

railways

THE DB CARGO CUSTOMER MAGAZINE



No. 04|16

FOR A STRONG EUROPEAN RAIL NETWORK

Page 08

CUSTOMER SERVICE
**DB CARGO TALKS TO
CUSTOMERS**

Page 30

INVESTMENTS
**NEW VEHICLES FOR INTER-
NATIONAL OPERATIONS**

Page 40

CONTRACTS
**DB CARGO OPERATES RAIL
TRANSPORT TO CHINA FOR BMW**

Page 44

» KEROSENE IS A HAZARDOUS GOOD. RAILWAYS IS THE BEST MEANS OF TRANSPORTATION.

GABRIELE JANSEN-KREKELS,
SALES DIRECTOR MINERAL OIL, DB CARGO BTT



SUCCESS THROUGH EFFICIENCY

DB Cargo is Europe's strongest and best-performing rail freight company. But we want to put the company on a new footing – the Zukunft Bahn programme is the most extensive restructuring plan in our history and it is aimed at offering you more efficient transport operations with better quality.

This issue of our customer magazine *railways* gives you insight into this reorganisation and reveals everything we have planned for the future. You'll find several exciting examples of how, together, we have become better.

The *railways* editorial team would like to wish all their readers across Europe a merry Christmas and a happy New Year!

Your DB Cargo team

THE FUEL THAT CONNECTS THE WORLD



Aviation is a growth industry. More than 38 million flights were recorded around the world last year, 3.5 per cent more than in the previous year. Kerosene consumption is growing, too, as a result. The aviation fuel is utilised to power large passenger aircrafts and is, in chemical terms, closely related to petroleum. Logistics experts work together with the mineral oil industry to make sure the fuel is delivered to airports safely and on time.

DB Cargo UK has agreed a new three-year contract with Gulf Aviation, part of Certas Energy, to transport aviation kerosene (also known as aviation turbine fuel or avtur) and provide the specialist wagons needed to carry it. The service moves the fuel from the

Grangemouth Refinery near Edinburgh to Derby. Certas Energy, the largest independent fuel and lubricant distributor in the UK, already uses DB Cargo UK's services to transport fuel from Grangemouth Refinery to Fort William and Lairg in Scotland. The new contract demonstrates the success of the collaboration between the two companies.

The DB Cargo group also transports aviation fuel in Germany organised by DB Cargo BTT. "Kerosene is a hazardous good. Railways is the best means of transportation," explains Gabriele Jansen-Krekels, Sales Director, Mineral Oil at BTT. "Moving kerosene is time-sensitive and it's vital that the fuel is delivered reliably and safely, making rail an ideal choice

for its transportation." DB Cargo BTT has the expertise required to handle, load and unload mineral oils, and takes on the entire management of tank wagons as well as the professional and consistent supervision of transports. *mb* ■

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PHOTOS: TITEL: MONTAGE: DDP, IMAGES, GETTY IMAGES; EDITORIAL: DPA PICTURE-ALLIANCE, DB CARGO

railways

04/ 2016

FOCUS ZUKUNFT BAHN

- 14 RAIL FACING COMPETITION**
DB Cargo is facing tough competition not just in the rail freight transport market but also against other transport modes.
- 16 “WE’RE RESTRUCTURING - FOR A STRONG EUROPEAN RAIL NETWORK”**
DB Cargo CEO Dr Jürgen Wilder and Industry Division Head Dr Jörg Hilker, who is managing the Zukunft Bahn programme at DB Cargo, explain how the rail freight company is changing its business model.
- 19 A BETTER PERFORMANCE**
DB Cargo is restructuring industry divisions so that it can respond more efficiently to customer needs.
- 19 WHAT THE NEW DIVISIONS WILL ACHIEVE**
Stefan Schilling, Dr Jörg Hilker, Dirk Steffes, Jens Nöldner and Iris Hilb on the services of the new industry divisions.
- 24 INTELLIGENCE ON THE GO**
DB Cargo is testing clever freight wagons to make supply chains more transparent.
- 25 LIGHTER, QUIETER, MORE EFFICIENT**
DB Cargo and VTG are carrying out research on innovative freight wagons.

COMPANY & PEOPLE

- 26 PORT OF THE FUTURE**
DB Port Szczecin, in competition with major ports such as Rostock, Gdynia and Gdańsk, is in the black.
- 28 THE KEY TO SUCCESS**
DB Cargo Polska has optimised its production and sales processes. We discuss these structures with Head of Sales, Lukas Polaczek, and Robert Nowakowski, Head of Production at DB Cargo Polska.

MARKETS & INNOVATIONS

- 30 RESTRUCTURING TO IMPROVE PERFORMANCE**
DB Cargo invited customers to the Coal and Steel Conference to discuss the company’s future and all the big issues such as market conditions and trends.
- 35 BETWEEN DIGITISATION AND THE ENERGY TRANSITION**
This year’s industry conference revealed exciting developments in a number of areas. Customers and staff of DB Cargo BTT and DB Cargo discussed issues relating to the railways of tomorrow and outlined the world of “Logistics 4.0”.
- 40 FLEXIBILITY AND CREATIVITY FOR INTERMODAL GROWTH**
DB Cargo is responding to the demands of its customers and is buying 700 double-pocket wagons and getting its hands on 300 container carrying wagons through unconventional means.



ZUKUNFT BAHN - BECOMING A QUALITY LEADER

DB Cargo is implementing a comprehensive restructuring programme with the aim of offering more efficient transport operations and better quality in future.



railways is available as an app or in printed form -
in  German, too.

CUSTOMERS & PROJECTS

- 42 STRONG CUSTOMERS, STRONG NETWORK**
DB Cargo is expanding the Italian network and improving the regional connections from Verona and Tuscany.
- 43 NEW POWERHOUSES**
Nine new DE 6400 shunting locomotives will go into operation at DB Cargo Polska by the end of the year.
- 44 TRANS-SIBERIAN TRAIN ROUTE BECOMES A MODEL FOR SUCCESS**
Overland rail transport operations to China are getting faster and faster. The BMW Group has now concluded a transport contract with DB Cargo to supply its production plants in Shenyang.
- 46 THE MAASVLAKTE SPECIALISTS**
DB Cargo has taken on all shunting work for the Dutch company KombiRail at the Port of Rotterdam.
- 48 GERMANY-INDIA KNOWLEDGE TRANSFER**
A delegation from Indian Railways visited the DB Cargo Customer Service Centre and learned about the processes in place at the European rail freight company.
- 49 “SUSTAINABILITY IS OUR STRONG POINT”**
Rail is one of the most environmentally friendly transport modes and it is playing its part in global climate protection efforts.
- 50 FINAL CALL / SAVE THE DATE / IMPRINT**



Kerrie Talbot (2nd f. r.)

DONCASTER/WESTMINSTER, UK
DB Cargo: outstanding employer and apprentice prizes

The British rail freight company DB Cargo UK has been named "Employer of the Year". The award recognises the efforts the company makes in training the next generation of staff and placing young people in employment. With the award, the West Nottinghamshire College, one of the UK's biggest and best-known vocational training establishments, honours employers that endeavour to provide high-quality training. The prize was awarded in a ceremony attended by politicians and industry representatives at the House of Lords in Westminster. Kerrie Talbot went to London to accept the prize on behalf of DB Cargo UK; she is responsible for coordinating the company's management training programme. Jonathon Miller, who is currently a shunting apprentice at DB Cargo's Westbury Depot, was also presented with an award at the ceremony. He was named "outstanding apprentice" from a crop of 13,000 because of the dedication and team orientation he displays at work.

an ■

BERLIN/BRUSSELS
DB head Grube appointed Chairman of CER

The European rail association CER has appointed Dr Rüdiger Grube, CEO of Deutsche Bahn, as its new President. "I am honoured to have been chosen to serve as Chairman of the Community of European Railway and Infrastructure Companies," said Grube. "We will continue to work with all the CER members - regardless of their size - to speak with one strong voice, foster a foundation of mutual trust in our collaboration with the EU institutions, and strengthen the rail sector." Grube succeeds Christian Kern, who stepped down in May 2016 to become Austria's Federal Chancellor.

