

Improving European Railways

RETRACK: Setting up an innovative rail freight service between Rotterdam and Constantza

RETRACK Synthesis workshop 2009:
“Challenges in a declining rail freight market”
5 November 2009, Delft, The Netherlands



retrack

An Integrated EU-Project

Why a RETRACK seminar?



RETRACK is running for more than two years now

It's time to share results and look with you to the future

RETRACK background



- FP6, Integration Project, no MP action
- Supported by DG TREN, € 10.9 mio
- Project duration: May 2007–April 2011
- Partners: Private Railway Undertakings, R&D in rail freight, IT solutions for rail freight
- Objectives
 - Develop, demonstrate and implement an innovative and viable rail freight service along an East–West trans–European corridor (Rotterdam – Constanza)
 - Exploit business opportunities created by rail liberalisation
 - Removal of operational, institutional and technical fragmentation between national railway systems

R&D partners Railway partners



Improving European Railways

RETRACK rail freight corridor

European Integrated Project
Objective: To develop, demonstrate and implement an innovative and viable rail freight service along the East-West axis in Europe

Rotterdam

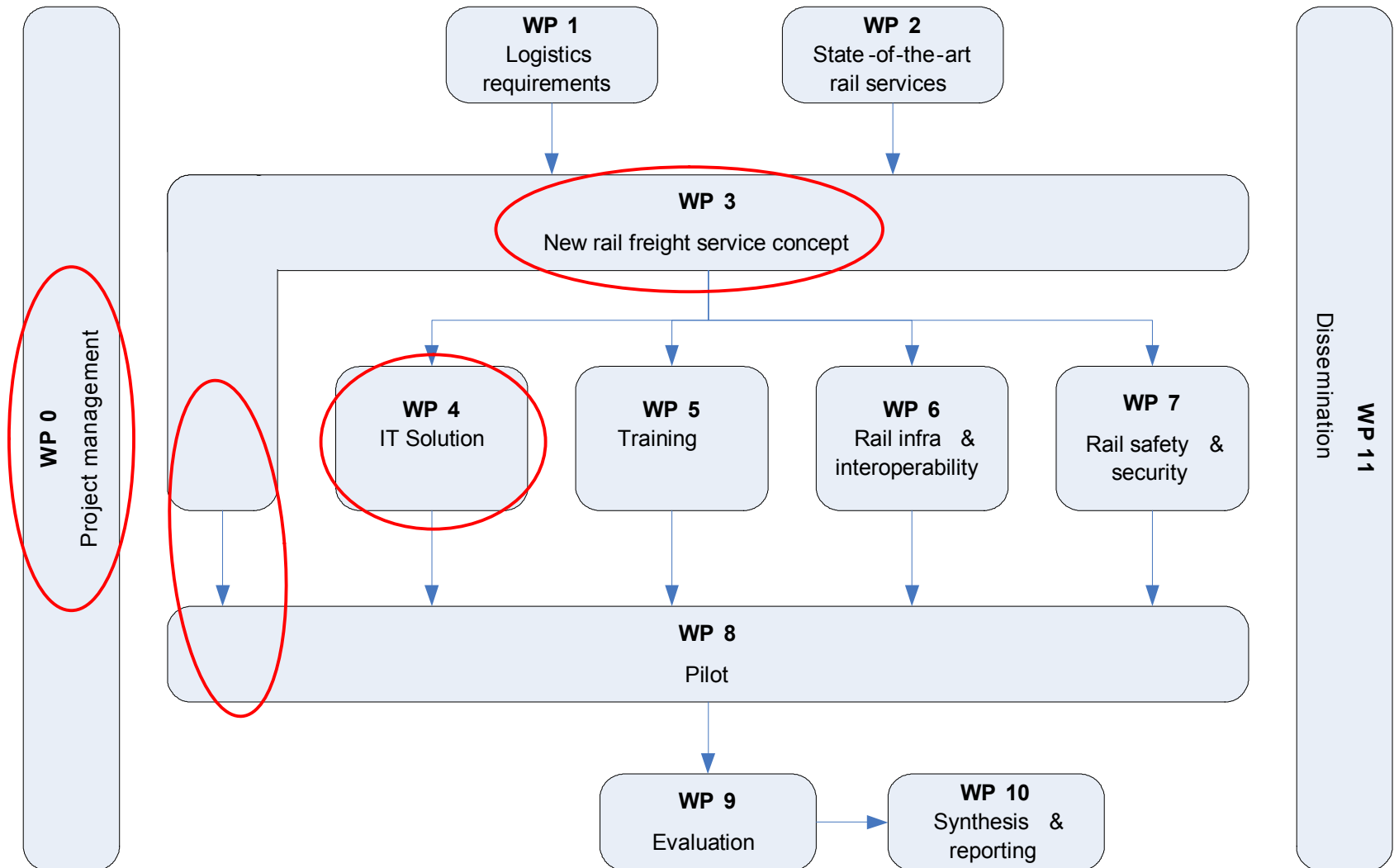
Largest EU container port
2007: 10,8 Million TEU (+12%)
Gateway to
North-Western Europe



