights and dimensions of heavy goods (road) vehicles, the UIRR calls for vehicle dimensions not to be increased over-hastily on account of what may be only slight energy savings to be achieved through aerodynamic additions without the consequences having first been adequately studied with scientific care. Nothing should be done that could hinder intermodality, undermine investments in loading units, CT wagons and handling equipment, or in general cause freight to be shifted back to the road. The reason for this is that the difference between the modes is huge: shifting cargo from the road to electric rail transport reduces CO₂ emissions by 75% already today. This emission-performance will continue to increase further on an annual basis as renewable energy production expands. With regard to safety, the difference is much greater still, i.e. 1 to 25*. This is a reason for shifting not only heavy and/or dangerous goods to rail, but to apply it to as many consignments as possible.



Martin BURKHARDT
Director General

The mission of the UIRR companies, i.e. "Shifting freight transport from road to rail" is, at the same time, also the most efficient means of meeting the EU Commission's objectives in the area of the environment and traffic safety.

* accident fatality rate/1000 tkm

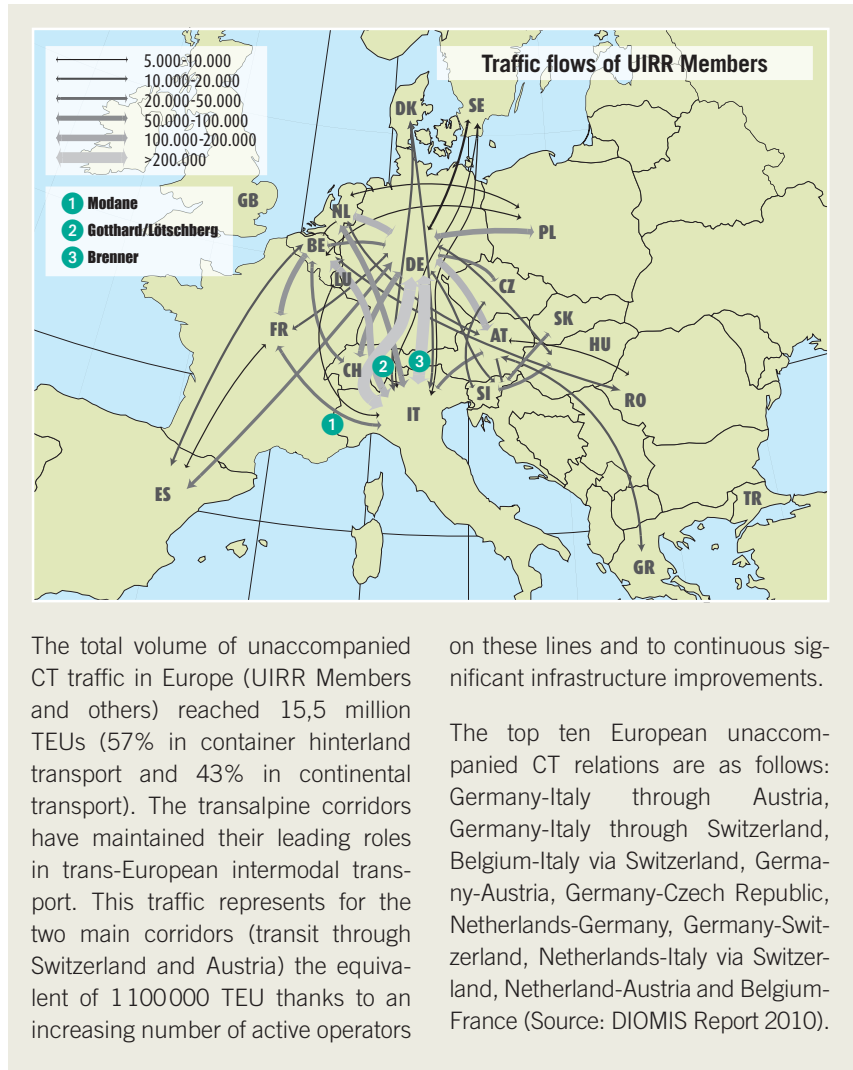


The unaccompanied product

The most prevalent form of Combined Transport (CT) is the forwarding of swapbodies, containers and semi-trailers by rail, collectively: unaccompanied transport (where the loading units are not accompanied by drivers or other staff during their journey). The UIRR companies established a complete network of CT block-trains covering the entire European continent as point-to-point shuttles. On this network it is possible to forward any kind of cargo from containerised raw materials to products packed onto pallets from and/or to virtually everywhere in Europe.

Unaccompanied CT services can be offered by the following three categories of intermodal service providers (under the unaccompanied business model): the generalist intermodal operator UIRR companies, the railway undertakings, and also the logistics service providers (like shipping lines) in an operator role. The primary function of the generalist intermodal operator is to act as a neutral partner between freight railways (both incumbent and new entrants) and shippers, consignors, freight forwarders, transport hauliers and shipping lines.

The generalist can be characterised by the following features: defines and operates intermodal services based on customers' requirements; purchases most supply services (transshipment, rail traction and even road haulages in case of door-to-door services) and bears the economic risk of filling train capacity since they typically contract block trains. The generalist is an 'open' service provider selling train capacity to every kind of customer (in contrast to 'company trains' dedicated to a single customer).



The total volume of unaccompanied CT traffic in Europe (UIRR Members and others) reached 15,5 million TEUs (57% in container hinterland transport and 43% in continental transport). The transalpine corridors have maintained their leading roles in trans-European intermodal transport. This traffic represents for the two main corridors (transit through Switzerland and Austria) the equivalent of 1 100 000 TEU thanks to an increasing number of active operators

on these lines and to continuous significant infrastructure improvements.