The Community of European Railway and Infrastructure Companies (CER), which is based in Brussels, represents more than 70 railway and infrastructure companies around Europe. The CER is a lobby group that deals with issues such as competition, the technological standardisation of rail systems and the implementation of a digital roadmap. More information at: www.cer.be



Dr Rüdiger Grube

PHOTOS: DB CARGO, DB CARGO UK, IMAGO STOCK&PEOPLE, SCREENSHOT

MAINZ/GERMANY
Staff changes at DB Cargo

Changes on the DB Cargo executive board: Andreas Busemann, Member of the Management Board for Sales at DB Cargo, will become CEO of Vossloh AG in early 2017. Busemann came to DB Cargo at the beginning of 2016. In his role as Member of the Management Board for Sales, he will ensure the transition goes smoothly. Clemens Först, Member of the Management Board for Production at DB Cargo, has left the company for personal reasons. Michael Anslinger, Member of the Management Board for Region Central/Germany at DB Cargo, will temporarily assume his responsibilities. Anslinger has been with DB Cargo since 1996.

MAINZ/GERMANY
New freight wagon catalogue now online

DB Cargo has comprehensively revised its online freight wagon catalogue and added several handy functions. The rail freight company thereby hopes to improve the transparency of its services and make it easier for customers to move to rail. Customers can use a research tool that helps them to quickly and easily select the right wagon for the type of freight they want to transport. The tool has a compare function featuring up to four wagons to show potential alternatives. Those who want in-depth information can download the technical specification sheets for each individual wagon in PDF format. The tool also provides background information on all aspects of freight wagon dispatch. The catalogue can be downloaded at: gueterwagenkatalog.dbcargo.com

mb ■

WARSAW/POLAND
Customer-friendly company

DB Cargo Polska is the first rail freight operator to be honoured by its customers with the "Customer-friendly company" award. The certificate is awarded on the basis of an independent customer survey carried out by the Fundacja Obserwatorium Zarządzania (Management Observatory Foundation). The foundation promotes innovation and entrepreneurship in Polish business, and has been conducting research into how customer-focused Polish companies are for the last twelve years. "We are glad we were awarded this certificate," says Marek Staszek, CEO of DB Cargo Polska. "The excellent results prove that all the efforts to meet our customers' needs and individual expectations have brought about success." The certificate is awarded to companies that achieve a customer satisfaction rate of at least 80 per cent in each of the evaluation areas. At least 85 per cent is required in the overall result. You can find more information about the foundation at: www.obserwatorium.pl



ZUKUNFT BAHN - BECOMING A QUALITY LEADER

DB Cargo is implementing a comprehensive restructuring programme, with the aim of offering more efficient transport operations and better quality levels in future.

TEXT__Axel Novak



MONTAGE: DB CARGO, DDP IMAGES

SIGNALBOX: DB Cargo's staff operates 4,520 trains all over Europe. Every day.

THE FREIGHT RAILWAY WANTS TO DEVELOP A CLEAR, UNIQUE PROFILE AS A CARRIER, COMPLIMENTED BY RAIL-RELATED LOGISTICS SERVICES AND OPERATOR SERVICES FOR THE SINGLE WAGON SYSTEM.

The rail freight company covers steel and coal trains, chemicals and mineral oil transports, household appliances in containers and cereal wagons, block trains and just-in-sequence deliveries for the automotive industry – daytime trains and night-time trains, across Europe to the furthest corners of the continent. It's a miracle that everything works considering the thousands of train services that run every day.

An enormous organisation of this kind has to be managed and monitored. To improve this management and monitoring, in 2015 the rail company launched the biggest restructuring programme since the rail reforms in 1994. A key part of this is the Zukunft Bahn programme, which is set to run over several years and which analyses and optimises all the company's processes and procedures. DB is thereby aiming to become more customer-focused and to achieve higher product and service quality. Better processes and structures, supported by digital technologies, should make the whole group more productive and competitive. The Zukunft Bahn programme concerns all the units of the DB Group, including DB Cargo.

FULFILLING ALL OUR PROMISES

"At present, we at DB Cargo do not always meet the quality expectations of our customers in Germany in rail freight transport," says DB Cargo CEO Dr Jürgen Wilder in an interview (see page 14 in this issue). Europe's biggest rail freight company is coming under serious economic pressure. To make DB Cargo profitable again in a sustainable way, it is necessary to review the business model. The aim of the 2030 growth strategy is to stop any further loss to the company's market share as seen over the last few years and to grow sustainably and profitably again.

This will lead to several changes in the day-to-day processes and systems that make it possible to run a rail freight operation in the first place. One important aspect of this is the

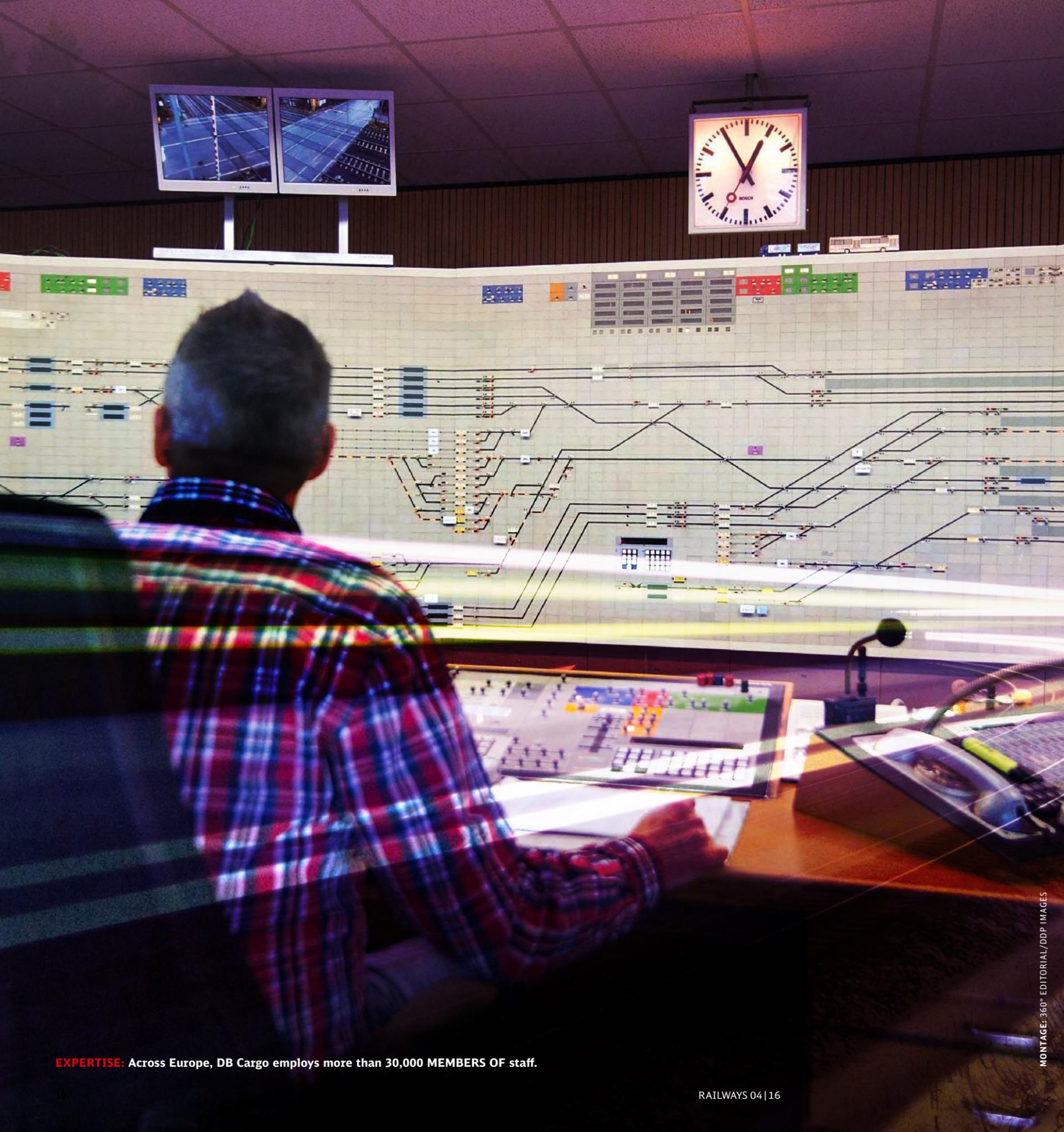
company's desire to offer more additional services. The transportation of freight by rail from A to B will remain DB Cargo's core focus. But the company also wants to develop a clear, unique profile as a carrier, complemented by rail-related logistics services and operator services to improve the utilisation of the single-wagon system.

