Shuttle Net moves on
In 2008, Hupac carried more than 700,000 road consignments by rail. Despite the economic crisis, the company intends to keep growing.

Even combined transport cannot escape the economic crisis: without consumption there is no production and certainly no transportaton. “Freight transport is a highly sensitive indicator of the state of the economy,” explains Peter Howald, director of Intermodal Services at Hupac. “If the volumes in our network increase, this indicates the start of economic growth. And of course, the same applies the other way round.”

In comparison to previous years, 2008 saw moderate growth in Hupac’s traffic: up 2.5% in the core business of unaccompanied transport and up 3.8% in terms of total traffic. Until the start of the autumn, traffic increased continuously, even though at a lower level than in the previous year. In late autumn, as the financial crisis reached the real economy, the volumes decreased rapidly.

For Hupac’s daily business, the fall in demand is a challenge to walk the tightrope between maintaining transport services in the interests of customers and economically operating a network that has grown strongly in recent years. “We will keep all the key connections in our network,” stresses Peter Howald. Yet there is concern about the newly introduced links, some of which have yet to reach the required level of utilisation. “In some cases we have rationalised the transport network with new concepts, while other connections have had to be temporarily suspended,” says Howald. Satisfactory alternatives have been found for customers.

Not all transport sectors are affected by the recession, however. Swiss domestic transport achieved an ample increase of 29% in the past year. The 20 train pairs running each week between Basel and Chiasso and between Stabio and Aarau mainly carry consumer goods. “With the newly introduced Sunday train between Aarau and Stabio, we are enhancing our service for retail,” emphasises Heinz Schön of the Swiss transport company Schöni. “On Monday mornings, the goods are shipped by rail to the supermarkets of Ticino in an environmentally-friendly way.”

There is also a positive development in Scandinavian traffic, which grew in 2008 by around 5% compared to the previous year. Right at the start of the year Hupac incorporated a new connection into its network, namely the shuttle train running on the Brenner line between Tausio and Verona, in collaboration with Cemati of Italy. With four weekly departures, the train offers daily gateway connections to Malmo and options to continue the journey to various Swedish destinations and to Oslo. For Hupac, this new connection represents a synergistic expansion of the existing Scandinavian transport network, which includes the connection Tausio ½ Busto with twelve train pairs per week and Tausio ½ Malmo with six train pairs per week.

There was also further expansion in the rapidly increasing traffic between Duisburg and South Eastern Europe. In mid-December a new operating concept was implemented with direct daily connections to Vienna, Ems, Krems and Budapest. The introduction of further connections to South Eastern and South Western Europe is planned for the first half of 2009, whilst new transport solutions via Lichtenberg for the semi-trailer segment are in preparation on the North-South axis.

Strategies in the crisis
How is Hupac proceeding in the present economic downturn? The top management of the Swiss combined transport operator gives its views.

Consolidation
As a service provider to industry, the logistics sector is directly affected by the economic recession. We are responding to the economic downturn by consolidating the network and applying strict management of costs in close cooperation with our partners. The load factor of the trains is particularly important, because the resources we deploy must be operated economically even in times of crisis.

Bernhard Kunz, Managing director

Investments
We stick to our growth strategy. Where it makes sense, we are systematically expanding capacities. Many investments are being continued, for example the construction of the Hupac terminal in Antwerp and the further expansion of the Busto Aresio/Gallarate transhipment plant. Under certain circumstances, less urgent investments can be postponed by one or two years.

Peter Hafner, director of Finance

Chances
Again and again, chances emerge from crisis situations. We want to be a reliable partner for our customers, a fair and trustworthy collaborator. It is precisely in a crisis that we can prove our superior dedication and high level of performance. We see a real chance in this for further growth.

Peter Howald, director of Intermodal Services

Modal shift policy
In the present situation, price increases on the part of the railways are the worst thing that could happen to rail freight transport. The European network managers and transport policy makers must now send the right signals for the further shift of freight transport from the roads to the railways.