The top ten European unaccompanied CT relations are as follows: Germany-Italy through Austria, Germany-Italy through Switzerland, Belgium-Italy via Switzerland, Germany-Austria, Germany-Czech Republic, Netherlands-Germany, Germany-Switzerland, Netherlands-Italy via Switzerland, Netherland-Austria and Belgium-France (Source: DIOMIS Report 2010).

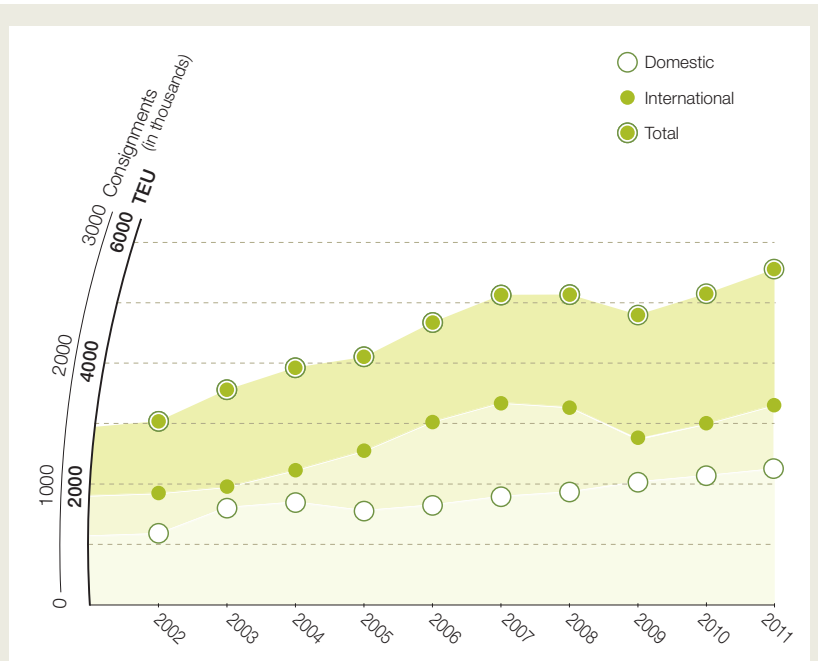
The three different CT service providers position themselves in four market segments. Two basic segments are defined by the origin and destination of the loading units moved: the container hinterland transport (transportation of maritime ISO containers between seaports and inland regions) and continental traffic (the carriage of cargo sourced in and bound for European terminals). Additional segmentations can be defined as: the domestic intermodal transport, which is entirely

performed on the rail network of a single European country, and border-crossing transport, where at least one border is crossed and minimum two different railway networks used.

Unaccompanied Combined Transport is regarded by its stakeholders as an attractive and stable service with a strong potential for development especially in view of global trends, such as the aim for a greater ecological and economic sustainability.



Performance in 2011



The 2011 unaccompanied service development of UIRR Operators (measured in tonne-kilometres) can be depicted as very encouraging with an overall growth of 8%, representing an additional transfer of about 200 000 intermodal loading units from road to rail.

Consequently close to 2.8 million UIRR consignments, or the equivalent of 5.6 million TEUs, were forwarded by UIRR members resulting in a full recovery of traffic volumes lost as a consequence of the economic crisis.

Asymmetric growth of border crossing and domestic traffic reflects, however, disparate developments between the various member companies.

The traffic performance expressed in tonne-kilometres grew in a similar manner and reached 40.5 billion tkm, of which 80% are achieved through border-crossing services (covering an average distance of 907 km) with an average gross tonnage of 22 tons per consignment, while the same figures in domestic relations were 394 km and 18 tons respectively.

Border-crossing unaccompanied CT traffic continued its expansion unabated, delivering a growth of 10% in 2011 compared to a year earlier. With nearly 1.7 million consignments (+150 000 units) UIRR Operators managed in less than two years to exceed the 2008 volumes (the reference year before the crisis). This positive result is attributable to a mix of three

interrelated actions: reinforcement of the core network, connecting several new (maritime) gateways to this core network, and a marked expansion of activities Eastwards. On the transalpine market, the core relation of Germany-Italy – totalling 485 000 consignments and representing on its own 30% of all border crossing volumes – registered

an increase of 12 000 consignments compared to 2010 (+2%). An additional 24 000 consignments have been conveyed in 2011 on the relations Netherlands-Italy (+13%), France-Italy (+18%) and Austria-Italy (+35%).

Hinterland maritime container traffic continued its progress during 2011 especially between the ARA ports to Germany and France (Belgium-Germany: +184%, Netherlands-Germany: +21%, Belgium-France +23%). In contrast, maritime traffic linking Germany with Poland and Austria showed a decrease of 13% (8 500 fewer units in 2011) and 3% (-3 000 consignments) respectively.

Spectacular results were recorded in 2011 related to the eastwards extension of the UIRR CT offering, in particular on the relations linking Slovenia to Austria (+70%/7 000 consignments), to Hungary(+153%/13 000 consignments) and to Czech Republic (+1186%/12 000 consignments). Started only in 2011, some relations have already recorded superior results such as between Belgium and Netherlands (nearly 6 000 consignments) and Austria and Turkey (4 500 consignments).

As far as domestic unaccompanied traffic is concerned, its total performance grew by 5% compared to 2010 and reached over 2.3 million TEU. Contradictory results may be detected behind this encouraging growth: the optimistic results of the NARCON Belgian network (+25%/80 000 shipments) and of the French and German domestic network (+2%/12 000 consignments in total) while some operators suffered a contraction of domestic traffic mainly within Italy (-23%) and Slovenia (-17%).



