

Recommendations

We believe that by implementing the following recommendations Government could create a rail freight network fit for the 21st century.

Political Commitment

There needs to be greater political urgency in acting upon the Eddington, Stern and Barker reports in order to:

- Stimulate modal shift from road to rail to relieve road congestion and help mitigate the effects of climate change
- Establish a 30 year integrated transport strategy
- Ensure the forthcoming Rail Strategy White Paper and High Level Output Statement identify future rail freight needs

Investment

In order to ensure we have a rail freight system fit for purpose, investment priorities should be:

- Gauge clearance to new 9ft 6” standards on priority routes
- Network enhancement to maximise capacity and develop a ‘24/7’ network for freight
- Diversionary routes to provide options for freight operators
- Improving rail links to ports, rail terminal access and capacity
- The conclusion of the current 5 “TIF(P)” schemes and a commitment to take forward another round of “TIF(P)”

Financial Stability and Planning

In order for the rail freight industry to grow, it requires:

- A stable and sustainable grant structure to effect modal shift
- A long term commitment to the Rail Environmental Procurement Scheme
- A reduction in track access charges to encourage growth and competition
- Reductions in duty on red diesel and tax incentives for environmentally friendly fuels
- The establishment of an independent national planning body
- The development of a national framework for rail freight terminal

Level Playing Field across the EU

To encourage the growth of international rail freight, there needs to be:

- Consolidation of EU policy on international rail freight
- A reduction of Eurotunnel's freight access charges to a competitive level.

The British Chambers of Commerce (BCC) is the national voice of local business.

The BCC is the national body for a powerful and influential nationwide network of Accredited Chambers. The BCC serves not only its 100,000 member businesses, which in turn employ well over 5 million people, but also the wider community.

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Sustainable Transport

Rail Freight



THE BRITISH
CHAMBERS OF
COMMERCE



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Commerce (BCC)

Foreword



The BCC has been concerned for some time about the mounting cost to business of failure in our transport network, particularly the road network. We are currently looking at sustainable alternatives through a series of workshops engaging key stakeholders and expertise from our network. This, the first of five pamphlets on sustainable transport covers the rail freight industry, and represents the thoughts and recommendations of a number of experts in their field who understand the issues and care passionately about making the British freight industry world class.

Rail freight is currently an under-utilised asset in moving freight around the United Kingdom; however, it offers huge potential for relieving congestion by taking thousands of lorries off our roads but, perhaps more importantly, it can dramatically assist the Government in reducing the country's carbon emissions. In 2005/06 the railways took the equivalent of 6.74 million truck journeys off the roads. Overall rail produces less than 1% of the total UK emissions of carbon dioxide, the principal green house gas, compared with 21% from road transport.

Demand for rail freight is growing and will continue to do so. Congestion is clogging up our road network and costing British business £17 billion per annum. Rail freight offers a viable alternative. Any movement on a road user charging scheme could dramatically alter the economics of freight logistics in favour of rail whilst measures such as the EU's Working Time Directive which, restricts lorry drivers' hours, could have the potential to increase the costs of transport freight by road, not to mention the acute shortage of drivers available.

For the rail freight industry to take these opportunities it needs to work within a sustainable and competitive business environment. It needs commitment from Government to follow through on the Eddington, Stern and Barker reports to stimulate modal shift from road to rail.

A handwritten signature in black ink, appearing to read 'David J. Frost', with a stylized flourish below it.

David Frost

Director General

British Chambers of Commerce

Case Study

Road to Rail – Eddie Stobart Ltd.

Eddie Stobart recently initiated a new partnership with Tesco Ltd to switch volume for the supermarket's cross-border freight from road to rail. The three year contract, which started in September 2006, introduced the first fully liveried, dedicated freight train run by the Cumbrian firm, a member of the Cumbria Chamber of Commerce, transporting goods from Daventry in the Midlands to Tesco's distribution centre in Livingstone, Scotland.

Over the three year project it is expected that this freight service will replace 39,000 lorry journeys and save three million road miles-a-year, the equivalent to taking the entire Stobart fleet off the road for three weeks every year. This new partnership highlights the positive environmental aspects rail freight can bring to the transport sector as experts estimate that the initiative could bring £3 million worth of environmental benefits during the life of the contract.

Freightliner

In 2002 Freightliner took over the contract to supply rail transport to LaFarge Cement. Prior to privatisation LaFarge Cement (previously Blue Circle Cement) had lost confidence in rail freight due to sharply rising prices, train cancellations and indifferent service and had closed down many rail terminals replacing rail distribution with road distribution.