SMALL SERVICE PACKAGES FOR BETTER MANAGEMENT

DB Cargo is planning to radically simplify the production system and make it more robust, i.e. less susceptible to disruptions of all kinds. This will be achieved by introducing new processes for the production of trains (i.e. how they're put together and operated).

The levers here are operational and production images. DB Cargo creates production images as part of its internal planning process. These are small, manageable "service packages" that assign clear responsibilities to members of staff. They reflect the concrete logistics needs of a specific customer and include routes, volumes, transport dates, wagon requirements and promises made to customers.

When planning with the customer, DB Cargo creates operational images that include locomotive tours and the deployment of engine drivers. This gives the customer a detailed overview of their transport operation and allows them to plan their own processes more effectively.



MONTAGE: 360° EDITORIAL/DDP IMAGES

EXPERTISE: Across Europe, DB Cargo employs more than 30,000 MEMBERS OF staff.

ZUKUNFT BAHN

- EVERYONE'S INVOLVED

DB Cargo's restructuring programme requires the whole company to be involved. Around 100 of the company's staff members are working on the strategic planning and preparation of the measures. 25 dialogue events were organised throughout Germany, in which DB Cargo board members, experts and around 1,000 managers openly discussed the project.

FEWER INTERFACES ON CORRIDORS

DB Cargo is tidying up the organisation of the production group to eliminate interfaces.

At present, a train travelling from Hamburg to Munich will be managed by up to twelve different centres from planning to implementation. This will be reduced to just a few centres under the new system, which eliminates the current division of planning and implementation, and allocates responsibility for operations to a single source from start to finish. Long-distance combined transport operations will especially benefit from this.

ROBUST TRANSPORT OPERATIONS IN THE CORE NETWORK

DB Cargo is also separating the robust transport operations from the more volatile ones across the whole network. This move is intended to limit the effect of operational disruptions involving certain trains to just a few transport operations in future. In the past, disruptions of this kind could easily have affected the whole network.

For transport operations that can be planned well in advance, DB Cargo is introducing a network with an annual timetable and set frequencies. A majority of all the existing transport operations are included in this core network. "Robust trains" are defined as regular trains for which customers consistently deliver the freight volumes and that can depart on time as a matter of course, for example those that do not regularly have to wait for the arrival of delayed ships. A survey of existing transport operations has revealed that around half of all regular and on-demand train services are very robust. A further 25 per cent can be made robust through adjustments to sales and production measures – for example adjusted engine turning times. All other on-demand and special trains are classed as volatile.

FLEXIBILITY AFTER RESOURCE CHECKS

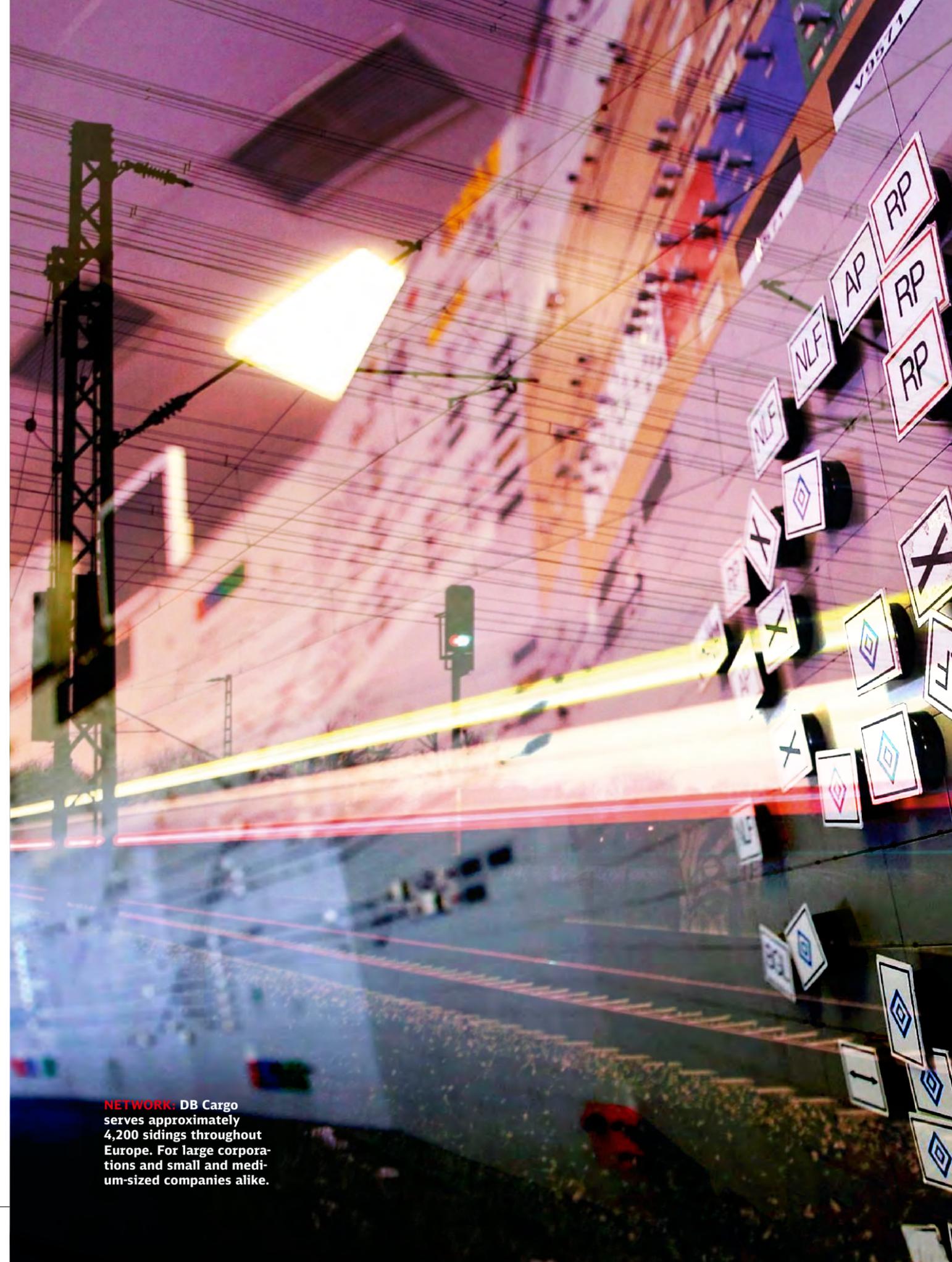
Some customer orders vary hugely from week to week, in some cases by up to 100 wagons. To ensure that we can continue to carry out this kind of flexible transport operation in future, these volatile transport operations are always checked beforehand to see whether the necessary resources are available. If the answer is yes, those resources are reserved. If the answer is no, DB Cargo suggests alternatives for the customer. The objective of such planning measures is to ensure that transport operations are only taken on when the necessary resources are available.