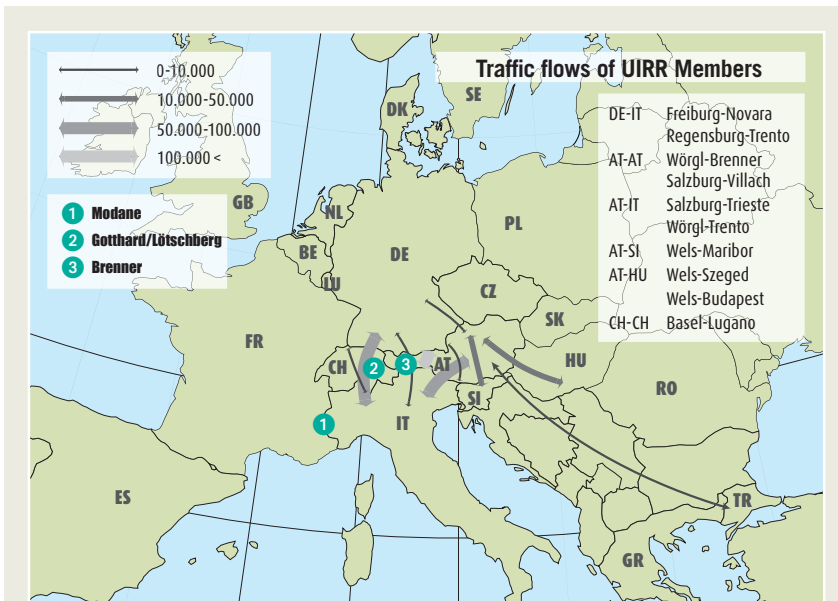
The accompanied product

Accompanied Combined Transport, called in practice 'Rolling Motorway' (RoMo), is seen as the most suitable way to transfer complete road vehicles using roll-on roll-off techniques (similar as for ferries), onto CT trains composed of special low-floor wagons and a sleeper-wagon or 'accompanying' drivers. In general RoMo services have been offered as fast and reliable modal shift solutions to bridge geographic obstacles like mountain passes, or road sections involving weight and/or other type of access restrictions.

RoMo services are especially designed to attract small- and medium-sized transport hauliers, owning a truck fleet of less than ten road vehicles, which do not possess adequate infrastructure to conduct unaccompanied traffic (terminal facilities and ILUs). RoMo is therefore considered by its users as a rapid way to be 'partially intermodal' on some specific legs (compared to unaccompanied traffic, road legs remain significant with this technique).

Besides its obvious environmental benefits (reduction of CO₂ emissions by up to 75%), the use of RoMo services by truckers can also be very beneficial in terms of cost savings in fuel, reduction of road tolls and of vehicle maintenance costs, additional tax advantages (reduced vehicle tax if using RoMo services), observance of legal requirements (rest periods, night and weekend driving prohibitions are observed when using a RoMo line), prevention of time losses, reduction of environmental stress, and finally an increase in overall road safety (since rail is the safest transport mode for the freight carriage).

Nowadays, the most successful RoMo routes are concentrated on relations involving Austria and Switzerland, where political support for rail is generally strong, and where the structural railgauge is adequate to enable the passage of 4m high trucks (for example relations linking Austria to Hungary or Slovenia). RoMo business is particularly popular where national Authorities have implemented additional national rules to enhance road safety and to reduce congestion (i.e. driving bans), weight limitations and additional legal requirements for the road transport of dangerous goods.



Accompanied CT is presently offered on ten routes in Europe, performed by altogether seven different companies (six of which are members of UIRR). A total of 425 000 trucks have been transported by UIRR Operators in 2011.

The first RoMo services with low-floor wagons were launched in the 70s between Germany and Italy. In the 1980s and the 90s the expansion of the RoMo network was really only possible

in the (South)-Eastern direction from Austria, which was the main departure/arrival country. Different business models corresponding to various motivations had been implemented since: i.e. in response to services imposed by the Authorities (legal prescriptions in Switzerland or road transit Ecopoints in Austria), or due to insufficient road infrastructure.



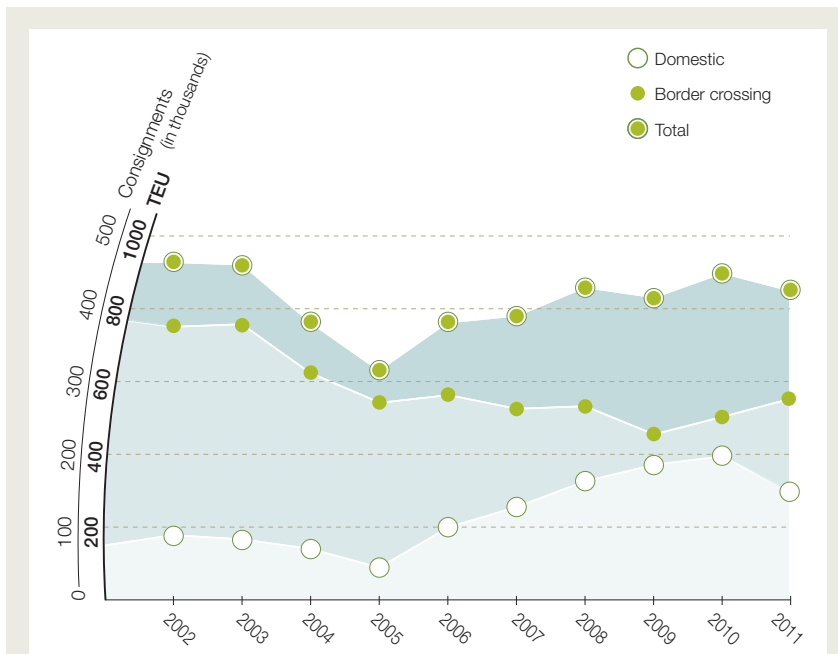
Performance in 2011

With a total of 277 000 full trucks, **the 2011 European RoMo border crossing traffic** has recorded a significant increase of 11% compared to 2010 (+11% / 27 000 trucks). Even if the growth