Hans-Jörg Bertschi, chairman of the Board of Directors
What will it take to press ahead with modal shift? Hans-Jörg Bertschi, chairman of the Board of Directors of Hupac Ltd, comments on key issues of Swiss and European transport policy.

Mr. Bertschi, container ships are anchored without cargo, fleets of trucks are taking a compulsory break, roads are standing in the sidings. Is the economic crisis achieving what modal shift policy only manages to a small extent, namely reducing freight transport to a level that is acceptable to the three塞尔 crime of nature. Logistics and freight transport are growth sectors and will remain so in the decades to come. The turbulence of recent months should not mislead us about that. Even if freight transport will not grow any further as it has done in the past years, the question remains: with which modes of transport, on what infrastructure and under what rules should the volumes of freight be carried?

Currently combined transport is not making the desired progress in Alpine transit. Switzerland recorded a reduction of 2.3% in transit through Switzerland for the first time. The reason for that is the slump in volumes in the last quarter. All the same, the success of Swiss modal-shift policy cannot be dismissed. From 2001 to 2007, the number of shipments transported by rail in combined transport rose by an average of 8.4% per year. Over the same period, the number of trucks fell by 1.4% per year. Combined transport thus absorbed the annual market growth of 4.3% as well as the shifted road transport.

Are the current instruments sufficient to reach the ambitious modal shift targets? 650,000 trucks in road transport via Switzerland per year? The trend of the past years shows that modal shift to the intended extent is possible. However, two prerequisites must be fulfilled. Firstly, the three pillars of Swiss transport policy – deregulation of the road market, modernisation of rail infrastructure and safeguarding of fair intermodal market conditions – must be implemented and thus will take full effect. The breakthrough can only be achieved by the cumulative effect of all these efforts: with free railway operators in competition with each other, running on modern rail infrastructure and charging prices that compare favourably to road transport. Given that the timetable for modal shift policies stretches far into the future – including stages such as the completion of the Gotthard Base Tunnel in 2018, the Europe-wide harmonisation of rail engineering in 2020, the construction of the NEAT access routes and the corridor-wide implementation of innovative railway technology in 2030 at the earliest – modal shift must inevitably be planned and operated in the long term.

And secondly? And secondly, Swiss modal shift must be fine-tuned with the transport policy of our neighbouring states. For international freight transport applies as well as for any other economic sector: the weakest link determines the performance of the whole value chain. Bottle-necks at terminals, infrastructure deficits, lack of deregulation, privileging of the roads in neighbouring countries in may have an effect on modal shift in Switzerland. It is therefore one of the fundamental duties of our transport policy to exert its influence across Europe.

What is the role of market deregulation in modal shift? It has a crucial contribution to the growth of combined transport. Competition between different rail operators using the same infrastructure increases productivity and brings innovative offerings that make the railways more attractive compared to the roads. The concept of international integrated track responsibility implemented by Hupac shows this clearly. The strong transport growth of the past years could never have been handled with the modernistic, monopolistic production concepts.

Despite the formal liberalisation of rail freight transport, the new private rail companies have only been less than 15% on average across Europe. What is preventing the development of a functioning, open railway market? The main factors are the market dominance of the major state railways and the density of regulations on market entry. Protectionism and intentional hindrances can be found at many levels. In some countries, infrastructure and operations have not been fully separated, which works to the advantage of the state railway and impedes the new private operators. Key facilities and services such as terminals, shunting operations, power supply and filling stations are generally controlled by the state railways. Furthermore, state railways often also have a comfortable cushion in the form of direct and indirect subsidies, which the new private railways must do without. The vertical integration of many combined transport operators by the railways also hinders the free choice of railway partners and delays the development of a healthy and active market.

How can the EU contribute to the success of deregulation? The hesitant elimination of obstacles at the European internal frontiers increasingly threatens to become an impediment to growth in rail freight transport. It is still not possible for freight trains to cross the internal frontiers of Europe with the same ease as road transport. Transport policy should therefore press for the mutual recognition of locomotive and freight wagon allowances at European level. And the long-planned European locomotive driver’s licence must come soon. As consolidation occurs in European freight transport, SBB Cargo has taken the challenge of competition right from the beginning. Today they are an important player on the North-South axis. The main thing is that competition in Alpine transit must be present. The Gotthard is the only corridor in Europe today where the market operates. Various railway companies in competition with each other: not all of them is in a position to dominate the market. This open market must be preserved in the interests of modal shift. The consequences of a return to monopoly would be rising transport costs, fewer innovative offers and a lower standard of service.