THE COMPLEXITY OF INTERNATIONAL TRAINS

It is vital that international transport operations running on the major freight transport corridors are simplified. DB Cargo therefore intends to manage the transport operations on these important corridors from a single source in future. Responsibility for the whole transport operation is assigned in the train planning phase. In international transport operations, that person is then responsible for the service from start to finish. Together with the supporting units, they ensure the quality of the whole train.

One thing must be emphasised: DB Cargo, as the number one in the market, is retaining its European focus. That is the only way the company can fully exploit the growth potential on the international corridors within the network group and concurrently operate reliable services from a single source for its customers across the whole of Europe. *an* ■

MONTAGE: 360° EDITORIAL/DDP IMAGES, IMAGO STOCK&PEOPLE



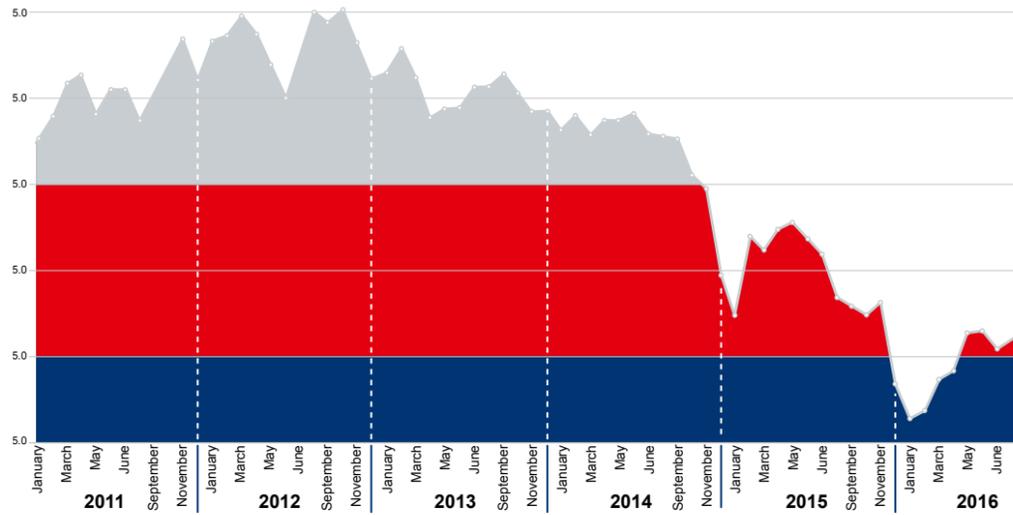
NETWORK: DB Cargo serves approximately 4,200 sidings throughout Europe. For large corporations and small and medium-sized companies alike.

COMPETITION FOR THE RAILWAYS

DB Cargo is facing stiff competition not only from within the rail freight market but also from other transport modes. HGV transport has benefited from very low fuel prices over the last two years. Such a development has put added pressure on the rail freight company.

CHEAP DIESEL

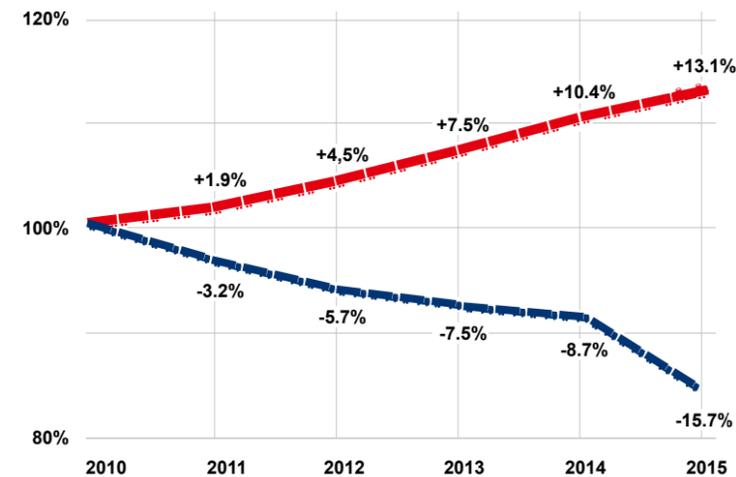
The price of diesel has fallen steadily over the last few years.



Source: BGL

ROAD AND RAIL TOLLS...

While rail fees continue to rise, HGV is enjoying sinking road tolls.



... SERVICE IS GETTING MORE EXPENSIVE

Prices for services on both road and rail are rising - more so, however, on the latter.

12.6 per cent - the producer price increase for rail freight transport services.

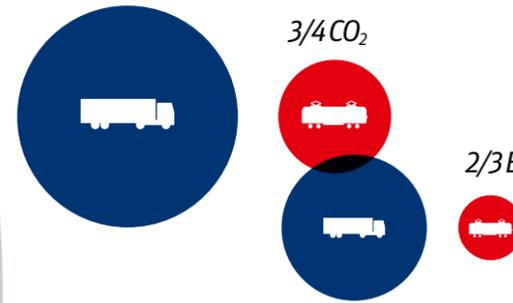
7.1 per cent - the producer price increase for road haulage services.

Source: Allianz pro Schiene

ILLUSTRATION: MICHAEL VESTNER

ENERGY AND CO₂ SAVER

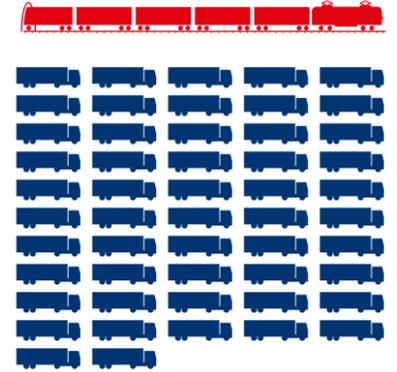
A freight train uses two-thirds less energy than HGV and emits three-quarters less carbon dioxide - based on a transport operation of auto accessories on the route from Hamburg to Munich.