is unequally distributed among the corridors, it must be underlined that **every RoMo line offered by UIRR Operators has registered positive growth**. On the Austrian side, the RoMo services transiting through

the Brenner pass (relations Wörgl-Trento with a train frequency expansion from 5 to 7 trains a day per relation and Trento-Regensburg) increased by 27% (19 000 additional trucks compared to 2010), whereas the RoMo lines (Szeged/Maribor/Budapest-Wels and Trieste-Salzburg) on the Danube-Pyhrn-Tauern improved by 6% (+6 000 trucks). At the same time, the RoMo traffic, connecting Germany to Italy through the Gotthard axis (Freiburg-Novara), continued to growth with an increase of 2% (+2 000 trucks) thanks to a high average capacity utilisation of nearly 90%.

In contrast, **domestic RoMo** recorded an overall decrease of 25% to reach around 150 000 full trucks in 2011 (-49 000 trucks). On the Austrian side, the reduction of frequency of the main RoMo relation Wörgl-Brenner was forced from 19 to 15 daily shuttle trains by infrastructure maintenance related problems (closure of the Brenner tunnel in September, and of the Kundl road inspection centre for several months). Moreover, the RoMo service between Salzburg and Villach was suspended in July due to a low occupancy rate. On the Swiss side, traffic on the Basel-Lugano RoMo line dropped by 4% in 2011 compared to a year earlier.



The 2011 RoMo business year, offered by the UIRR Operators, can be seen as a contrasting year: 425 000 full trucks were transported in 2011, which represented a decrease of 5% or 22 000 units compared to a year earlier. This overall result reflects a contrasting situation: on the one side an encouraging increase of 11% on border-crossing relations (counting for 65% of the total RoMo volume) on the other side, whereas a reduction of 25% for domestic volumes (representing 35% of the RoMo traffic) on the other.

The performance of RoMo amounted to 14.8 million tons (-8% vs. 2010) and 4.2 billion tonne-kilometres (+3% vs 2010) during the past year. With a

relatively stable average truck weight of 34-36 tons, the RoMo (rail) distance may differ greatly on the various RoMo relations: the distance of a truck using a border-crossing RoMo line reached nearly 400 km in 2011, whereas domestic RoMo relations could be as short as 100 km.

In the RoMo concept, in contrary to the unaccompanied business model, the railway part represents more often a shorter segment of the total trip distance: the very short RoMo service between Wörgl-Brenner (96 km) is accounted as pure Austrian railway line but should be normally considered as smaller part of longer road journey (up to 1 000 km) from Germany to Italy.



Business environment



The economic crisis had a motivational effect on national governments to implement changes to the framework conditions of transport, which are favourable to road-rail Combined Transport. On the other hand the crisis is used as a pretext to postpone much needed action on a legislative level.

- + Governments – aiming to increase fiscal revenues – plan to introduce distance based electronic tolling for HGVs, which will increase the fairness of road charging, and progress towards comparability with track access charging; this also is a prerequisite to the introduction of externality surcharges allowed under the revised Eurovignette Directive.
- + Increasing number of EU Member States are announcing plans to structurally separate the infrastructure manager arm of their national rail holdings from the operating – passenger and freight – companies; this measure is in some cases motivated by the desire to privatise the rail freight operations of incumbents.
- + Governance bodies of dedicated rail freight corridors – prescribed in Regulation 913/2010 – are being set up promising the rapid implementation of the Regulation to the benefit of cross border rail freight services.
- + Several rail infrastructure development projects – with a positive effect for rail freight – are under way and the EU's revised TEN-T guidelines also seem to reflect the spirit of the EC's 2011 Transport White Paper, which foresees sustainable modes of transport taking a leading role in long distance freight transport.

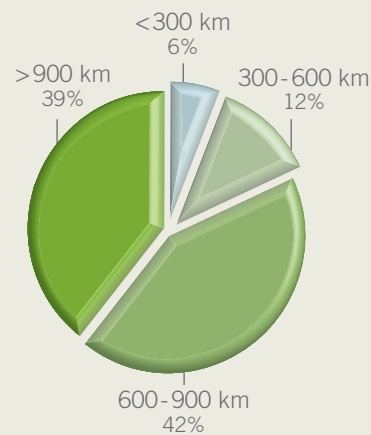
- Incumbent railways – traction service providers – continue to resist the demands of rail freight users for quality data (punctuality/reliability, average speed) – transparency that would allow the monitoring of performance and comparison of service providers.
- The camp arguing in favour of the European Modular Concept, or Mega-trucks, hopes to have created a new argument out of the economic crisis in the “desire of the road haulage sector to increase its productivity”, which appears to overshadow that modal shift could deliver far more in terms of energy efficiency, safety and emissions performance, and thus in the overall productivity of transport.
- Environmental and climate-change arguments calling for energy efficiency increases, and other transport-related policy measures, are being frequently swept aside by decision-makers on the grounds of the economic crisis, thereby delaying such vital legislation like the revision of the EU's energy taxation regime, or setting CO₂ emission and energy efficiency standards for commercial vehicles.

