

The logo for VAP (Verkehrsunternehmen der Alpen) is displayed in a bold, dark blue, sans-serif font. The letters 'V', 'A', and 'P' are stylized and interconnected. The background of the entire page is a blurred photograph of a freight train moving from left to right, with the train's cars appearing as streaks of color against a clear blue sky. A thin yellow horizontal line runs across the top of the page, passing behind the VAP logo and the website address.

VAP

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**Alternatives to the
Federal Council's
proposals**

RAIL FREIGHT TRAFFIC 2050

TIME TO SPEAK

Dear reader,

2050 – for some the distant future; for the railway world, tomorrow's today. We here at VAP are committed to sustainable rail freight traffic. This includes the infrastructure with its logistics sites, operations, finances; and of course all of the different modes of transport too.

Which direction should rail freight traffic take? Any answer to this question has to begin with a transparent and unbiased analysis of the current situation. Nationwide rail freight traffic – often equated with wagonload traffic – is dominated by a quasi-monopoly and is financed indirectly by taxpayers' money. We can't simply extrapolate this model in the future.

Discussions about the future have to be based on facts. What are needed here are KPIs on the security of supplies, flexibility, sustainability and in particular commercial viability that can meet the requirements of 2050. This means that one cannot simply assume that a system is not commercially viable if no validated figures are available, as does the report of the Federal Office of Transport (FOT) on nationwide rail freight traffic.¹ We regard this report as starting point for a crucial and game-changing debate on nationwide rail freight traffic; not

as the end of the debate, and certainly not as a basis for any decisions. We propose engaging in a self-critical discussion. To do so, we have to keep a 360° eye on every aspect: past developments, current requirements and future challenges.

Digitalisation opens up a number of opportunities for the future, such as the current project on digital automatic coupling (DAC). This allows the exchange of data, modern train control, data platforms and suitably redesigned processes.

In the interests of a constructive dialogue, we call on all stakeholders to work together to shape the future of sustainable rail freight traffic.

Dr. Frank Furrer
Secretary General
VAP Verband der verladenden Wirtschaft

¹«Future alignment of nationwide rail freight traffic», Report of the Federal Council in fulfilment of postulate 21.3597 of the TTC-CS, 10 May 2021.

ASK QUESTIONS AND GET ON THE RIGHT TRACK

In a data-driven and fast-moving world, political and commercial stakeholders can only take farsighted decisions if they ask questions and can rely on informed answers. To start the ball rolling, we want to raise a few key questions.

- What specifically has been achieved in the past 20 years in rail freight traffic – for example in terms of subsidies, price increases, operating points and jobs in wagonload traffic?
- Why are grants paid to the railway undertakings (RUs) and not – as is the case in transit traffic – to the carrier?
- How has the average speed of a freight train changed since 2000?
- What exactly are the KPIs used to measure commercial viability? How have the direct and indirect cost and revenue items changed over the past few years?
- Why is the Confederation involved in rail freight traffic as the owner of SBB Cargo?
- Which facts allow today's quasi-monopoly in rail freight traffic to be viewed as successful?
- Which other models should be investigated?
- Does an exit strategy exist should today's model prove unsuccessful? What are the criteria for its implementation? How will its "success" be measured?
- What can we learn from other successful business models such as rail-Care or Cargo Domizil? And why?
- How does SBB Cargo envision a successful business model without subsidies?
- How much money are minority shareholders pouring into the restructuring of SBB Cargo?

A DIFFERENT PERSPECTIVE

Carriers, railways, logistics specialists and companies from various industries in Switzerland all aspire to the common goal of a multimodal freight logistics system. The discussion has to move away from rail-centred political discussions and concentrate more on what customers really need.

Our members use not only rail freight traffic but also road transport, shipping on the Rhine and pipelines. Smart combinations of all the different modes of transport will ensure a functioning economy and the supply of products in Switzerland. Bulk goods can be transported to a fixed

number of locations via rail. Trucks and vans guarantee highly flexible deliveries to larger areas in domestic traffic. This is why our members, as users of this multimodal system, want to see the following:

- The creation of a sustainable framework for all modes of transport according to their strengths.
- An assurance that multimodal logistics chains work efficiently with various stakeholders and providers.
- The certainty of being able to access corresponding backup levels.
- A long-term digital information platform that offers a variety of multimodal solutions.
- Better use of the existing resources such as tracks, rolling stock and personnel.
- The knowledge that SBB Cargo stands alongside them in a new role as an important partner and haulage provider.



LAYING THE FOUNDATIONS

A number of elements have to be in place for the rail freight traffic to get on track towards a promising future with growth opportunities in a free and innovative market. We are working to put these in place – and they are more important today than ever before.

Think multimodal

Prevailing circumstances, infrastructures and market participants have to link up various modes of transport into an efficient logistics solution. This is particularly important to achieve optimum utilisation of the infrastructure and reduction of CO₂. Multimodality makes supplies less vulnerable. Modes of transport must not be considered in isolation or ignored completely. Line closures, weather or environmental conditions and strikes interrupt logistics flows that are relevant for supplies. This is why the most ecological and economic alternatives will become all the more decisive.

Provide a data platform

The rail freight traffic system is in considerable need of development in terms of digitalisation, not just within the railways but across all players, right through to the rail freight customers. What is currently lacking is transparent, relevant information. This makes the overall system inefficient. In order to overcome this challenge, a data platform should be introduced for freight traffic, similar to the one conceived for passenger transport. In Germany, for example, a data platform for unaccompanied intermodal traffic is about to go into operation.



LAYING THE FOUNDATIONS

(continued)

Introduce «coopetition»

Coopetition is a market principle that combines cooperation and competition. It influences the actions of market players without any explicit cooperation between them.

One very interesting aspect for rail freight traffic is a systematic collaboration at each value-added step, while the participants' end products still compete with each other. Coopetition could therefore greatly enliven the competition for the capacity utilisation of resources such as cars, transshipment terminals, sidings etc.



Redefine roles

Simply preserving the quasi-monopoly without any alternatives by no means helps optimise the overall system with respect to customer benefits and increase the rail share in multimodal logistics chains. We need a rail freight traffic system in which every market player can contribute their strengths. SBB Cargo will hereby retain its important function as haulage provider, above all for the last mile.

CREATE ADDED VALUE

Current political and economic debate should be focused on achieving a rail freight traffic system that meets the needs of the market. All of the market players will profit from this in the future, first and foremost Swiss society and the Swiss national economy.

- **Rail freight** customers will benefit from a greater customer focus, quality, innovation, multimodality capability and supply reliability. This will lead to higher market shares for rail freight operators.
- **The rail freight traffic stakeholders** can redefine their roles thanks to cutting-edge platforms and technologies and make an even better contribution to the rail freight traffic system with their core competencies.
- **Taxpayers** know that their money is not going to the company but will be used purposefully in the infrastructure and existing capacity will be used more efficiently so that the infrastructure does not require as much expansion.
- **The environment** profits from less CO₂ emissions (cf. the motion «Rail freight traffic and its contribution to lowering CO₂ emissions» from the VAP President Josef Dittli), from greater support towards reaching the Swiss climate goals and greater safety during transportation of hazardous materials.
- More jobs are created in **society** and Switzerland becomes an even more attractive place to do business and live.





LET'S TALK

*Talk to us about tomorrow's rail freight traffic.
We look forward to a constructive debate.*

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