Source: Allianz pro Schiene

IN IT FOR THE LONG RUN

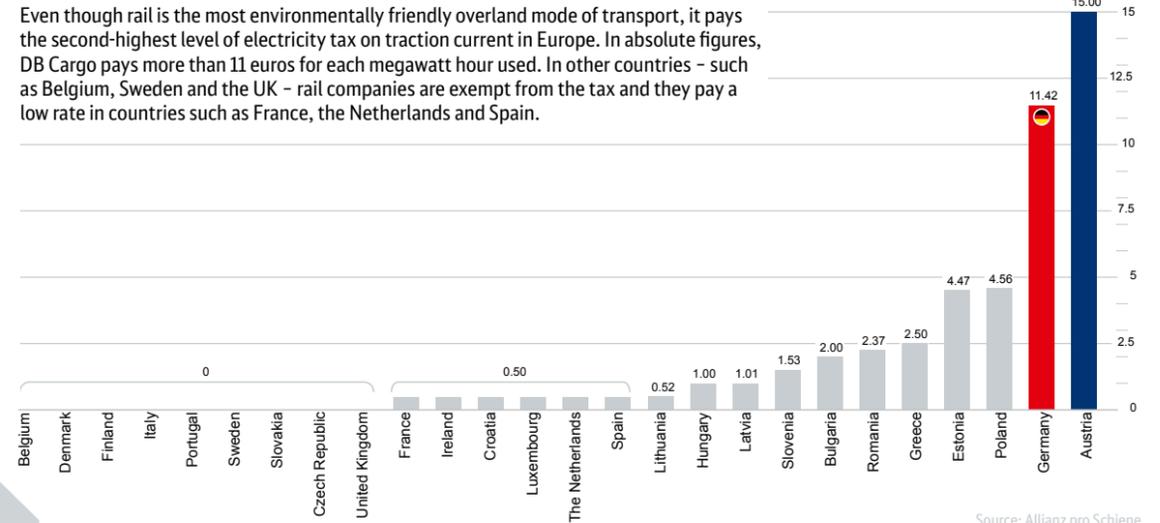
The longer the train, the greater the utilisation of rail: a freight train can be up to 740 metres in length. A 740-metre freight train replaces 52 lorries - but more than 60 per cent of freight trains on the Deutsche Bahn network are less than 600 metres long. The state of the network is one reason for this. Wagons and locomotives can be used for significantly longer trains. They only have to be given a technical overhaul from a length of 1,000 metres and upwards.



Source: Allianz pro Schiene

LOYAL TAXPAYERS

Even though rail is the most environmentally friendly overland mode of transport, it pays the second-highest level of electricity tax on traction current in Europe. In absolute figures, DB Cargo pays more than 11 euros for each megawatt hour used. In other countries - such as Belgium, Sweden and the UK - rail companies are exempt from the tax and they pay a low rate in countries such as France, the Netherlands and Spain.



Source: Allianz pro Schiene

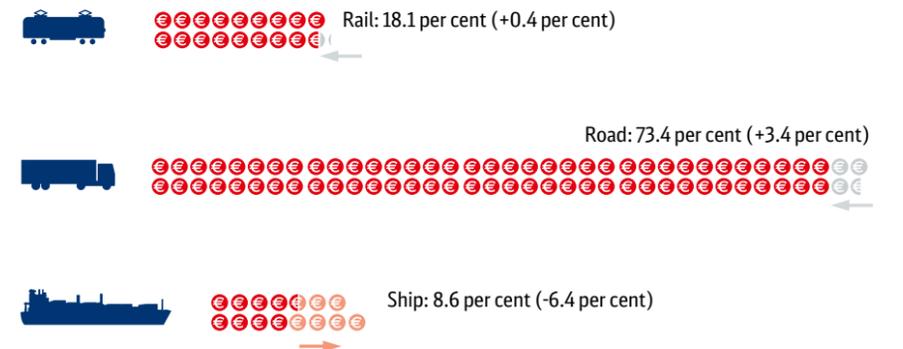
VOLUMES OF GOODS IN COMPARISON

RAIL: freight volume grew by 0.6 per cent to 367.3 million tonnes, with transport distance growing 3.6 per cent to 116.6 billion tonne-kilometres.

ROAD HAULAGE: the volume of freight transported grew by 1.3 per cent. Transport distance grew by 1.6 per cent to around 290.6 billion tonne-kilometres.

SHIP: freight volume sank 3.1 per cent to 221.4 million tonnes, with transport distance dropping 6.4 per cent to 55.3 billion tonne-kilometres.

MODAL SPLIT 2015



Source: BAG

WE'RE RE-STRUCTURING - FOR A STRONG EUROPEAN RAIL NETWORK.

DB Cargo is changing its business model. Better quality, efficiency and performance will strengthen the rail network in Europe. DB Cargo CEO Dr Jürgen Wilder and Head of Industrial Sales Dr Jörg Hilker explain how they intend to achieve that.

INTERVIEW ___ Axel Novak

Zukunft Bahn is the programme through which you are restructuring the company – why take these measures?

WILDER ___ The Zukunft Bahn programme will allow us to make DB Cargo and rail freight transport the quality leader in Germany again. The programme concerns not only DB Cargo, but Deutsche Bahn as a whole. Economic developments have been posing certain problems for the rail company for a long time now, both in passenger and freight transport. We've lost market share in rail freight transport over the last five years. Today, we're at 60 per cent, and we're making high operating losses as a result. But we're not going to lie down and accept the situation, we're going to do our homework and become significantly more competitive again.

HILKER ___ We identified a clear need for action and we launched the Zukunft Bahn programme in summer 2015. The aim of the programme is to improve quality and efficiency. We intend to keep the promises we make to customers regarding the services we offer.

Can you explain more?

W ___ At present, we at DB Cargo do not always meet the quality expectations of our customers in Germany in rail freight transport. That has consequences – after all, we don't just operate block trains, but also a unique but very costly single-wagon network across the whole of Europe. We therefore always have to make sure on the revenue side that we're earning our capital costs and that we are investing independently in innovations and infrastructure so that we can continue to operate the rail freight company and the single-wagon system in the decades ahead.

H ___ We intend to fulfil our customer commitments by introducing more robust, higher-quality production. Customer promises mean more than just punctuality. They also cover things such as informing the customer quickly when trains are delayed.

What does Zukunft Bahn mean for day-to-day business at DB Cargo?

W ___ It had slowly become necessary to overhaul our business model. We therefore took a two-pronged approach. We're radically simplifying our production system, thereby making it more robust and less susceptible to disruptions. And we're reorganising sales and revenue management.

In production we're looking to manage our trains more efficiently. If we're to achieve that in production, we have to separate the robust, regular transport operations from the volatile ones. That means we have to check whether we have sufficient resources for those transport operations and suggest alternatives if necessary.

A second prerequisite is the business optimisation of the regional division. We can improve the utilisation of our resources in the regional division by servicing freight transport terminals in a different way.

You're aware that this point in particular leads to heated discussions ...

W ___ Of course – and we're happy to be involved in those discussions because we've analysed the freight transport terminals with weak turnover. We check them as part of a regular process we have to go through if we're to remain economically viable – and as part of that we've often developed alternatives in collaboration with customers. Of course, that can lead to small losses in turnover. But in return we gain a huge amount of planning reliability and stability in other transport operations for all customers.

PHOTO: LEMRICH (KIÊN HOÀNG LÊ / ALINA EMRICH)





SINGLE-WAGON TRAFFIC IS COSTLY – SO IT IS ALL THE MORE IMPORTANT THAT WE HAVE A CLEAR BUSINESS PLAN FOR IT. THERE IS A GREAT NEED AND A HUGE POTENTIAL FOR THIS SPECIAL SYSTEM IN EUROPE.

**CONTROL PROGRAMME
ZUKUNFT BAHN AT DB CARGO**

H__ We are also keen to reorganise our sales structure, and three aspects are key in that regard. We want to bundle our various areas of expertise to better position the single-wagon system in the market. We want to bundle our know-how so that we can offer customers rail-related logistics solutions. And we want to exploit our synergies to transfer successful solutions from certain sectors to others.