Greater competition with each other is supposed to prepare the railways for competition with the roads. How can growth be stimulated successfully? By strengthening the rail regulator, for example. It is their duty to monitor access to the network. Cases of discrimination are currently handled by an arbitration panel subordinated to the Federal Department of Transport, Energy and Communications (UVEK) and/or the Competition Commission. The arbitration panel acts only in the event of a complaint by either party. Actual enforcement of competition, however, requires a regulator that is independent of government, has extensive powers and must effectively intervene directly in case of any impediment to competition. The EU is also pushing for the rapid implementation of the corresponding directives 2001/124.

The allocation of train paths also holds considerable potential for discrimination… … because it is the configuration of the timetable that decides which railway company has better opportunities on the market. The imperative of actual separation between network and traffic is far too readily ignored today. Trasse Schweiz AG, which has performed the allocation of train paths and monitored timetable planning for discrimination since 2006, is legally speaking an affiliated company of SBB, BLS, SOB and the Association of Public Transport (VSV) and thus formally indemnifies the latter from downstream tasks such as capacity planning, timetable configuration and filling stations, which are operated by the man in the hands of the infrastructure operator. The best solution would be the complete financial, organisational and legal separation of network and operations, a solution that should be kept in view at least in the medium term.

Reform of the track pricing system is also on the transport policy agenda. The present weight-based track pricing system works to the disadvantage of freight transport and thus makes it harder to achieve the modal shift targets. On the Basel-Chiuso route, for example, an Intercity with a gross weight of 500 tons carries a track price of CHF 1,450, whereas a freight train with a gross weight of 1,000 tons requires CHF 4,508. That is three times higher than the tariffs in the surrounding countries.

Would reduction of freight transport tariffs be charged to the debt of passenger transport? In the present system, freight transport uses 20% of the tracks and contributes 30% to the total revenue of approx. CHF 650 million (as at 2005), whereas passenger transport uses 80% and generates 70% of the revenue. This means that passenger traffic is being substantially cross-financed, which is questionable also from the point of view of competition law. We need a usage-based, market-focused, incentive-oriented and also a capacity-based track pricing system that takes the actual use of railway infrastructure into account and optimises usage of the available capacity reserves through incentives.
Hupac builds a terminal in Antwerp

A new high-capacity terminal for combined transport is being built in the port area of Antwerp.

World, since the 1980s. “Soon we doubled the facility to four tracks, but the 600 metre-long combined trains have to be split and shunted laboriously.”

In autumn 2008 Hupac was able to start building its own terminal. This was made possible by the support of the Port Authority of Antwerp and through close cooperation with DP World.

The yard is located in the immediate vicinity of the present terminal 468. A five-track transhipment module 600 metres in length is being built over 52,000 square metres. Three powerful gantry cranes and a modern check-in building will ensure smooth procedures. At a cost of around 35 million Swiss francs, the plant has a capacity of thirty trains per day. Completion is scheduled for the start of 2010.

The Hupac terminal in Antwerp is set to absorb the traffic from the present terminal 468. DP World will remain responsible for the operation of the plant. Dirk Fleerakkers, now Operations Manager at the Belgian subsidiary Hupac Intermodal BVBA, is convinced: “With the new terminal we are creating the foundation for Hupac’s success in the growth market of Antwerp.”

The 1,000-metre freight train on the Betuweroute

Deutsche Bahn and the Dutch infrastructure operator Keyrail tested a 1,000 metre-long freight train on the Betuweroute between Rotterdam and Oberhausen. Hupac was on board with thirty loaded freight wagons.

