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*Hupac 50 years – the book*

## **Moving Forwards!**

**How Hupac has been taking lorries off the roads for 50 years**

From Christian Hug

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Welcome to the 1960s – the world was beautiful, the economy booming, and because of the popular clamour for commodities, the transport sector boomed too. But the transport companies had one or two problems. In winter, for example, the Gotthard Pass – the main transport route between northern and southern Europe, at a time when the Gotthard Road Tunnel did not yet exist – turned into an insurmountable barrier. Large businesses wanted their goods moved regularly and reliably in shifting bulk quantities, and that over national borders and beyond. At the same time, the population was increasingly worried that in the near future the roads could become choked with lorries.

The solution was in fact self-evident: lorries had to be transferred to the rails, or at least when longer distances were involved, because combined transport was cheaper and more efficient. But precisely this was the greatest problem of all. Rail and road were two entirely separate worlds with their own, obstinate professional ethos; points of contact were avoided at all costs. The railways were a state preserve; lorries belonged to private enterprise. End of story!

No wonder that the founding of Hupac on 8 June 1967 was taken by both sides as an affront. Spoilsports! Traitors! Not with us! But the Hupac founders stuck to their guns. They put their trust in cooperation instead of rivalry. Each of them invested CHF 100,000 in the new company, the headquarters of which were set up in Chiasso in Canton Ticino on the border to Italy, provisionally in the offices of the internationally active haulage company Danzas.

The founding fathers were: Pietro Ris, the head of Danzas Italy with his own railway transport company; Hans Bertschi, a road haulage entrepreneur who already had experience in rail transportation; Sandro Bernasconi, likewise a road haulage entrepreneur with a familiarity with the railways; Jacky Maeder, also a lorry haulier on the look-out for new solutions; and finally Franz Hegner, departmental head of Swiss Federal Railway's (SBB) Goods Transport Commercial Service, and who recognised Hupac's intrinsic worth and cleared the way for the company with the railways. Five men with one vision, a lot of courage and with a set maxim, already formulated at the inaugural meeting, to first-and-foremost operate using their own railway wagons – a decision that would prove to be a veritable blessing in the coming world economic crises.

Tenaciously, the daring five prevailed against the antagonisms of their colleagues in the industry. Less than a year later, on 1 March 1968, the first combined transport was carried out, in the form of four semi-trailers pulled from Basle to Melide. In autumn the same year followed the first cross-border transport, from Mannheim to Melide. A few weeks later Switzerland became a transit country for Hupac with the initiation of the Cologne–Milan route. Theo Allemann, who had initially been hired as a secretary, was promoted to the position of managing director.

Despite all the prophecies of doom, business operations developed splendidly. Already in 1969 the share capital was raised to CHF 1.7 million. In 1971 Hupac sealed a cooperation agreement with the German Kombiverkehr with the aim of guaranteeing an improved integration of rail freight transport with northern Europe. In 1979, after a number of relocations, Hupac took over its first company terminal in Busto Arsizio close to Milan.

## **Two turbulent decades**

With the opening of the Gotthard Road Tunnel in September 1980, the railways, and with them combined transport, saw themselves confronted with a huge competitive handicap. Lorry transport on the roads mushroomed. And the liberalisation policies of US President Ronald Reagan kick-started a worldwide economic upturn with the promise of unlimited growth. Amongst the population, however, these developments led to a growing disenchantment with road traffic, which in turn prompted political moves to ensure a state-arbitrated equilibrium between the rails and the roads.

This was the background to events in Switzerland, where on the one hand signatures were collected for the Alpine Initiative (arguing that the quantity of Alpine transit lorries on the roads should be limited to 650,000 per year), and on the other Federal Councillor Ogi framed the Alptransit to make it the key Swiss political agenda of the times. Alptransit was designed to ensure the construction of an efficient rail corridor for international goods transport, including a flat rail tunnel through the Gotthard. The national government took the decision to support combined transport with subsidies, and imposed a Heavy Goods Vehicle Fee on lorries using the roads.

Hupac, as an internationally active operator with an annual turnover of CHF 60.7 million (1985), found itself in the middle of this deep upheaval and was increasingly obliged to delve into politics, becoming in equal measure both a lobbyist and an advisor for combined transport. It brought the politicians of different countries together, and sought and forged continuously new cooperative models with the railway companies in other countries – the latter in the knowledge that the European Community was undertaking efforts to launch the liberalisation of European rail traffic.

As we all know today, Swiss voters said yes to both the Alpine Initiative and Alptransit, representing a clear political mandate to leave no stone unturned in transferring long-distance freight transport to the rails.

