

# THE FREIGHT DEBATE

**With road congestion growing out of control, the future for rail freight has rarely looked brighter.**

Tony Berkeley, **chairman of the Rail Freight Group, says the industry must build on its successes, while overleaf**

Roger King, **chief executive of the Road Haulage Association, says the time is right for road and rail to forge new alliances**



## 'Rail freight takes the strain'

### *Dear Roger*

Rail freight's success story over the last 10 years since privatisation is well known. Traffic has grown by 50 per cent and market share against road has gone up from 8.5 per cent to 11.5 per cent. There are now four established operators competing for traffic, and new business has been won in many sectors.

Rail freight cannot of course compete for local deliveries of unit loads; its efficiency is in moving larger volumes, be they container, aggregates or coal or something in between over distances sometimes as low as 12 miles but more usually a little greater.

Demand for rail freight is stronger than ever. Between April and June 2004 freight moved by rail grew 8.1 per cent. A University of Westminster Study reported optimism amongst customers about using rail for increased freight movements. Bo Lerenius, chief executive of Associated British Ports, said that 'it is obvious that rail freight can take a bigger market share.'

There have been many successes for rail freight in the last year. Mail is once again being moved by rail thanks to a deal

between GB Railfreight and the Royal Mail. Intermodal business is booming. Freightliner reported that its intermodal business achieved growth of 11 per cent between April and June 2004, compared to the same period in 2003.

The key rail freight corridors connecting Tilbury and Felixstowe with the West Coast Main Line are now open for 9'6"-high container traffic on standard wagons. The route between Nuneaton and Birmingham is also now cleared. This is a crucial step forward for UK rail freight, enabling operators to meet the growing international demand for 9'6", rather than 8'6"-high freight containers.

EWS brought innovation to the supply of rail freight services by launching the first ever on-line interactive rail freight timetables in Britain for its multi-user services. Whether it is a request to move intermodal containers from Felixstowe, manufactured goods to Italy or parcels to Inverness, the timetables provide the solutions at the click of a mouse.

Rail freight is taking more lorries off the roads. In September EWS announced another example of rail freight's continued role in protecting our environment. The operator won a seven year 'new to rail' contract from BLI cement, a Tarmac company.

Rail freight is taking  
advantage of  
road congestion.  
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## 'Rail freight ... is asked to compete for space on a state funded rail network with state funded passenger services, so the importance of recognising the long term rights of freight cannot be over-emphasised'

**Tony Berkeley**

keeping the wheels of industry moving, whilst reducing pollution and road congestion? Car drivers may not be aware of the positive effect rail freight is making; but, for example, the 40 aggregate trains a day from the Mendips to the South East of London would require three lorries every minute of every day, not only on the M4 but also on connecting roads at each end.

Intermodal traffic between Scotland and England as well as from our major ports is already successful and is due to grow as customers demand greater speed and reliability.

The Government committed itself in the Rail White Paper to provide rail freight with longer-term access rights on the network to give confidence to industry investors of long-term ability to access the network for freight, and this is now being translated into detailed regulatory rules. Rail freight, being in the private sector and exposed to full commercial risk, is asked to compete for space on a state-funded rail network with state funded passenger services, so the importance of recognising the long term rights of freight cannot be over-emphasised. This means being able to operate trains when and where customers want, and network-wide. There must be capacity allowed on the network for such daily or weekly variations, and it is encouraging that the Government recognises this.

The Government has also committed to the continuation of the current basis of track access charges for freight, calculated on the madrigal cost of operating on a network designed and maintained for the higher standard necessary for passenger services.

Finally, the importance of creating new or expanded terminals at locations where customers want to go cannot be overstated. Whether these are at ports to cope with the ever increasing flow of imports, or at new quarries or inland terminals, the cost and time taken to achieving such developments through the planning system must be addressed. The SRA fulfilled an important role in encouraging regional and local policies to enable these to be developed, and in negotiating with developers and planning authorities to ensure that suitable rail connections and capacity were available. The situation is likely to get worse rather than better when the SRA goes, since it is difficult to envisage the Department for Transport doing this, when it may also be part of the appeal body, and Network Rail has yet to demonstrate an enthusiasm for encouraging more freight at minimal cost.

Thus, rail freight has a great future. There is much work to do to ensure that the principles set out in the White Paper actually deliver for freight, so that the high level of interest from customers can be delivered.

*Yours*

*Tony Berkeley, chairman, Rail Freight Group*

The new traffic will remove 24,000 lorry movements and 4.5 million lorry miles from the road network each year.