For now it is a test, but in the long term it is set to become a reality: transport with extremely long trains on railway lines reserved for freight transport or where they have priority over passenger trains. Supported by Germany’s Federal Ministry of Economics and Technology, project GV1000 is designed to demonstrate the technical feasibility of 1,000 metre-long trains. It is in the German government’s interests to increase the capacity in the available network, for example to absorb bottlenecks on the connections between the seaports and mainland Europe.

Hupac provided around thirty freight wagons for the test train. At the Rotterdam RSC terminal they were loaded with containers, swap bodies and semitrailers – destination Italy. “Long trains are productive trains,” explains Piero Soika, logistics director at Hupac. The longer the trains, the more efficiently the expensive or scarce resources such as traction and track capacity can be used. This makes the rail option more attractive and allows more traffic to be shifted to the railways.

What is required, however, is an infrastructure upgrade across the network. The maximum train length today is 750 metres. Yet on many stretches it is only possible to run 600 metre-long trains and in some regions the upper limit is 400 metres. The necessary measures include the extension of passing loops and the adaptation of control and safety systems: “The terminals must also be configured for long trains,” stresses Soika. “To allow rational production, the trains must run at full length from A to Z and they must be loaded and unloaded without shunting at the departure terminal as well as at the arrival terminal.”

The Betuweroute offers ideal conditions for rail freight transport. This transport route exclusively for freight is a key project on the TEN 24 European corridor from Rotterdam to Genoa through Switzerland. The route is 160 kilometres long and runs from the port of Rotterdam to Zevinan on the Dutch-German border. It is equipped with the latest ETCS level 2 train safety system and designed for a capacity of more than 400 trains per day, Soika says: “The Betuweroute sets the standard in European rail freight transport. We would like to see other players follow suit and upgrade their equipment across Europe.”

With the change of timetable in 2009, Hupac SpA is taking charge of technical services for a consistent number of trains from Gallarate. Specially trained staff perform the required procedures such as technical checks on the wagons, brake tests and train data collection as their own responsibility. This means that trains can be transferred to the railway partner in a state ready for departure. “That saves us time and enables us to deploy the scarce rail resources on the transfer track efficiently and flexibly,” stresses Maurizio Tronchi, director of the rail transport company of Hupac SpA.

Automatic collection counter

In December 2008, an automatic counter for the collection of load units went into test operation at the Busto Arsizio-Gallarate terminal. The devices, previously identified by a bar code, can enter the code of the load unit for collection themselves. At the click of a mouse they receive instructions concerning the location of the load unit in the terminal yard. “With the automatic counter, we speed up the collection procedures and reduce the drivers’ waiting times,” explains Sergio Crespi, managing director of Hupac SpA. After a three-month test period, the system should be gradually extended to include all drivers.

Reorganisation of wagon maintenance

Hupac is introducing a new concept for long-term wagon maintenance in partnership with AKE and SBB. The wagons that run through Switzerland on the North-South axis will continue to be inspected at the Bellinzona factory. The wagons, in use on the East-West axis are maintained in workshops elsewhere in Europe. Logistical improvements are the main advantages. “We want to bring maintenance to the wagons, not the other way round,” declares Kunz. “That will save us transport costs and increase the availability of our rolling stock due to shorter standstills.”
Last mile has so far been neglected

The EU aims to improve the conditions for access to rail infrastructure.

The infrastructure determines operation: a point succinctly made in the announcement of a conference by the House of Rail on the subject of sidings and the last mile. As long as access to rail infrastructure is inadequate, says the organisation, rail freight transport cannot achieve the desired growth. Whilst transport policy concentrates its attention on the major freight transport corridors, the issue of sidings and last miles has so far been neglected, declared ERFA general secretary Monika Heinrich at the event in Brussels at the end of November. Yet as the starting and end points of rail freight transport they were absolutely indispensable, she said.

That is now to be remedied with the revision of the First Railway Package. The first and last miles are set to be established as a guaranteed minimum service for rail transport companies, announced Maurizio Castelletti of the European Commission. “Access to the network and services facilities such as ports and terminals must be open to all rail companies without discrimination,” stressed Castelletti. Strengthening the regulatory authorities is another measure under consideration. In future these authorities would have sweeping powers and would officially intervene against abuse. There was also the intention to monitor very carefully the use of the last mile in future.