At the same time Hupac pushed the development of rail freight transport forwards, catching the industry by surprise yet again in December 1989 with a truly revolutionary innovation when the first shuttle train in Europe started, running between Cologne and Busto Arsizio. This was in essence the equivalent of a passenger commuter train running to an interval timetable, except in this case with fixed wagon compositions running backwards and forwards between two terminals with numerous daily departures.

Eight years later, due to the shuttle trains, the volume of transport had grown to such an extent that the next logical step was instigated, namely the gateway system, whereby the terminal at Busto Arsizio was transformed into what in aviation would be referred to as a hub. Numerous trains from various different cities converged together at the Hupac terminal, and the semi-trailers and containers were re-bundled using gantry cranes and then transported onwards on new trains. Not least because of the increased transport volume that this enabled, in 2005 Hupac doubled the size of its central terminal with the expansion of Busto Arsizio-Gallarate. At the latest by this point, Hupac had grown to become one of the largest operators in Europe.

And indeed one of the most important, that is to say the most innovative – in terms of the new products and services Hupac developed on behalf of its customers, but equally in terms of the constant technical refinement of its rolling stock. Due to the fact that Hupac continued to predominantly use its own railway wagons, it also had a vested interest in their technical evolution – a permanent challenge that it tackled together with the SBB, the wagon manufacturers and its customers. The majority of these developments were adopted by other operators and railway undertakings, and today have become standard throughout Europe. Hupac is therefore a leader in combined transport, also from the technical perspective.

## **International politics**

With the transition to the new millennium, a new age began for Hupac, one that could be described as the era of international railway politics. In 1999 the Railway Reform 1 came into force in Switzerland, being the first step in the liberalisation of the railways. Four years later the European Union followed suit with the First

Railway Package, and by 2016 a further three EU Railway Packages and two Swiss Railway Reforms had been undertaken.

The efforts to create equal free access to each EU country, uniform safety and technical standards for rolling stock and infrastructure, independent train path allocation bodies, and much more besides, proved and are still today proving to be an extremely arduous and complex process involving a painstaking attention to detail. By the nature of things, individual vested state interests in their own railways have clashed again and again with those of business enterprises in private-sector ventures. In the meantime a lot has been achieved, for instance simplified customs controls and international collaborations in various areas. But a lot likewise still remains to be done. In the midst of all this, Hupac has been active on the international stage as a bridge builder and a force driving development, since 2004 with Bernhard Kunz as its new director.

One of his first great acts in his new position was a further revolution in rail freight transport: Hupac put end-to-end integrated traction out to international tender, meaning that it transferred the responsibility for international trains to one single railway undertaking. Despite the EU's liberalisation endeavours, up until then each EU member had asserted their exclusive dominance over the traction for all goods trains in their own respective countries, including those of foreign operators. This was very laborious. By now assigning the planning and implementation to the railway undertakings themselves, they in a sense became competitors against each other, with the additional effect of impeding the customary price-fixing of the past. By this means, Hupac injected a greater free-market dynamic into the equation and translated the EU legislative texts into real life.

Despite the difficult circumstances, Hupac grew steadily. It continually expanded its network of company-owned and leased terminals throughout Europe, acquired railway licences for Germany, Italy and Switzerland, and developed the first intercontinental link towards Asia. In 2000 its turnover was CHF 281.2 million, in 2005 it was 406.8 million, and in 2010, despite the prolonged world economic crisis, 504.5 million.

In particular in Switzerland, Hupac was an active advocate for further political momentum in the modal transport shift – for the construction of the 4-metre corridor, for the northern and southern links to Alptransit in Germany, respectively Italy, for a forward-looking strategy for the terminals in the greater Milan area, and last but not least for the expansion of the so-called Luino line from the Swiss border to the Busto Arsizio-Gallarate Hupac terminal, which astonishingly was not originally earmarked as part of Alptransit.

### **Fit for the future**

Today Hupac is a solidly based company with 440 staff in eight countries, 5,469 company-owned wagons and two company maintenance workshops, one for wagons and one for wheelsets – all figures and facts as of 2016, when a total of 737,311 consignments were transported.

This means that Hupac is ideally equipped for the future. One of the major focuses in the coming years is the entry into maritime freight traffic, in other words combined road–rail–end destination transport. Just as important is the creation of an intercontinental rail connection from Europe via Moscow all the way to China. The Company Shuttle service, meaning shuttle trains run on behalf of individual customers, is to be further expanded.

The continuing digitalisation of the sector and big data are similarly large-scale projects for the future on which Hupac specialists have long been working. This also presents a potential for dynamic price models. And of course a lot still remains to be done in the case of rail liberalisation.

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