Constantza

Fastest growing EU container port
2007: 1,4 Million TEU (+39%)
Gateway to South-Eastern Europe

RETRACK Workpackages



RETRACK ambition and vision



- ✦ Exploit business opportunities created by rail liberalisation
 - ✦ Consortium with private RU's, not the incumbents
 - ✦ Create modal shift on a market/corridor fully dominated by road
 - ✦ Implement the right business model to offer a competitive service to the market with acceptable commercial risks for the operators

- ✦ Removal of operational, institutional and technical fragmentation between national railway systems
 - ✦ Deploy seamless interoperable service (e.g. by multipurpose locomotive)
 - ✦ Avoid unnecessary waiting time at border crossings
 - ✦ Optimise the operational plan, collaboration between operational actors and scenarios/contingency plans for exceptions/unexpected delays through innovative IT tools

- ✦ Develop, demonstrate and implement an innovative and viable rail freight service along an East–West trans–European corridor (Rotterdam – Constanza)
 - ✦ A 'blueprint' example to offer a customer driven and commercially sound alternative to international road freight transport as a result of rail liberalisation and reduced fragmentation in the railway systems
 - ✦ Show what this could mean when deployed on an European–wide scale

RETRACK business models and competition strategies



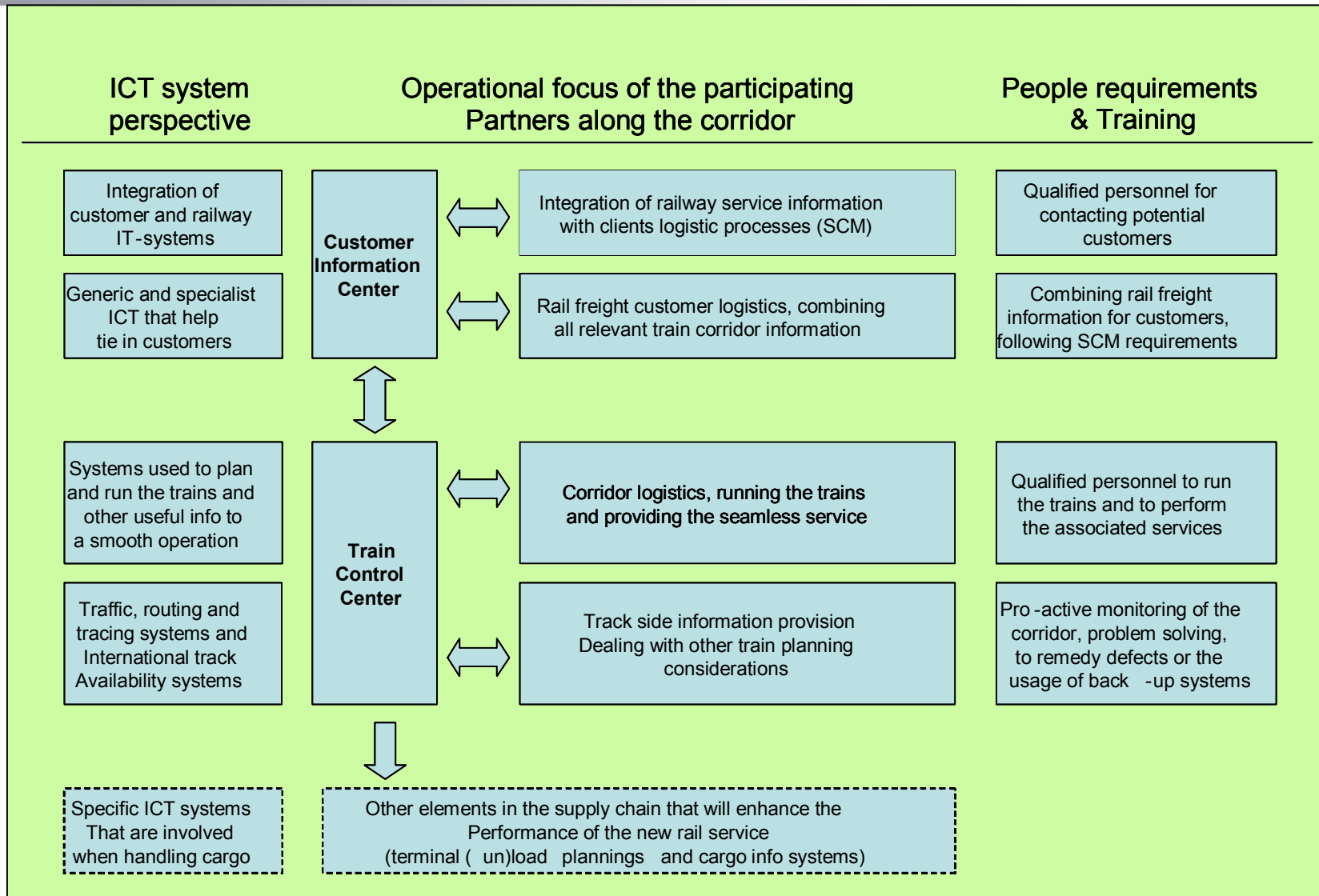
Basic idea

- Service offer is customer driven
- Opt for Anchor Customer Model to mitigate commercial risk
- Market is rapidly changing → Dynamic concept development
- Pragmatic and opportunistic approach
- From anchor model to shuttle service

Experiences

- Opportunistic behavior private RU's → quick response to market dynamics
 - Crisis → drop of volumes → viability / risk averse behavior
 - Strong competition from road transport, in RO (price/time)
 - Requiring advanced business models with more complex risk sharing approaches
- See presentation later this afternoon from TOI

IT as vital innovation for RETRACK



Improving European Railways

Pilot demonstrator

Objective: Use the developed new rail freight services, including ICT in practice for 12 months, and in this way, demonstrate that rail can offer top-level SCM services, which match the requirements of customers

RETRACK Rail freight shuttle, operated by partners:

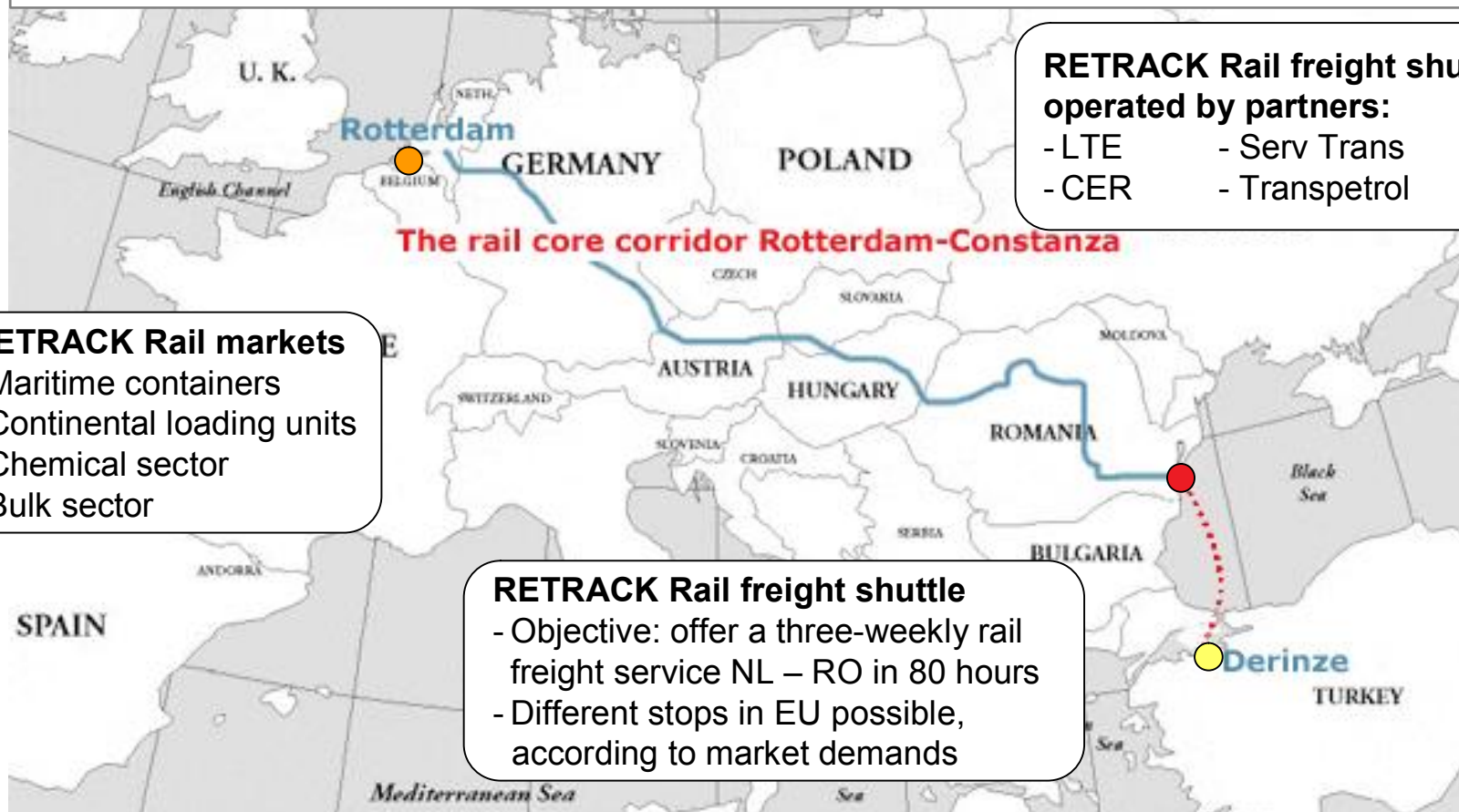
- LTE
- CER
- Serv Trans
- Transpetrol

RETRACK Rail markets

- Maritime containers
- Continental loading units
- Chemical sector
- Bulk sector

RETRACK Rail freight shuttle

- Objective: offer a three-weekly rail freight service NL – RO in 80 hours
- Different stops in EU possible, according to market demands



Viability of demonstration

- Impact economic crisis
- Considerable drop of volumes in market segments
- Fierce competition from road hauliers fighting for their declining markets
- Bad timing to launch a new service
- So far, no hard commitments of anchor customers
 - E.g. BASF, Hupac, Raillink, H.Essers Group, ...
- Delay in pilot start from January 2009 to September 2009 to January 2010

Fresh from the press

Belgian News

archive

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Belgian rails unions "will strike till April"

05/11/2009

Belgian railway unions are staging a 24 hour strike across Belgium starting at 10 PM Wednesday evening.

A last ditch talks between management and unions to avert the strike failed. Socialist trade unionist Jos Digneffe is threatening to hold a weekly strike if demands are not met.

The trade unions say they are protesting against efforts to restructure the cargo unit of the state-owned NMBS-SNCB railway company, B-Cargo. They say some 3,000 jobs could be cut as a result.

Strike action will start at 10pm Wednesday evening, paralysing rail traffic.

The strike has already forced Eurostar and Thalys to cancel high-speed rail services on Thursday between Brussels and London, and between Brussels and Paris and Amsterdam.

Jos Digneffe of the socialist trade union ACOD is bracing himself for a fight. "We really want clarity on the restructuring, because if it goes on like this, we are prepared to strike every week, till April if necessary."

flandersnews.be/Expatica

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Buffett buying Burlington rail in his biggest deal

REUTERS

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Reuters — Billionaire financier and Berkshire Hathaway Chief Executive Warren Buffett attends the Berkshire Hathaway ...