At the same time we're working on improving quality and are aiming to achieve that by introducing end-to-end responsibility in the planning and implementation of transport operations. That means establishing continuous management responsibilities for certain transport operations. At the moment, a number of DB Cargo's different organisational units are involved in the planning and operation of trains, which is not always ideal for our customers. So we plan to organise production along the main transport flows into three corridors.

One of the objectives is to secure the future of the European single-wagon system. As the strongest European rail freight company you have a special obligation. How do you see the future of this costly production system?

H__ You're right, single-wagon transport is costly – so it is all the more important that we have a clear business plan for it. There is a great need and a huge potential for this special system in Europe. But you have to be able to exploit synergies in production to make it a success. We have therefore established a collaboration on a European level with our partners in the Xrail Alliance.

Railports are another important issue. These transshipment facilities with sidings offer customers who do not have sidings of their own the option of moving their transport operations onto rail, and they are a clear strategic element for us, especially in regions in which the situation in terms of

sidings is less than optimal. That's why we're currently building railports in Poland with our partners. However, to operate them we need a certain basic volume from industry – so our customers are required to make binding plans accordingly.

The critics are saying that the Zukunft Bahn project is too focused on Germany. Are you losing the European perspective?

H__ Germany is geographically and historically our core country. Moreover, a large number of international freight transport travels through Germany. So Germany is the key if we're looking to improve the quality of transport operations across the board. But we will, of course, be active in other countries, too.

W__ We're already operating several international transport corridors – right across Europe all the way to Spain, Russia and even to China. With all corridors you have to make sure the transport operations work in both directions. That means we have to plan with customers in order to guarantee an agreed basic volume for our transport operations.

It's not just about Germany. Zukunft Bahn is setting the focus for our strong European rail freight company. Our guiding principle is that we intend to keep our promises – not just with regular services but also with volatile trains.

You're planning to introduce changes by the beginning of next year – how will this happen?

W__ We're currently working on developing the restructuring concept for production and on redesigning the regional division – all in close consultation with customers. We will start introducing these in 2017, doing so gradually. We're already aware that we first have to gather some experience before we can really become more efficient. We are facing a long process, one in which we want to involve our customers

and employee representatives.

H__ We will also start implementing changes in the sales division in 2017. We're reorganising our internal sales structure. The five market divisions will be replaced by just three in future: Industrial, which will mainly involve bulk goods and the bundling of responsibility for the single-wagon system; Logistics, which covers our rail freight forwarding services; and Intermodal, for our combined transport operations. We will be starting on this restructuring in January 2017.

The aim is to get the company growing again – but DB has lost market share and the European economy is faltering; a number of industry sectors are facing huge challenges. How do you plan to get out of this trough?

H__ Our aim is to improve the utilisation of the network because better utilisation means better profitability and better performance for our customers.

W__ And it means we're strengthening our European network at the same time. By focusing on the major corridors, we can offer high-quality international transport operations that are economically viable along these corridors. It's vital that we succeed in securing the future of single-wagon transport in Germany and across Europe for our customers. *an* ■

A BETTER PERFORMANCE



WE'RE BUNDLING OUR COMPETENCIES.

Dr Jörg Hilker, Head of the Industrial Division

What will the restructuring of the Industrial Division mean for customers?

HILKER__ The Industrial Division consists mainly of what was previously the Coal and Steel Division and the areas of railway construction/construction materials, agriculture as well as fertilisers and military. Our new division is strongly geared towards the traditional bulk goods business. A lot of customers are asking about rail transport solutions, especially in single-wagon transport.

This single-wagon system sets us apart from the other rail companies, none of which offers an interlinked production system on this scale. But we have to date worked in parallel in many areas – with the new setup, we now have clear overall responsibility.

That is why we have bundled the utilisation responsibility for single-wagon transport within the new Industrial Division. We discuss the dimension of the whole network with production, order the appropriate capacity and make sure that the necessary volume comes into the system – that is the key new component in our division. This provides one big advantage for customers. We can address them in a targeted way and make them attractive offers for the volumes they have, should we have free capacity on rail.

How are customers responding to the new structure?

H__ Customers who make intensive use of the single-wagon system – those in the steel and chemicals industries for example – are responding particularly positively to the fact that responsibility for dimensioning, utilisation and the further development of the single-wagon system will be bundled with the sales team from now on. Customers expect us to take their wishes into account far more than we have been doing when it comes to route-specific transit times.

Also, the fact that we are offering free capacity for very attractive conditions in a targeted way makes us an interesting alter-

DB Cargo is restructuring so that it can respond more effectively to customer needs.

DB Cargo is moving closer to its customers by reorganising the marketing division, customer services department and industry sectors.

The International Sales Development and Marketing division bundles the regional sales and international sales divisions.

The previous five industry sectors will be replaced by just three in future: Industrial, Logistics and Intermodal. The Industrial Sales division will cover activities in the area of coal and steel, fertilisers, agriculture, military and building materials/rail construction. It will also be responsible for utilisation on the single-wagon network.

The Logistics Sales division covers the areas of chemicals, mineral oil, waste disposal through the freight forwarding company BTT, as well as automotive, industrial and consumer goods. The Nieten and DB Schenker Rail Automotive sales companies will be merged in a new company under the name DB Cargo Logistics.

The Intermodal Sales division bundles combined transport. By teaming up with the TFG Transfracht and Intermodal Services sales companies, this division will become more competitive in CT.

No structural changes are being made to customer services but the division will be drawing up a comprehensive quality management plan and launching a customer service offensive. *an* ■

PHOTO: LÉMRICH (KIÊN HOÀNG LÊ / ALINA EMRICH)



COMPLEXITY: In the new Industrial market division, Dr Jörg Hilker is responsible for DB Cargos's unique feature: the European single-wagon network. The aim is to massively increase the system's usage rate.

native to HGV transport. Other transport modes have been using variable pricing at different utilisation levels for many years. Customers are aware that a system with a high proportion of fixed costs, such as the single-wagon system, can only be successful when utilisation rates are high.

What about the international focus?

H__ The Zukunft Bahn programme is not just an issue for our German operations. But our biggest network is in Germany and it is therefore the key for our Europe-wide network. The Industrial Division is responsible not only for single-wagon transport in Germany but also across the whole of Europe. We're also responsible for cooperation with other rail companies in Europe. This includes making sure that the Xrail Alliance is established and developed as originally planned. Nothing is changing as far as our European focus is concerned! *an* ■

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INDUSTRY INSIDER:
JENS NÖLDNER WANTS
TO ACHIEVE STRONG
PERFORMANCES FOR
EXAMPLE FOR THE
CAR INDUSTRY IN
OTHER SECTORS, TOO.



**WE WANT
TO EXPAND
OUR OFFER
- ON A MOD-
ULAR AND
FLEXIBLE
SCALE.**



**Jens Nöldner, Head of the
Logistics Division (and CEO DB
Cargo Logistics)**

How will the restructuring of your sales area affect customers – and what will it mean for your sales team?

NÖLDNER Automotive, chemicals, consumer goods and paper/wood all come under the Logistics sales area – these are all industries with very high requirements when it comes to the quality of our services. We want to expand our current logistics offer for our customers – that means providing fast, frequent and high-quality network solutions in Europe that can be expanded, through logistics services, into integrated rail-based system solutions. Our sales teams are still structured in an industry-specific manner but the new structure better supports extensive collaboration between teams. We are currently developing a toolkit of logistics modules that significantly reduces our product development and reaction times, as well as the workloads involved.

What effects can we expect from this new structure?