Customers are committing to rail. Supermarket giant Asda this year increased its use of rail using new services between Grangemouth and Aberdeen, operated by Direct Rail Services in conjunction with the Malcolm Group, and from Felixstowe to Daventry, operated by GB Railfreight. Kuehne & Nagel, a leading logistics provider whose customers include Argos, reached an agreement with EWS to switch 200,000 container movements across the UK from road to rail. IKEA also started using rail to move containers to its distribution centres in 2004.

Competition is thriving. Freightliner Heavy Haul ran its 20,000th coal train in March. A new entrant to the coal market just four years ago, the company has increased its annual turnover to over £60m and runs 1,000 trains a week.

Rail freight through the Channel Tunnel continues to recover, with 31 per cent growth recorded between April and June 2004 compared to the same period in 2003. Freight has moved for the first time on the Channel Tunnel Rail Link and the RFF, the French infrastructure provider, is reportedly committed to achieving real open access.

Finally, rail freight cannot grow without terminals, so it was encouraging to see that Mossend Rail Head and Hams Hall both expanded in 2004 to cope with increasing demand.

So how important is the contribution of rail freight to

# 'A competitive partnership'

## Dear Tony

There is an expectation that road transport and rail freight are implacable enemies. Borne out of history there is some substance to this, largely forged over the market for wagonload traffic. That was won by the lorry a long while back. Since then rail freight has been on life support, and has only recently identified growth opportunities.

The average haulier does not consider rail freight a competitor because it can never offer the flexibility of door-to-door delivery. Nor can it come near to providing a bespoke just-in-time consignment. For the vast majority of customers road transport is the only way their needs can be satisfied.

But rail does have some impressive attributes. Road hauliers are quick to capitalise on these, building partnerships as required. Indeed, for long distance distribution, rail can exploit higher speeds and timetabled regularity for the delivery of bulk consignments. And of course there is usually a truck to be used at the beginning and end of most journeys.

With the UK economy scheduled to grow by at least 2.5 per cent annually (according to the Chancellor) the need to move more goods is an essential by-product. Unfortunately, another by-product of this growth is an increase in road traffic adding to congestion and consequent disruption of schedules for hauliers. Compounding this, new legislation on working time for mobile workers, coupled with driver shortages will make the lot of the haulier an especially challenging one if we are to keep the UK serviced.

Up to a point, rail suffers for the same reason. With passenger rail traffic expected to increase, the strain to find paths for freight trains at a time when the customer wants their goods moved will prove equally challenging.

The answer of course lies in investment, both in rail and road. Not in one at the expense of the other – that is no solution – but in a fair and equitable way.

The money spent on the upgrade of the West Coast Main Line in order to move relatively few passengers from A to B, 10 minutes quicker than journey times achieved 30 years ago is frankly scandalous. The whole of the M1 and M6 could have been updated for the same money and this would have benefited hundreds of thousands of users each day. Although work on the M1 is due to start in 2005, all we have for the M6 is whether a new toll motorway would be preferable to widening. In other words, talk-talk, not do-do. Whatever decision is made we are years away from alleviating heavy congestion, but it is doubtful that rail freight will ever be able to capitalise on this.

The UK's trade pattern is undergoing significant change. The biggest haul at the moment is empty container boxes being returned to the ports. Manufacturing is migrating not just from the UK but also from western Europe, towards eastern Europe, India and China. The ports are becoming



congested so that it is not unusual for a lorry to be delayed by up to six hours, with obvious cost implications. Projections for future growth show that what is the exception now is likely to become the rule in the future.

Perhaps we need radical thinking. A genuine partnership between road and rail. And if it helps the politicians, let us call it integration.

The establishment of a national rail head at, for instance, Rugby, serviced by lines from Felixstowe and Southampton and the Channel Tunnel, would enable rail to bring boxes in to the centre of the country for transportation onto road. Sited at the junction of the M1 and M6, a huge portion of the UK could be covered as far as international traffic is concerned. Such a scheme might well deter foreign hauliers from coming to the UK fuelled with low tax diesel, a bane for UK hauliers to address.

Of course such a proposal is a pipe dream but it serves as an illustration that the answer to the UK's need for fast, efficient and cost effective freight movement is not a question of rail against road. Rather it should be about harnessing the best options available, not always in competition, but increasingly in partnership.

Yours  
Roger King,  
Chief executive,  
Road Haulage Association

Rail can exploit  
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