UIRR, nevertheless, is of the opinion that the general attitude of European transport politicians is favourable towards making freight transport more sustainable, as reflected in the modal shift targets of the 2011 Transport White Paper. The empirical argumentation presented by UIRR during its regular contacts with European Parliament, Council and Commission members and staff materially contributes to the favourable outcome of legislative and other political initiatives, when viewed from the point of ecological and economic sustainability – embodied by road-rail Combined Transport.



Challenges and outlook

The **average distance covered by a CT consignment** in 2011 remained unchanged from a year earlier at about 630 km. 94% of CT traffic took place over distances of 300 km or more. Unaccompanied Combined Transport produced a 100 km longer average distance figure at 730 km (of rail transport) per consignment. Unaccompanied Combined Transport is especially capable to efficiently forward single consignments that use intermodal loading units (ILUs).



Experiments with new CT techniques in Europe, like Rail Runner designed in the USA and the German Cargo-Beamer specialised for semi-trailer transport, and efficiency increases of the dominant unaccompanied technique through the introduction of pallet-wide 45-foot loading units, are just some examples of innovation for productivity within road-rail Combined Transport. Software systems – essential to every transport service – are being enhanced based on TAF TSI-related advances and technological innovations like optical character recognition (OCR).

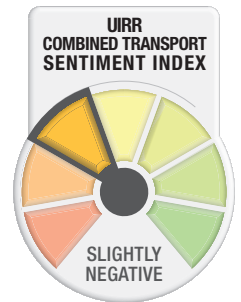
The quality parameters of rail infrastructure (structure gauge, maximum allowed

train length and axle load, signalling systems, etc.), as well as the quality and availability of train paths for freight trains are critical components of the very existence of Combined Transport, as well as its quality and productivity. While new infrastructure investments, capacity extension and line upgrades are highly welcomed, the significant limitations of access during construction works cause, at times, major disturbances.

In case of the Brenner line upgrade (in Western Austria) the effects of the line closures planned for the summer of 2012 are expected to be as severe as to become visible within the overall 2012 performance statistics of European Combined Transport – underpinning the

critical importance of major railway lines.

The outlook of road-rail Combined Transport for 2012 is perceived to be slightly negative, as expressed in the UIRR CT Sentiment Index, reflecting the severity of the challenges facing the sector in 2012, exacerbated by the fragile economic situation in Europe.



UIRR works hard to achieve progress favourable to every stakeholder specialised in Combined Transport, a key group of them being managers of transshipment terminals. The UIRR Terminal database, alongside the UIRR data-message and the customer database, serve CT-related IT systems throughout Europe today.

The UIRR proposed Marco Polo common learning initiative, DESTINY, will facilitate the proliferation of the new EN13044 compliant codification and marking of loading units, thus enabling significant streamlining of operational procedures at terminals. DESTINY will also assess best practice in load securing and dangerous goods handling, which will result in further efficiency boosting and parallel reduction in disruptions.



Members' news

ALPE ADRIA

The 12% growth of traffic (tkm) achieved in 2011 was mainly based on serving the hinterland of Trieste Port (unaccompanied), while also running a successful RoMo service to Salzburg, Austria.



ADRIA KOMBI

The Slovenia-based operator closed an extremely successful year recording 39% growth in tonne-kilometres, which relies considerably on the hinterland traffic of the Koper Port serving – among others – major automotive clients in Slovakia. Development was aided by funding received through the Marco Polo project SEEIS.

COMBIBERIA

The company realised a robust tonne-kilometre growth of 53%, albeit from a strongly reduced basis, in 2011 on its main routes connecting Spain with France, Belgium and Germany.

HUNGAROKOMBI

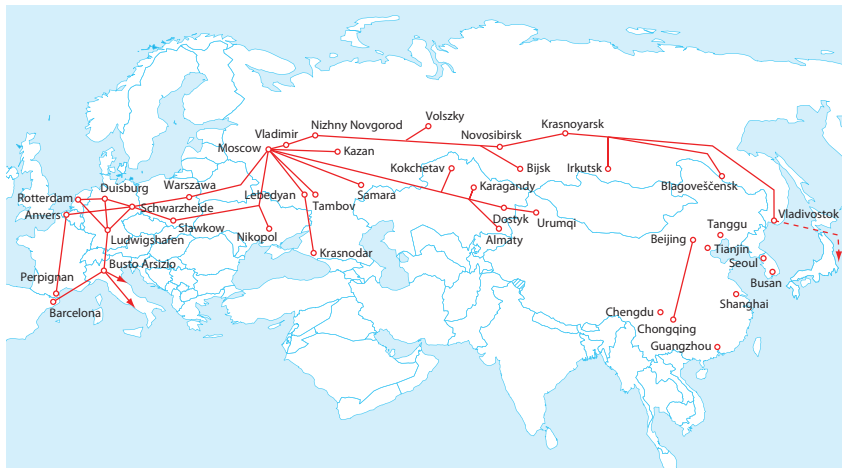
The exclusive RoMo operator achieved traffic expansion of 4% in tonne-kilometres partially supported by funding received through the Marco Polo project Ro-Mo-Net.

HUPAC

While the year started out strongly for Hupac – realising double digit growth in the first half – the entire year saw a growth of 6,6% in the number of consignments handled, and a 3% increase in tonne-kilometres over 2010 due to rail infrastructure problems and slowing economic activities. In 2011 Hupac became the first UIRR operator to launch a direct service between Europe (Antwerp) and China (Chongqing).