By using brand new dedicated locomotives and train drivers that were especially recruited, Freightliner made a step-change in service reliability, so that LaFarge no longer had to over-order services in order to actually move what they required.

The increase in service quality alongside the security of a 10 year contract has led to the



opening of 6 new terminals including West Thurrock which opens in Spring 2007. LaFarge have ordered 48 new low impact 100 tonne wagons and the tonnage moved has increased by over 20%.

In 2007/8 it is expected that LaFarge will move 1.3 million tonnes of cement by rail which would otherwise move by road. This equates to 42,000 lorries per year, many of which would be on single carriage roads through the Peak District.

GB Railfreight

GB Railfreight specialises in hauling freight for a range of customers throughout the country. A recent success story involves the three daily container services it operates from Felixstowe to Hams Hall, Birmingham, Burton-on-Trent and Selby in Yorkshire. On the Selby and second Hams Hall services spot bookings are available on a 'turn up and go, book today for movement tomorrow' basis.

These services provide GB Railfreight's customers with the ability to send as little as a 20 foot TEU equivalent container on rail. This innovative approach to rail removes up to 120 HGV Lorries every working day from the busy A14 helping reduce congestion and the environmental impact of the freight industry. GB Railfreight has ambitions to increase its services but is currently restricted by the current lack of capacity.

Challenges

Rail freight has seen a 66% growth in tonne kilometres over the last decade yet this still only accounts for 12% of the UK surface freight market. Rail freight offers great potential to grow further and could have a hugely important role to play in tackling climate change and reducing road congestion; however, if the industry is to expand commitment and investment from government is urgently required.

Investment in rail is often perceived to be more expensive than road; however, rail often beats road on price, and can drive down costs through increased speed and reliability. As congestion on the roads, which currently costs British business £17 billion per year¹, continues to increase the competitive advantage to rail will only grow. The costs of road transport often do not factor in all the additional external costs which society must bear. Overall, rail produces less than one per cent of the total UK emissions of carbon dioxide compared with 21% from road transport². Rail freight moved in 2004/05 was 20.66 billion net tonne kilometres, saving 1.43 billion lorry kilometres³.

If rail is to play an effective role in an integrated approach to freight movements then there must be enhancements to the network. For example, the route out of Southampton cannot carry newer 40 foot containers, because at 9'6" high they are too large for the network's Victorian bridges and tunnels. Effective freight delivery must also have diversionary routes for those days when the primary route is unavailable in order to provide a fully 24/7 service.

Rail freight does not stand alone and has to compete with other transport networks. In order for both road and rail freight traffic to optimise the network's potential they will need to work and plan together. Without such cooperation inefficient 'dead running' (empty boxes) will continue to undermine competitiveness and threaten our environment. Better cooperation can reduce these inefficiencies.

The movement of goods often requires a number of transfers. Over half the freight moving by rail in the

UK travels to or from a port; globalisation dictates that this will continue. The UK requires the surface infrastructure that facilitates the rapid and efficient distribution of these goods. Freight cannot move by rail unless it has suitable terminals yet several large rail freight terminals have had their planning applications rejected. To achieve the necessary integration the BCC stresses the need for strategic bodies to be able to articulate the 'big picture'. Such projects must not be locked into planning procedures taking years to be approved, if approved at all.

The rail freight industry has played a significant role in supporting this country's economic success, yet for this to continue it must be able to work against a background of financial stability. Public investment remains important to the industry, there is funding from the Transport Innovation Fund (TIF) but no indication as to the level of investment ring fenced for the long term. Announcements such as the reduction of the Rail Environmental Procurement Scheme (REPS), and possible increases in track access charges, will squeeze already tight margins. The industry's goal is an eventual departure from public subsidy but this must be timely and sustainable. Sharp reductions in subsidy will adversely affect the industry and go against government commitments to modal shift. Also, there is a concern that 'rail freight' is not getting clear guidance for the long term whilst passenger growth will be planned via the High Level Output Specification.

Apprehension is also mounting over the ability of UK operators to compete into Europe. Eurotunnel's access charges remain too high while Channel Tunnel Rail Link's proposed charges could potentially restrict freight movements to night time operations which, if restricted to three nights a week due to maintenance, could limit its viability. If rail freight is to expand its offerings these anomalies must be ironed out.

¹ BCC Transport Survey, Waiting in Line, November 2006.

² The Railway Forum, 2005.

³ Rail freight: Facts and Myths, Freight on Rail, October 2005.