Investments in access to the rail network, where much improvement is needed in many cases, should be stimulated through subsidies. “The last mile is very often only constructed as a single track,” said Wolf Gehrmann, general secretary of the association of private wagon operators. This causes bottlenecks which severely restrict operations. What is more, most of the tracks are in poor condition, particularly in terms of track bed and axle weight.

“Access to the network and services is the first time. The Hupac shuttle train to and from Poland of the railway company PKP Cargo: on 16 December 2008 a freight railway company PKP Cargo: on 16 December 2008 a freight railway company PKP Cargo: on 16 December 2008 a freight railway company PKP Cargo: on 16 December 2008 a freight railway companies of Europe,” declared Wojciech Balczun, Chairman of PKP Cargo. “The markets are open – for freight just as for passengers.”

By implementing the concept of international integrated traction, PKP Cargo is adapting to the needs of its customers. “With the new concept we aim to achieve shorter running times and above all an enhancement in quality,” emphasises Peter Howald, director of Intermodal Services at Hupac. Using locomotives suitable for international deployment eliminates interfaces, which are often a cause of traffic congestion. “This enhances the performance and reliability of our Polish border.”

Enhancements have also been made in the administrative field. The trains to and from Poland are run as trusted trains, which means that they are subject to simplified border crossing procedures established contractually between PKP and the partner Crossrail. Howald: “All in all, the cross-border circulating locomotives and the lean, swift handling at the frontier amount to a substantial advance.”

The last mile should also be incorporated into the planned package of measures to establish a preferential rail freight network, demanded Gehrmann. “Then the EU in combined transport

The last mile also represents a critical bottleneck in combined transport. Infrastructure operators may use their monopoly to impede access from the main line to the ports and terminals, thus hindering competition. For example: as smaller rail companies are unable to retain their own shunting locomotives for economic reasons, they are dependent on the shunting services provided by the infrastructure operator. And it is not uncommon to see disproportionately high prices charged for a few miles.

As well as a reorganisation of infrastructure access, the role of the port and terminal operators must also be redefined. They should be required to ensure the customer-oriented, neutral management of the interfaces and thus actively support the development of rail freight transport.

Acting under extreme conditions

Meeting with mountaineer Simone Moro

No, it was not one of those ordinary motivational events that companies organise for their staff towards the end of the year. Simone Moro, the top mountaineer from a valley above Bergamo, made it clear from the very start of his speech that he could not impart motivation, because it is something that lies within each of us. And then he let rip, for the strikingly star mountaineer who has made a career out of the mountains and lines up one record after another: Everest, Shisha Pangma, Lhotse, first ascents, solo ascents, winter ascents. Financing for the expeditions comes from sponsors, a particular challenge in times of crisis: “The companies are saving money. Only the best, most active and customer-oriented mountaineers can continue.”

What drives a man to dizzying heights beyond the death zone? Which factors lead to success? According to Moro, the crucial factor in extreme situations is good preparation. People in better shape with better technique will reach the end, but those who start without an adequate base will need to abort the expedition. “And yet even the most beautiful summit is not worth risking life and limb for,” said Simone Moro by way of clarification. “You have to be able to do without the glory and turn around, even 50 metres from the end.” Because no expedition can be completed successfully unless all the participants have safely negotiated the descent.

Those who experienced the evocative and rousing speech by Simone Moro know in the end how much planning, logistics, patience and commitment go into an expedition. The Hupac staff took many memorable images with them as they left the weeks spent at the foot of the ice wall waiting for favourable weather, the cooperation among the rope team on the arduous journey to the summit, the right decision at the right moment. In times of crisis, a positive attitude is a prerequisite for any expedition. “From 5,000 metres upwards, helicopters cannot fly. At that point you have to be able to rely completely on your own resources.”

Simone Moro set off on a winter ascent of the Makalu at the end of December 2008. Daily updated reports can be found at http://simonemoro.blogspot.com