N For us, the main priority in every respect is to meet and ideally exceed the expectations of our customers. If we make our network faster and more frequent, we will also achieve better utilisation of our equip-

ment. I'm also convinced that we will succeed in tapping into new market potentials and thereby also increase the network utilisation. We are now more integrated, and we're reducing interfaces and working together with more simplicity and precision – from which our customers benefit hugely, of course! Our goal is to use those transport operations of ours that are already very strong as a point of orientation – and, at the same time, further expand our strengths in response to new trends such as digitalisation, for example. However, we don't just want to become more efficient, we want to discuss expectations with the customer with even more clarity and find out how we can fulfil them. Many customers express a high level of readiness and need to go further in logistics, beyond the transport modes.

What about the international focus?

N We already have an international presence in all the areas that have been brought together under the Logistics sales area. We will now bring together the various strengths and harmonise the stages of development, which vary from corridor to corridor. For example, in the automotive sector, we are particularly strong on the cor-

ridors towards Russia, China and Spain; for paper and wood, we're strong on routes to Scandinavia; and in the chemicals sector to the ARA ports. We can now exploit these strengths even more effectively across industries – and the same is true, of course, for international sales. *an* ■

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**WITHIN
THE NEW
STRUCTURE,
WE CAN EN-
GAGE MORE
FULLY WITH
THE CUS-
TOMERS.**



**Dirk Steffes, Head of the
Intermodal Division**

How will the restructuring of your sales areas affect customers – and what will it mean for your sales team?

STEFFES Within the new structure, we make a distinction between two sales sectors: Carrier Sales and Operator Sales. In Carrier Sales, we provide services to other service providers such as freight forwarders or operators, without taking any utilisation risk ourselves. So we now have a single sales channel dedicated to processes relating to other service providers.

In Operator Sales, we offer our customers capacity in our own product network, within which we take the utilisation risk ourselves. We're already well-positioned in this area through our subsidiary TFG Transfracht.

We will continue to focus on and engage fully with our customers after this restructuring, just as we have always done. Furthermore, when planning and implementing new transport operations in future, we will bundle the various internal interfaces in one function for the market sector, which will improve the reliability and quality of these new products from the outset.

PHOTOS: KATRIN BINNER, BERND ROSELIEB

What synergies can we expect from this new structure?

S In future, Carrier Sales will be fully responsible for maritime and continental customer service. That gives our processes an improved structure and better reliability because we can design our internal coordination processes more efficiently. When it comes to certain products, such as transport operations from the western ports, we're already working in joint continental-maritime tandems. And it now seems appropriate to manage these sales and organisational aspects from a single source, too. A strong market presence in the areas of Carrier Sales on the one hand, and Operator Sales on the other, will also provide clarity and transparency for our customers.

What about the international focus? What can customers expect?

S On 1 January 2017, we will assume technical responsibility for the intermodal business of DB Cargo's foreign subsidiaries. In future, this will allow us to centrally bundle the various activities already being provided by our colleagues locally, thereby making it easier to identify possible cooper-

ation potentials. This development opens up new sales opportunities that might well have been missed in the past. This technical responsibility that we will be shortly taking on also strengthens the focus of our processes on developing the company as a European market leader in combined transport.

At the same time, the new Logistics business division bundles additional expertise, which we can exploit in a mutual exchange to offer new, attractive product options for our customers. *an* ■

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COMBINATIONS:
Dirk Steffes stays in the intermodal sector, which he has been responsible for since spring 2013. His aim: better and more targeted offers for the customers in combined transport.

WE WANT TO CHANGE THE WAY OUR SERVICES ARE PERCEIVED - ON ALL CHANNELS.

Sebastian Schilling, Head of International Sales Development and Marketing

DB Cargo is on the way to become the quality leader in rail freight transport. What role is International Sales Development & Marketing playing in that?

SCHILLING With the Zukunft Bahn programme comes a change in our marketing strategy - we intend to bring our expertise and services even closer to the customer. Our aim is to offer customers our logistics solutions expertise through best practice examples across all sectors - for example when it comes to a fast, frequent and effective basic transport offering. To achieve that, we have merged regional sales, international sales and marketing to create the International Business Development and Marketing division. This means we retain a broad strategic view and operate with a Europe-wide concept, while drawing on all the cross-sector expertise of our staff so that we can offer customers exactly the services they need.

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COMMUNICATION: Sebastian Schilling heads the recently set up unit "International Sales Development and Marketing". The qualified engineer has been working for Deutsche Bahn since 1998.

PHOTOS: KATRIN BINNER

What can customers expect now from DB Cargo - apart from the product itself?

S Customers expect high quality from us, and they clearly want our core competency: rail.

We must continue to expand that network and make it more attractive. To achieve that, we have to enhance our core profile more consciously and show what it is we do better than the competition - which includes elements such as stability, reliability and the punctuality of shipments. Going beyond this core competency of rail, we plan to develop logistics services in collaboration with the business sectors. The key for us is to offer new services in those places where we can deliver exactly what the customers want by rail. We have already succeeded in doing so in some sectors. For example, we now operate services to the North Sea ports of Rotterdam and Antwerp, delivering a targeted product. In Railnet France, we improved links to the Paris metropolitan area in 2015.

How does DB Cargo hope to enter into dialogue with customers in future?

S This is also about changing the way our services are perceived - and we want to use innovative channels to do that. Social networks and new media are certainly very exciting, especially as a way of addressing new groups of customers we haven't reached through our existing channels. But no matter what media we use, the fundamental task we're facing is to develop our expertise in a targeted way. No other company has the same overview of the market as we do, of the flow of goods, of the development of business sectors and national economies. We are attractive and we offer excellent services that make us the best in our field. I'm certain that we can convey this message effectively to customers once again! **an** ■

WE ARE BECOMING BETTER AND MORE EFFICIENT IN CUSTOMER SERVICE.

Interview with Iris Hilb, Head of the Customer Service Centre

As part of the Zukunft Bahn programme, you're also restructuring the Customer Service Centre. What's changing?

HILB The tasks handled by the Customer Service Centre will stay the same, but the way the customer service division works is changing. The quality of the service we provide affects how competitive DB Cargo is, and the efficiency with which we carry out our work has a positive influence on the company's cost position in the market. With the Zukunft Bahn programme, we are therefore aiming to offer better quality and to become more efficient by leveraging two factors. Firstly, we want to improve quality by making use of new media and becoming more innovative. A lot of customers are already connected to us via electronic interfaces such as online portals. These media will be replaced by a significantly enhanced, more innovative customer interaction platform called "my-railportal". In addition to digitising communication with our customers, this platform also enables us to optimise shared processes in cooperation with our customers. We want to become even more innovative and transparent in this area, and offer customers significant added value. The second factor that will enable us to become more efficient is the automation of our processes. To give one example: customer orders are often incomplete and until now these have been completed manually. We want to automate this process by introducing a new order management system to minimise the work involved and thereby become more competitive.



EXPERTISE: Customer service has major influence on DB Cargo's competitiveness. Hilb is WELL aware of customers' needs: she has been working in rail freight transport since 1995, and much of that time in regional sales.

What do customers expect from a customer service centre?

N In a nutshell, our customers expect service and information. Customers do understand when there are delays, but they find it frustrating when they're not told about them. It's vital that customers are proactively provided with key information - which is a challenge in our Europe-wide network, especially. In many cases, different industries have very different expectations. Some customers in the automotive industry, for example, insist that we introduce innovative digital media. In contrast, however, many companies in other industries are surprised when we offer innovative communication channels. What is clear from the many discussions we've had, however, is that all our customers - like us - are looking for ways to become more efficient, so digitisation and automation are welcomed with open arms.

How do you manage these challenges?