IFB

The Antwerp-based company largely completed its organic Europe-wide network building in 2011, which already delivered a 30% year-on-year growth in its tonne-kilometre performance.



BOHEMIAKOMBI

The 51% year-on-year tonne-kilometre growth achieved in 2011 reflects a strong first half performance followed by a weaker second half due to the downturn of economic activity in Germany, the primary destination of Bohemia-kombi's shipments.

CEMAT

Despite the economic downturn and fierce competition in the domestic Italian CT market, Cemat realised an overall tonne-kilometre growth of 3% in 2011.

KOMBIVERKEHR

The 5% year-on-year tonne-kilometre growth of Europe's largest Combined Transport Operator reflects a strong first half performance coupled with the slowdown of Europe's biggest economy – Germany – experienced in the latter half of 2011.



NAVILAND CARGO

Using its own locomotives for traction helped Naviland Cargo, which focuses on providing hinterland connections to and from seaports, to realise a 5% year-on-year growth in traffic volumes (tonne-kilometres) in 2011.

ÖKOMBI

Europe's largest RoMo operator had a strong year in 2011 on cross-border relations (+14%), which was weighed down sharply by a weakly performing domestic market, attributable to temporary, infrastructure-related difficulties, resulting in a 1% overall growth (tkm) in 2011.



POLZUG

Opened a new terminal in Poznan, the fourth terminal which it manages, that will serve as the hub for a new shuttle train concept connecting Poland with the seaports of Northwest Europe.

RALPIN

RAlpin, which celebrated the ten-year anniversary of its founding on 11 June 2011, was awarded the government contract to organise Swiss RoMo services between 2012-2018. Operational difficulties – caused by infrastructure maintenance-related capacity constraints resulted in a 1% growth in traffic (tkm) in 2011.

ROCOMBI

Following a weak performance in 2010, Rocombi recorded a robust recovery of 40% year-on-year in tonne-kilometres during in 2011.



HUPAC



Peter HOWALD
Deputy Managing Director

While high level of rail safety should be one of CT's main competitive factors, it is not yet reflected in the price of transport.

Q: How did the post-crisis recovery of Hupac progress in 2011? Did you also begin to feel effect of the economic slow-down in the latter half of the year?

A: The first half of 2011 – with double digit growth – was very strong, whereas volumes fell indeed sharply in the second half. But for the entire year Hupac realised an overall growth of 6,6% as compared to 2010.

Q: How did (overdue) rail infrastructure maintenance works affect the operations of Hupac, which has a network covering the whole of Europe? How do you perceive such works affecting 2012 and beyond?

A: Indeed, maintenance works severely affected rail quality on particular lines. On the other hand it must be accepted that some "suffering" is in order in return for a better service in future. Hupac therefore fundamentally welcomes the maintenance works. Of course, a good planning and coordination of the works with special attention to the needs of every type of user is essential to minimise inconvenience and guarantee the maintenance of marketably competitive services.

Q: What ongoing European infrastructure developments will benefit Hupac and Combined Transport the most? How is the exploitation of their full potential endangered?

A: The Rotterdam-Genoa rail freight corridor, which handles the highest intermodal volume in Europe, should be completed as soon as possible. Infrastructure upgrades must follow the international guidelines for Combined Transport: 750 meter train length, profile P400, low gradient of maximum 1% in order to enable heavy trains of 2000 tons to run with a single locomotive.

The Gotthard base tunnel which will go into operations in 2017 also offers a major opportunity. While the upgrading of the

access lines to it is proceeding well in the North, the same however encounters difficulties to the South.

Finally, a harmonised safety and signalling system (ERTMS) would also be essential to improve the competitiveness of rail and to overcome existing diseconomies. Unfortunately at present only few Member States committed adequately to implement ERTMS, which would certainly lower cost while improving quality and network capacity.

Q: Which directions do you intend to develop Hupac in the coming years? What capabilities will become crucial success factors, and through what means should legislation support the development of Combined Transport?

A: Hupac intends to grow in a sustainable manner, investing in new assets like rolling stock, terminals and IT systems, and also in the development of new markets. The main challenge of the coming years is to cope with rising wagon costs due to recently national safety requirements.

Creation of EU-level rolling stock maintenance requirements entails a large potential for additional efficiency increases, as different national standards create wasteful complications. Hupac is investing in a new concept for rolling stock maintenance, whereby we will bring it to our wagons instead of transferring rolling-stock to the workshops with high costs in terms of time and money.

While high level of rail safety should be one of CT's main competitive factors, it is not yet reflected in the price of transport. Since safety costs money the right balance to remain competitive must be found. Relative safety of rail and road transport should, for this reason, be elevated to comparable levels.



Q: How did the post-crisis recovery of Polzug progress in 2011? Did you already begin to feel effect of the economic slowdown in the latter half of the year?

A: Actually, we were on a good way of recovery in the first half of the year - with double digit growth - and quite positive for the second half of the year. However, the economic slowdown hit Polzug hard. In the end, we turned out with about the same figures as 2010. Since our main business is hinterland transport from North Sea hub ports to and from Poland, Polzug suffered from falling sea freight rates as main clients like shipping lines became extremely price sensitive and were shifting business basically on monthly basis between road, rail and feeder, whoever quoted best spot rates.

Q: Poland, a country dominant to Polzug's operations, has fared much better through the crisis than others in Europe; did your company experience any effect of this?

