Enhancing the role of rail freight in a changing transport sector

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Great Political Expectations on Rail Freight

- **Climate Change / Decarbonising**
  - Electrified rail freight plays big part in every Transport Minister’s plans for Decarbonising Transport

- **Congestion**
  - Major road axes suffering heavy congestion, trucks very visible
  - Higher costs for trucks (via distance-based charges) didn’t lead to significant modal shift

- **Safety**
  - Road safety levels generally improving, but still much worse than rail

- **But Rail still unable to gain market share !**
  - Due to wrong focus or to real competitive disadvantage for most clients’ requirements?
  - And road freight is improving in all these fronts...
Rail freight: respond quickly to gain market share and contribute to decarbonisation

Flat modal share in the EU ... and missed growth opportunity internationally?

Source: Eurostat

Source: ITF Global Freight Model, baseline trade scenario
Freight transport services are changing:

• **Innovation**💡
  – Automation on the rise in the road, maritime and aviation sectors, and in warehouses
  – Tracking services improve security and reliability of shipments

• **Flexibility** עסקי
  – Intermodal connectivity of logistics chains
  – More real-time decisions, less scheduled shipments

• **Efficiency**🔍
  – Vehicle: longer and heavier trucks reduce road haulage costs
  – Automation on the road will not only reduce costs (labour) but extend operating hours by a factor of almost 3
  – Emissions: cleaner (liquid and gas) fuels and road electrification on the way
Promoting innovation in Rail

• Automation technologies
  – Australia: preparing for the world’s first fully autonomous, long-distance railway network for mineral products
  – Automatic coupling and train marshalling for much higher efficiency of wagonload trains (large part of market by value and even by weight)

• Customer service
  – US/Canada: full online tracking of shipments on international hauls

• New entrants from different sectors
  – Portugal: MSC acquires CP Carga
  – Sweden: EQT acquires Hector Rail
  – Bulgaria: PIMK enters the rail market
Enhancing flexibility in Rail

• **Wagonloads market**
  – The business is only viable if it gains market share in international corridors and if costs are reduced

• **Intermodal facilities: ports and yards**
  – Spain: share of inland transport from Port of Barcelona growing from 4% to 12% between 2008 and 2012

• **Capacity allocation processes**
  – EU: Directive 2012/34 introduces cooperation requirements between IMs for cross-border services.
Improving efficiency in Rail

• Longer trains and double-stacking to reduce unit costs
  – US: growth of double-stacked containers in response to industrial diversification

• Fuel and engine efficiency in addition to electrification to reduce CO2 emissions
  – Diesel intensity of freight operations not falling in line with rest of freight sector

• Performance benchmarking
  – Definition of common KPIs in EU and Asia-Pacific (following North American model) to compare efficiency and enhance productivity
Thank You

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