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The structural decline of coal has been ongoing for 20 years, albeit with peaks and troughs on the way. One could argue that the rail freight industry always knew this, and should have had strategic plans in place to manage this risk either by finding alternative income streams or by managing costs - or ideally both. While this is true, it is fair to say that even the generators were caught out by the rate of decline, which was due to a combination of two emissions directives, poor wholesale prices and a minimum carbon tax of £18/MWh. To some extent biomass has helped, but this market is limited and finite.

Aside from biomass, as the *Rail Freight Strategy* points out, finding new business is not easy. It has been made harder still by infrastructure constraints, the threat of increased track access charges, and no financial recognition for the economic and environmental cost savings which arise from modal shift. On November 22 2016, the A14 Orwell Bridge was closed due to high winds. Fourteen-mile queues developed on the A14 in both directions, and Ipswich was gridlocked for over six hours. Yet Felixstowe continued to load trains, and none of the 33 daily intermodal services were cancelled. How much lost production could have been avoided if there had been capacity for 45 trains on the Felixstowe branch?

A major hurdle to capturing new-to-rail business is terminal availability. Opportunities arise where the prospective customer is willing, volumes are sufficient and distances suit rail, but lack of nearby terminals makes the project unviable. A good example of this is JCB, a very significant exporter whose factory is less than four miles from the railway - yet the nearest suitable loading locations are over 15 miles away.

Until 2015 rail freight has been growing year-on-year, yet over the 20 years since privatisation countless yards and terminals have been disposed of for quick wins. Current infrastructure enhancement is extremely important for the organic growth of existing business, but terminals are just as important for new-to-rail business. If Government genuinely wants to achieve modal shift, reduce congestion and cut emissions, it needs to support the building of new terminals by reinstating the Freight Facilities Grant and preferably increase the size of the pot as well. Reallocating a small proportion of the huge annual road construction budget would seem to be an obvious source.

Government states that it is a supporter of rail freight (which typically reduces emissions by 80% compared with road), yet has done little to constructively assist the freight operating companies in achieving modal shift. While the Ipswich and Nuneaton Chords have helped some intermodal traffic, most of the 33 daily Felixstowe trains still take the congested Great Eastern Main Line to London, and most are diesel-hauled. The Felixstowe to Nuneaton (F2N) route will only become a true London-avoiding freight corridor when it is double-tracked throughout and freight has equal weighting with passenger traffic. Subsequent electrification would lead to further modal shift from the A14/M6, create more paths, increase train speeds, and substantially reduce emissions. This would have been far more logical and useful than the now seldom mentioned 'Electric Spine' project. A more controversial idea would allow 75mph intermodal trains to overtake slower 'all stations' passenger trains.

Other recent or planned enhancements look to be dubious. The Shaftholme Flyover was principally built for coal traffic but came 15 years too late. The Werrington dive-under is also less than ideal. A more strategic view with ultimately a much better return on investment would have been to reopen the 19-mile March to Spalding line - not easy at either end, but by no means unachievable and significantly cheaper than the 30-mile Borders

Railway on a cost per mile basis. This would provide a shorter route (making rail freight more competitive), an East Coast Main Line diversionary route between Hitchin and Doncaster, and negate the need for the flyover.

Regarding domestic intermodal sector growth, retailers tend to be uneasy dealing with FOCs directly. Sometimes this is due to not having a clear understanding of what is involved, but more poignantly due to a perceived fear of their goods not being delivered on time, in full (OTIF). Unlike the traditional bulk sectors, which are more 'volume' than 'time' sensitive, domestic intermodal customers expect right time deliveries to the minute. It is much easier for them to employ a 3PL (third party logistics) supplier that will provide a turnkey contract and take on the delivery and volume risks. Risk of delivery failure is managed by transferring to road at short notice.

Similarly, a few too many containers to fit on a train but which are still required tomorrow can be sent by truck. For this reason companies such as Malcolm's, Russell's and Stobart, with their large HGV fleets, can succeed where the FOCs struggle. Better marketing of rail's capability might motivate logistics managers a little more, but until our rail infrastructure is fully fit for purpose with the capability, capacity and resilience which the retailers demand, it will continue to be a difficult sector to grow, even with the 3PLs as intermediaries. The road-orientated retail sector needs to have the confidence that rail will not only deliver OTIF, but more and more it is looking for deliveries seven days per week - two big challenges for rail freight.

The DfT's forecast growth in the automotive sector is disappointing, yet there are potential opportunities (such as JCB) which should be explored further. For example: JLR's Land Rover plant at Solihull, the second biggest UK car exporter, is just two miles from the Coventry to Birmingham main line with no built-up area in between. A new terminal and short branch line could provide rail freight with the prospect of moving over 300,000 vehicles per annum. And do all the cars arriving at Sheerness need to go on to the rest of the UK by road?

On a similar stance, the UK is the German car industry's biggest European customer and the majority of its production is based in the southeast of the country. A 650-mile rail journey via the Channel Tunnel to a central UK shared PDI (Pre-delivery Inspection) location correlates well with rail freight's key strengths, and should be more economic on a door-to-door basis than rail to port to ship to port to the UK hinterland.

The *Rail Freight Strategy* has laudable objectives. But for rail freight to grow, while the DfT must make sound decisions to deliver best value for the taxpayer, it must also make informed decisions that provide best value to rail freight service providers. This means prioritising projects correctly, taking a truly strategic outlook, safeguarding existing scarce resources, and recognising the environmental value of rail freight.

It also needs to acknowledge that new-to-rail business, which is to the benefit of UK plc, often requires capital investment to get a project off the ground. This is particularly relevant to building new terminals.