A: Poland is very much integrated into European production structures, which are mainly connected by road haulage. Subsequently today Polish companies control the largest truck fleet in the EU. In our overseas container business, Polzug was confronted with lower volumes from Japan following the Tsunami catastrophe, as well as from lower demand for consumer electronics, especially TV sets, in Europe, which led some of our key clients to reduce their production and even temporarily close their production lines in Poland.

Q: How does Polzug develop? What investments are you conducting and which capabilities do you plan to develop seen as key success factors?

A: Polzug is looking forward to a better 2012. In September 2011 we changed our production system to a hub concept. Key node of this concept is our new modern hub terminal in Poznan. Since

December we are operating shuttle trains with multi-system locomotives between Hamburg and hub terminal Poznan - without stopping at the border for locomotive change. Transit time between Hamburg and Poznan has thus been reduced to 12 hours. The opening of the hub terminal in Poznan – the fourth under management of Polzug in Poland – has been the third step of our terminal development plan for Poland after modernising our facility in Wroclaw 2008 and opening our terminal in Dabrowa Gornicza 2010. The fourth step is foreseen for 2013 with the construction of a new terminal in Brwinow, near Warsaw. Generally, Polzug is replacing outdated terminals by modern ones in order to prepare for the expected growth of the intermodal market in Poland, as terminals are viewed as critical components of CT competitiveness.

Q: Polzug, just like other CT Operators, must highly rely in its operations on railway traction providers; how do you perceive the development of railway service quality and what changes do you see needed – with special attention to the situation in the new Member States?

A: Quality is one key element for successful intermodal operations. Our new shuttle train concept between Hamburg and Poznan proves that reliable and fast transit times are possible. However, a large part of the Polish rail network is still outdated, enabling only slow transit times. Main sections of the rail corridors through Poland are under modernization in preparation for the 2012 European Football Championship, and various rail construction sites – especially in Southern Poland – result in unplanned disturbances. Overall, Polzug views the rail modernisation agenda of the Polish government positively, where every zloty spent may ultimately contribute towards justifying the unacceptably expensive track access charges, which are among the highest in Europe.



Walter SCHULZE-FREYBERG
Managing Director

Polzug is replacing outdated terminals by modern ones in order to prepare for the expected growth of the intermodal market in Poland, as terminals are viewed as critical components of CT competitiveness.



UIRR's year in brief

PROMOTION OF COMBINED TRANSPORT AND REPRESENTATION OF INTERESTS

The UIRR Liaison Office – located in the European Quarter of Brussels – concluded another productive year of promoting Combined Transport, communicating positions and advocating its interests in 2011. Several position papers and press releases were issued on topics such as the **Transport White Paper, Eurovignette** and energy taxation (internalisation), the **recast of the First Railway Package** and the implementation handbook of the **Corridor Regulation** (to improve the service quality of railways), as well as warning of the dangers of introducing **megatrucks**.

UIRR's standard publications include the annual report and statistics booklet, the latter being the only industry association produced data compilation on CT officially recognised by EUROSTAT, and a quarterly newsletter, which features the UIRR CT Sentiment Index. The Index accurately reflected the post-crisis recovery and also the downturn in traffic performance which commenced in the second half of 2011.

Besides these public forms of communication, UIRR staff attended several personal – one-on-one and group – meetings, authored letters and spoke at conferences and events to represent the interests of Combined Transport.

UIRR is a registered In-house Lobbyist and Trade Association of the European Parliament and Commission (Transparency Register number: 49307536642-11), as well as it is recognised representative of CT Operators at the European Railway Agency, CEN, EUROSTAT, the European Council, UNECE, OECD/ITF. The UIRR delegate, Dr János Berényi, has been acting as the Vice-President of the Board at the European Railway Agency.

The effectiveness of UIRR's dissemination work is well attested to by the dynamic increase in the traffic realised on the www.uirr.com website, which hosted **20% more visitors in 2011** than a year earlier. The most popular UIRR publications in 2011 were the ILU-Code brochure, the Annual Report and Statistics publication as well as the CT Codification Guidelines booklet. The over 3000 downloads of the 2010 Annual Report were only surpassed by that of the 2010 book titled "40-years of Combined Transport".

The **codification** of railway lines and loading units for Combined Transport, as well as the **handling of dangerous goods** are the two most important subjects on which UIRR issued reworked leaflets.

UIRR's permanent team



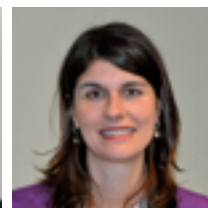
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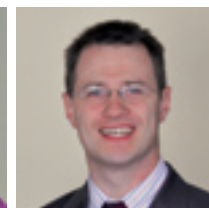
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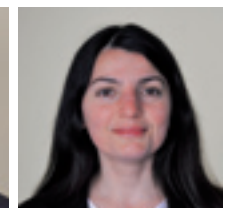
Ákos ÉRSEK



Barbara BENTO



Eric FEYEN



Pekiye BIÇICI



ENHANCEMENT OF BEST PRACTICE AND SUPPORT OF DAILY OPERATIONS

INTERUNIT – the common exchange platform of UIRR's CT Operators and UIC freight railways – actively worked on the technical and operational elements of Combined Transport in 2011.

