

While containerising chilled food is not new, putting reefers on rail and running them across several European borders as direct services with a stretch of water in between, is.

This year some of the leading European rail operators and forwarders began offering regular trains from southern Spain and Italy into the UK, via the Channel Tunnel, which they claim are running full, with demand for more.

It is injecting some optimism back into a sector that has struggled with stagnation in the downturn (as shippers stick with road transport), but it also means operators need to be at the top of their game in order to prove modal shift is both environmentally and cost-effectively viable for the food retail sector.

Norfolkline began a service in July on behalf of food supplier Bakkavör, running fresh melons into the UK from Novara, Italy twice a week.

The service is being managed by forwarder Freight Europe UK, while train operators along the route include Crossrail, SNCF-Fret, Europorte 2 and Colas Rail.

The service claims to have achieved 100% on-time deliveries over the past three months, which may only sound like a beginning, but is a significant step.

Reliability is the key issue for shippers, particularly in fresh food, and has been the main hurdle for rail operators to overcome.

Logistics firm Stobart and DB Schenker Rail have also started a reefer service between Valencia in Spain and the UK.

Trevor Howarth, legal director at Stobart Group, says: "It was something we had been looking at for about a year. The difficulty was in finding a reliable train operator. There was no point in entering into any venture where we were unsure of the service levels.

"The collaboration with DB Schenker provided us with a seamless rail service from Valencia right into the UK. They've provided us with lower rail bodies so we can use a 9ft 6in box, which we can move on skeletons and then put straight onto the roads.

"This was an important development for two reasons. First of all, all the options put the boxes on smaller bodies, and therefore couldn't compete with a truck, because the payload was considerably different. Second, there was a situation over the utilisation of those bodies.

### Sweating assets

"The tie-up has allowed Schenker to sweat its assets with the rolling stock and Stobart to sweat its assets with the refrigerated boxes, because they can then be used throughout the UK on the road."

Howarth adds the service has been popular and generated a lot of interest.

"Each train can take 30 reefer boxes and we run three services a week, rising to six by December," he says.

Stobart uses load-monitoring technology to track goods all the way along the supply chain, right to the store's shelves, and Howarth says maintaining high service levels is a key focus.

"All the boxes are satellite-tracked with the latest equipment available," he says. "Running a dedicated reefer train at a dedicated time means you can offer some comfort to customers that the service will be there [when they need it], as opposed to offering someone ad hoc slots on a train."

He adds there has been "very positive" feedback so far "from a number of growers and suppliers in the UK", and says it is something that shippers and operators have been talking about for 10 years.

"It's created a lot of interest in the market," he says.

Bernd Weiler, head of communications for transport and international logistics at DB Schenker, says: "We are delighted to be in this partnership and we want to develop the market together.

"In the first half year, we lost a quarter

# Cool running

Chilled train services could herald a new era of growth for the rail freight sector, but only if operators can keep costs low and performance levels high, reports James Falkner



of our revenue and we don't see clear signs of an upturn. We are still in a major economic crisis and we have to generate steam to steer against that."

Graham Stephen, UK general manager of Norfolkline's rail business, says its Italy-UK service has only recently been possible. "It's full and we are getting busier all the time.

"We are looking to put a third train on, and hopefully a fourth sometime over the next couple of months."

Each train carries 28 13.6-metre boxes, and the trains have, so far, been running at full capacity.

"Regular reefer services via the Channel Tunnel hadn't been tried before," says Stephen. "The recent shipments we undertook for Bakkavör were the first intermodal loads to come from Italy.

"Developments in reefer technology permit longer rail journeys now, which allows us to break into the market prop-

erty. There has always been a willingness from shippers and retailers to use multimodal transport, providing that it can compete with road on reliability, speed and cost efficiency. That's something the rail industry hasn't always been able to do in the past."

### Strive for improvement

With the various developments in the sector, he claims things are changing, but adds that operators should continue to strive for improvements.

"The drive has to come from within the industry if we are going to see a real modal shift on international traffic," he says.

"There is a tremendous environmental benefit in using multimodal transport – on a typical journey from Italy we can cut emissions by 60%.

"It is becoming an increasingly important factor for customers when choosing their transport partners and we do expect

to see an increase in demand.

"Reliability issues have dissuaded a lot of shippers from using intermodal services in the past."

Tony Berkeley, chairman of the Rail Freight Group (RFG) and European rail shipper lobby group House of Rail, says: "This is a large market – I believe up to 100 trucks a day from Spain to the UK in the high season, with similar volumes from Italy – and of course not just to the UK, but the Benelux and Germany are clearly big markets as well.

"Reefer traffic on rail is important because it is higher-value and also requires a greater degree of reliability, which many but not all operators across Europe can demonstrate.

"The operators involved in the Norfolkline train from Italy to the UK have demonstrated that they can achieve this, and the increasing number of reefer boxes carried reflects customer confidence in the service."

He warns, however, that the momentum needs to be maintained before shippers will really get behind it.

Keith Gray, business planning director at Freightliner, the UK's largest intermodal operator, says it is watching the new services carefully.

"We concentrate on the deepsea container market coming out of the UK ports and that is our core business. There is an element of refrigerated cargo in that sector, which is slightly different to the through-European market."

"It tends to be in 40ft and 45ft containers. We run 60ft wagons and are looking to get the best utilisation of them, so we are looking at 20ft and 40ft combinations and it doesn't fit as easily with our core business."

He says there is European demand for refrigerated cargo, but as Freightliner does not operate through the Channel Tunnel, its position is different.

"We are looking at reefer business but in a slightly different way to the other rail companies.

"We are looking at movements that are linked to the deepsea container trade."

### Quality reputation

On expanding and offering services through the tunnel, Gray says: "We've built our reputation on quality, because we control what we do. As soon as you start going through the Channel Tunnel and into Europe, you have to find partners to rely on and an element of your business goes outside of your control."

He adds that doing so gets extremely political.

Chris McRae, the FTA's rail freight and global supply chain manager, says chilled food by rail is, for now, quite rare, but reckons there is real potential for growth in the market.

"It's a new traffic that rail has got to try and win, but what is key is the service quality. You've got to get the goods there when you say you will."

He says projects such as the EC's Freight-Oriented Railway Network are trying to address these issues by allowing easier track access for cross-border services, but adds that political progress is still slow.

"There are heaps of legislation and directives, but shippers care nothing about that. What is important is that you get a seamless cross-border journey by rail, because, frankly, that is what you get by road." ●



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