By Nick Zieminski — Tue Nov 3, 5:19 pm ET

NEW YORK (Reuters) — Warren Buffett's Berkshire Hathaway Inc will pay \$26 billion to buy out Burlington Northern Santa Fe Corp in a bet the nation's largest rail company will benefit from a recovering U.S. economy.

The deal, announced on Tuesday, is the billionaire investor's biggest-ever acquisition and may prompt him to sell some of his other investments, which include a wide range of companies from Coca-Cola Co to General Electric Co, some Buffett watchers said.

By betting on BNSF, Buffett -- the world's second-richest person and a long-time model train buff -- renewed interest in a storied, but highly cyclical American industry that has tried to reinvent itself by emphasizing its ability to move goods cheaply and efficiently.

"It's an all-in wager on the economic future of the United States," Buffett, who has been building up his rail holdings for several years, said in a statement. "I love these bets."

Buffett will pay a premium of 31.5 percent over BNSF's closing stock price on Monday, valuing the railroad at \$34 billion, or 18 times estimated 2010 earnings. Most rail companies' P/E ratios are in the mid-teens.

Slideshow: Warren Buffett

Economy Video: Cavuto Business Report 11-04-09
FOXBusiness

RELATED QUOTES

^DJI	9,802.14	+30.23
^GSPC	1,046.50	0.00
^IXIC	2,055.52	0.00

BNSF shares jumped 27.51 percent and other U.S. and Canadian rail shares also rose, as analysts said the deal puts an oft-neglected industry in Wall Street's focus and could bring some fresh money into the sector. But they did not expect a wave of deals in the railroad sector, given regulatory concerns.

"Buffett has always stated that he likes the longer-term viability of the rails ... but people really weren't paying attention," said Longbow Research analyst Lee Klaskow. "This is shining a spotlight on this group, bringing more investors into the fold."

From October 23rd, EC Seminar on impact of economic crisis on transport (Opinion of experts in road haulage and academics)

“The downturn in the sector was substantially greater than the average downturn in the economy, due to the sector’s dependency on trade. Signs of recovery are present but uncertainties remain as to its pace and timing. Although there was a feeling that the recovery might start in 2010, it is expected that it will be flat-bottomed and pick up later depending on intra-community and global trade.”

“In the post-crisis situation, transport growth patterns are not likely to change dramatically, the long term trend of an increase in demand expected from further globalisation remains the same.”

