

‘Sustainable intermodal crisis solutions’ Stakeholder viewpoint

Developing sustainable transport solutions has always been the task of EIA and its members. When the current crisis is over and done with, we simply cannot afford just to go back to a business-as-usual scenario. Smart entrepreneurs are therefore using this period to invest in intermodal transport & collaborative concepts, to give themselves a competitive advantage after 2010. Short term single-mode decisions will not survive in a persistently unpredictable economy; they must be replaced by long term infrastructure planning and capacity investment. The financial crunch should be used as an enabler for intermodal transport and logistics, a topic which was the subject of the EIA's ‘Intermodal Spring Reception’. The following is a summary of panel discussions on that occasion*:

ING Bank

Machiel C. Bode, Sector Manager Transport & Logistics

The current economic crisis offers a number of opportunities. Switching from road transport to intermodal is one way of shielding off the negative effects of the crisis, because intermodal solutions are less dependent on structural and costly truck and labour force capacity. However, the transport and logistics sector as such has not been very profitable with average net profits that have in the past declined. Even in better economic times, the average revenues in T&L have been sub-standard. The T&L sector has always been primarily focused on trucks & trailers and road transport. Intermodal has been the almost exclusive domain of operators with dense flows of mainly bulk goods over distances in excess of 500 km. In ING’s recent Intermodal surveys, we indicated that there are possibilities for other general cargo types of product and over considerably shorter distances. However, because of the crisis, especially for players who have not invested in long-term solutions, we are seeing a further drop in revenues and in volumes and an excess of capacity. This is bound to create fierce price competition and lower prices for traditional road transport solutions.

By the time we reach the other end of the tunnel and volumes start to pick up again, based on the still accepted general growth pattern, European infrastructure will come under tremendous pressure within a decade. The current crisis is therefore the right time for logistics companies to review their strategy. When it comes to intermodal, it is necessary, apart from accessibility and reliability of railway and inland waterway corridors, for cooperation in the supply chain and among logistics companies to be taken seriously. Intermodal can and must contribute to providing structural relief for the main port areas by moving containers on without putting pressure on road infrastructure. Only through cooperation will it be possible to create new dense and structural combined transport flows.

PROCTER & GAMBLE

Martin Herrington, Associate Director Logistics Purchases, Western Europe

P&G is committed to ‘sustainability without trade-offs’; we must maintain cost, service and reliability. We are targeting to take 30% of our shipments off the road by 2015. Intermodal has a huge role to play. Intermodality can win first of all with end-to-end solutions that are 99% reliable: reliable terminal operations, connections with waterways, ferries, etc. Secondly by organising better interoperability of cross-border rail freight.

Thirdly by communicating a clear message on sustainability benefits, especially CO₂, while recognising that customers are not interested in “trade-offs”. Last but not least, we should focus on the positive benefits of intermodality.

AMBROGIO TRASPORTI

Livio Ambrogio, Managing Director Ambrogio Trasporti, President EIA

A further breakthrough in intermodal transport can only be achieved, if the strengths of rail are reflected in competitive pricing. Infrastructure must be adapted to freight needs: capacity rather than speed. Resources can only be drawn from the road sector, if we consider intermodality as a product and an improvement of road transport itself. A relatively small toll charge can generate huge resources but it will require maximum transparency and consistent application throughout the EU.

ORACLE Logistics

John Love, Business Development Director Supply Chain Solutions, EMEA

The transport sector should look for cost reductions and efficiency gains but should first determine what selective investments in supply chains will offer short-term pay backs, when the economy begins to turn around. "Green" should not equal "Cost"; we should take pragmatic steps while not wasting time searching for the perfect standard. Transport offers huge potential for cost savings; we should target specific areas for improvement. Visibility can facilitate a lower speed supply chain and encourage modal shift. ICT technologies are vital to sustainable logistics and transport. However, it is important to understand that ICT are *enablers* for solutions rather than solutions in themselves.

European Commission

John Berry, DG TREN, Unit Co-modality / Logistics

There is a potential for intermodality, for which the EC is anticipating by paving the way for some form of carbon footprint counting and reduction schemes, based on the various different schemes that are being developed today (with France stating that it will make a scheme mandatory by 2011). This development is making shippers think rationally about intermodality. The time will come when a shipper will go to his 3PL with the requirement to shift goods from A to B within a certain time (quality), price and carbon footprint (sustainability). This will force 3PLs to search for alternatives to road and, for that, the EU needs a vibrant and responsive combined transport network as well as IWW and SSS options. These developments are all good arguments for integrated ICT and the promotion of intermodality, but also have a knock-on effect for liability and the single transport document, benchmarking/KPIs for 'sustainability' and Green corridors.

Statement from a guest directed towards the Panel

Gerhard Oswald, Managing Director Transfracht International

‘We transfer approximately 600,000 truckloads transferred from road to rail, hence reducing CO₂ emissions by more than 360,000 tons a year. My statement is infrastructure related: we have taken our responsibilities by investing heavily in intermodal transport capacities to serve our clients. We really hope that this investment in sustainability will not be minimised by ‘flexible’ road cabotage rules or other anti-industrial surprises that would endanger our long-term rail and terminal investments’.

EIA Brussels, conclusions

The need for sustainable transport & logistics is slowly but steadily becoming a new driver for future innovation, job creation, CO2 reductions collaborative partnerships, capacity sharing and energy saving. Tomorrow's winners are investing in intermodal concepts; they are developing the know-how to turn the current crisis into revenues while creating a competitive advantage for the intermodal industry.

The conditions that will enable intermodal transport best to play its role are: a) Capacity (e.g. <http://www.uic.org/diomis/spip.php?article11>); b) Interoperability standards; c) Industrial cross-mode consensus d) Transparency & streamlining of processes (e.g. www.smart-cm.eu)

** This information is a summary of the opinions expressed before, during and after the EIA 'Intermodal Reception' 2009.*