- The **Technical Committee** followed the revision of the **TSI Wagon** in order to ensure the integration of the CT specificities (braking systems, diameters of the wheels, type of bogies, etc.) and the full implementation of the cross-acceptance concept for the 'going everywhere' wagons. Moreover, the Committee monitored the evolution of the UIC project Europe Train (**testing of LL brake components**), the ongoing revision works of the **UIC leaflets related to CT** (wagons, ILUs and lines) and on the implementation process of the newly adopted EN 13044 (ILU-Code and the new yellow codification plates).
- The **Operations Committee** focused on the launching of the **E-Railfreight project** for Combined Transport in 2011: the aim of this project is to create a fully paperless CT by developing and testing on some alpine-core relations a common exchange format for the consignment note. The Committee addressed the issues '**quality of the railway services**' (especially the data collection) and the impacts of the '**new customs code**' (especially the requirements related to the unique reference number).
- The **Dangerous Goods Committee** dealt with the analysis and the implementation of the various measures taken as a **consequence of the Viareggio accident**, the updated **ADR/RID regulation** in particular for the transporta-

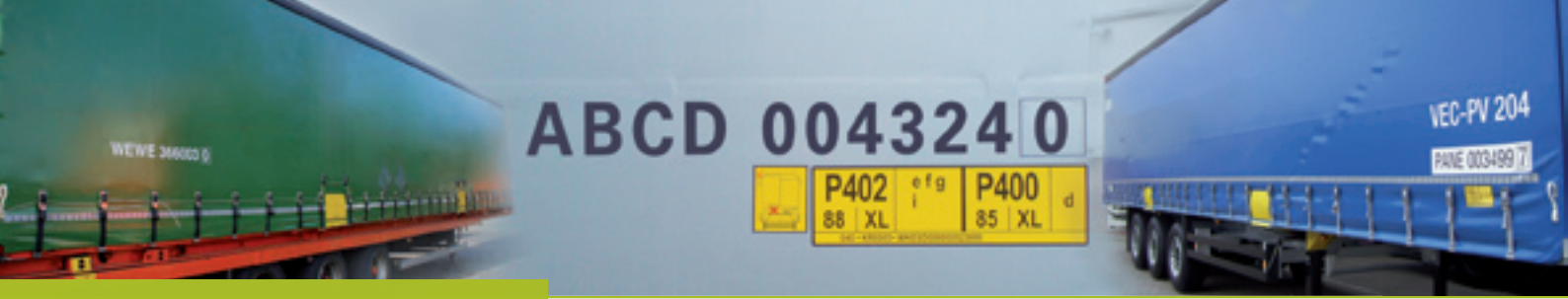
tion of limited quantities of dangerous goods (like alcoholic beverages), fireworks and waste. The UIRR leaflet on dangerous goods has been accordingly revised.

Under the coordination of the UIRR Liaison Office, the version 5.0 of the **UIRR data message** (standard communication format between UIRR companies) has been released during 2011, which will be fully implemented in 2012. This version includes a variety of changes on all data records and tables, especially by defining new field categories and by clearly describing the content of the different records.

Two significant EU financed projects, **BE-Logic** and **IMCOSEC**, to which UIRR was a partner of, concluded their missions successfully in 2011. The Marco Polo projects **Seeis** and **Ro-Mo-Net**, whose administration was aided by UIRR in support of the member companies involved in them, were also completed.

UIRR was invited to partake in several new project consortia bidding for new EU financed (FP7) research projects. The Liaison Office initiated the **Marco Polo common learning project, DESTINY**, which intends to further enhance CT operations in marking and identification of ILUs, the handling of dangerous goods and load securing through the compilation and dissemination of industry best practice, as well as the proliferation of recently adopted EU standards. The project-based CT improvement mission of UIRR will continue in the coming years through these initiatives.





Administrator of the ILU-Code



identification of Intermodal Loading Units in Europe

The EN13044 standard, adopted by the European Committee for Standardisation (CEN) by a large majority in October 2010, designated UIRR as the Administrator of the ILU-Code for the identification of the owners of European intermodal loading units.

Part 1 of EN13044, which was developed by industry representatives from every stakeholder group, provides for owner marking that is, in technical terms, compatible with the BIC-Code, which is used globally for maritime containers and has proven itself over decades. Loading unit owners reserve a 4-letter owner code with UIRR. They mark their swap-bodies and craneable semi-trailers with this code, followed by six digits with which they can number their loading units according to their own criteria, followed by a check digit.

The most important advantages of the new regime are:

- All parties involved in the transport-chain can identify the owner, since the ILU-Code register is publicly accessible on the Internet.

- Safety and security: customs Authorities or border police can rapidly identify loading units at ports and borders in the future, and let them pass with priority on fast lanes.
- Compatibility: the software of every transport undertaking can already process the BIC-Code and therefore be also compatible with the ILU-Code.
- Working-time savings: the check digit reveals 95% of data entry errors.
- Easily readable code enables the optimal use of optical character recognition (OCR).
- Separation of owner identification and company marking (ILU-Code) from the operational markings (codification plate) that can be retained in the case of change of ownership.

The UIRR started to allocate the ILU-Code owner keys via the user-friendly website, www.ilu-code.eu, on 1 July 2011. Every logistics undertaking should ensure that they reserve a code in good time so as to obtain their desired combination of letters and then start marking their ILUs. This is important because, after a three-year transition period, **from 1 July 2014, only loading units with an ILU- or BIC-Code will be accepted** by CT Operators and terminal managers.



CODIFICATION

Intermodal transport typically exceeds the normal structure gauge of railway lines. A coding system of lines, wagons and loading units makes it possible to make use of every centimetre of the available gauge (clearance), which can be restricted by tunnels, for example.

Parts 2 and 3 of the standard describes codification. The yellow codification plate contains a code depending on the height and width of the loading unit, as well as data enabling faster loading onto special wagons, and shows whether the container has the stability to also make it suitable for higher speeds (120 km/h or more).

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