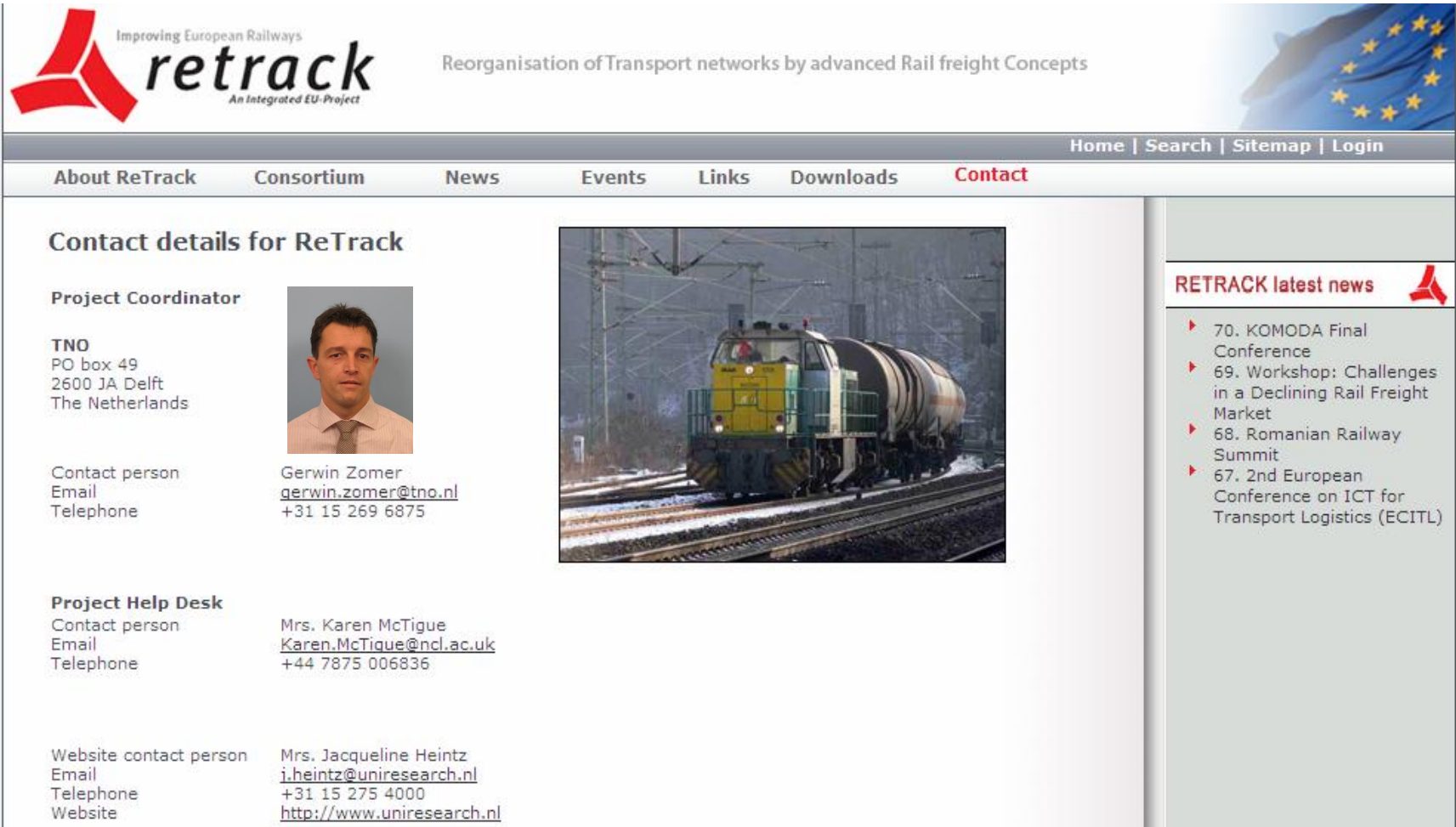
Agenda this afternoon

“Challenges in a declining rail freight market”

14:30	14:40	Registration and coffee
14:40	15:00	Welcome & Status RETRACK project Gerwin Zomer, RETRACK coordinator, TNO, The Netherlands
15:00	15:20	The RETRACK Rail Freight Demonstration Johannes Marg, Business Development Manager, Transpetrol, Germany
15:20	15:40	The RETRACK IT Solution Heiner Halbach, Executive Board Member, SOPTIM, Germany
15:40	16:10	Coffee / Tea
16:10	16:30	Business Models and Competitive Strategies in rail freight Johanna Ludvigsen, Chief Research Officer, TOI, Norway
16:30	17:00	Discussion Moderator: Gerwin Zomer, TNO, The Netherlands
17:00	17:30	Network drinks

- Main discussion topic for plenary discussion:
“Liberalisation of the rail freight market –
Does it develop in the right way? And what are the challenges”
- Please fill in the form with statements

More information



The screenshot shows the retrack website interface. At the top left is the retrack logo with the tagline 'Improving European Railways' and 'An Integrated EU-Project'. To the right of the logo is the text 'Reorganisation of Transport networks by advanced Rail freight Concepts'. A navigation bar contains links for 'Home | Search | Sitemap | Login'. Below this is a secondary navigation bar with 'About ReTrack', 'Consortium', 'News', 'Events', 'Links', 'Downloads', and 'Contact'. The main content area is titled 'Contact details for ReTrack' and lists three contact points: Project Coordinator Gerwin Zomer (TNO), Project Help Desk Mrs. Karen McTigue (ncl.ac.uk), and Website contact person Mrs. Jacqueline Heintz (uniresearch.nl). A large image of a freight train is positioned to the right of the contact details. On the far right, a 'RETRACK latest news' section lists four recent events: 70. KOMODA Final Conference, 69. Workshop: Challenges in a Declining Rail Freight Market, 68. Romanian Railway Summit, and 67. 2nd European Conference on ICT for Transport Logistics (ECITL). A vertical banner on the right edge of the page reads 'Improving European Railways'.

Improving European Railways

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An Integrated EU-Project

Reorganisation of Transport networks by advanced Rail freight Concepts


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RETRACK latest news

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 Visit our website: WWW.RETRACK.EU