N We've launched a comprehensive programme to address the issue of quality. This includes plans to introduce an improved proactive disruption management approach across the board and to continue to work on improving the collaboration be-

tween the European Operations Centre and the Customer Service Centre. This also includes training our staff, setting up a professional complaints management system, optimising staffing times and implementing innovations regularly.

We're also about to launch a customer service offensive to increase efficiency. This will involve a mixed team from all divisions working on carrying out around 50 measures that will help make our customer service more efficient. I'm very optimistic that we will achieve these goals because we've already formulated a very detailed programme. The breath of fresh air is tangible! **an** ■

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INTELLIGENT NETWORK

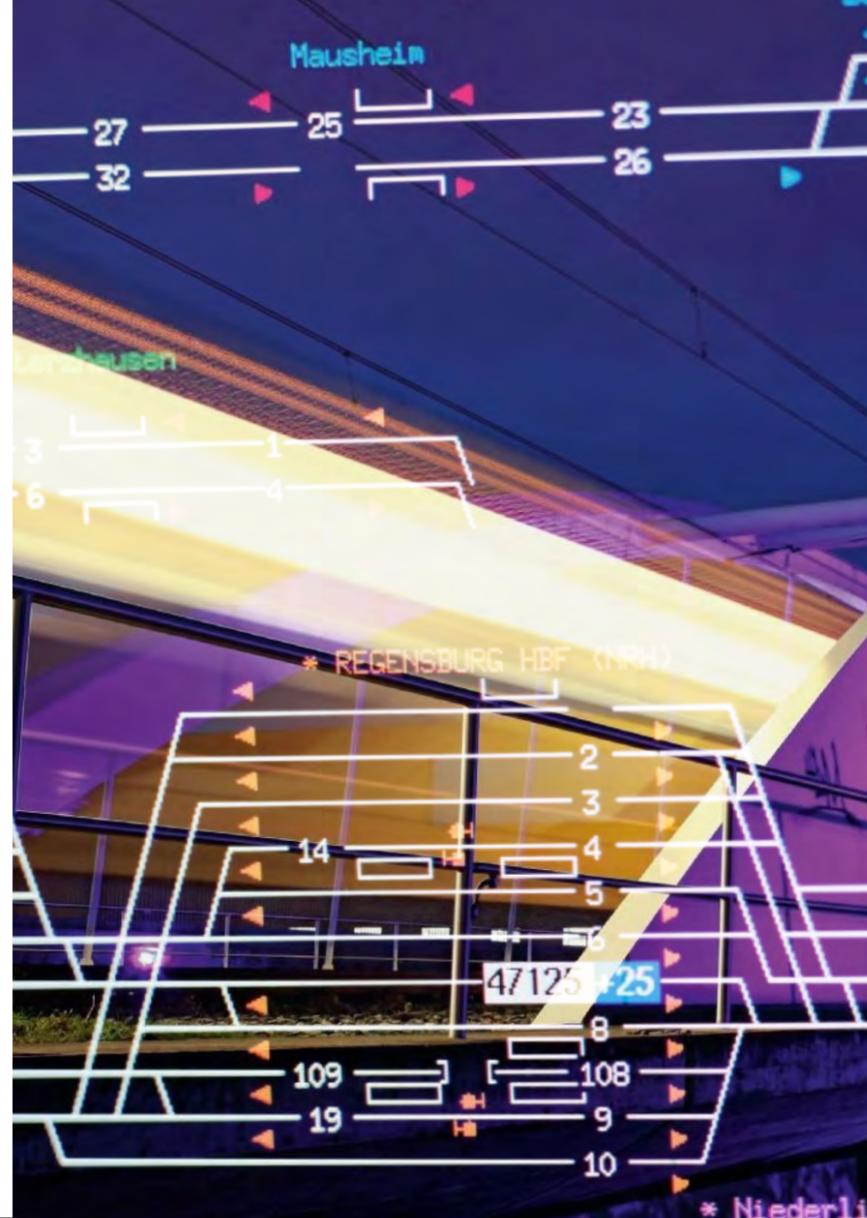
DB Cargo is testing clever freight wagons to make supply chains more transparent.

Digitisation is a key factor that DB Cargo will have to exploit if it is to remain competitive in the future. However, rolling stock is another critical element for the performance and quality of services. In the age of digitisation, freight wagons and locomotives have to be able to deliver the data that leads to networked services and that make it possible for the rail company to offer its customers intelligent services. “Digitisation is necessary in rail freight transport but it must not become an end in itself,” emphasises Steffen Bobsien, Head of European Asset Management at DB Cargo. “Digitisation must happen along the whole supply chain and it must meet the requirements of our customers.” DB Cargo is therefore carrying out research

on the use of intelligent technology in freight wagons. The company has fitted sensors onto a total of 500 wagons from various industries, including the coal and steel and consumer goods industries. These sensors measure data such as temperature, impacts, positions, mileage, air humidity, utilisation and the exact weight every 15 minutes, and automatically record this information. The data is then bundled and transmitted to DB Cargo every six hours. In the first instance, the aim of the test phase is to find the sensors that best meet DB Cargo’s requirements. After all, it is not just the wagons that have to survive the physical strain of the transport operation undamaged – so do the sensors.

DATA ANALYSIS FOR ADDED-VALUE SERVICES

In a second step, the transmitted data is pooled together and evaluated. It is this analysis that provides useful indications of which additional services DB Cargo could offer and implement in agreement with its customers. The Project Management for Intelligent Equipment Technology team in the new DB Cargo Lab is developing the tools and programmes necessary to achieve this. The added-value services relating to tracking and tracing are one example: “These sensors tell us exactly when a wagon arrives at the customer’s site and how long it stays there,” says Gerrit Koch to Krax, who, with his colleague Wassilios Tsolakidis, is working in Project Management for Intelligent Equipment Technology at DB Cargo. “With automotive transport operations, the evaluation of GPS data means we can make sure the cars are facing the right way when they reach the customer,” adds Tsolakidis. That is important because customers in the automotive industry require the wagons to arrive in a certain order. DB Cargo guarantees the smooth flow of material to production plants. *an* ■



THE NEXT GENERATION OF FREIGHT WAGONS

DB Cargo started making noise-reduction modifications to its fleet of freight wagons many years ago and the company introduced around 8,200 new quiet freight wagons in 2016. The rail freight company is hoping that this initiative will make rail even more attractive. “The most important resource DB Cargo has at its disposal is the freight wagon,” says Steffen Bobsien, Asset Manager and Head of Rail Freight Transport Technology at DB Cargo. “Together with VTG, we’ve been asking ourselves how we can optimise the next generation of freight wagons in terms of noise reduction, energy efficiency and cost-effective deployment, and we’re delighted that the Ministry for Transport shares our vision for innovative freight wagons. We’re convinced that the rail freight sector needs exactly this kind of initiative to maintain and extend its competitive edge – which is based on innovative assets – in the multimodal logistics market.” “At VTG we firmly believe that rail represents a solution for the future as freight volumes continuously grow. That’s why we want to establish rail, through such innovations, as a basis for intelligent and sustainable logistics solutions,” explains Dr Heiko Fischer, CEO of VTG. “The development of innovative freight wagons is an important step in this direction.”

DEVELOPMENT AND TESTING

Over the course of the project, components and technologies by various manufacturers will be developed and tested. DB Cargo and VTG will be using wagons of various kinds, including car transport wagons, container wagons, flat wagons and tank wagons. The research team will be looking at bogies that reduce rail wearing on curves and that save energy due to reduced friction loss. To reduce rail noise, DB Cargo and VTG are testing a range of innovative components such as noise-reduction panels that, in combination with whisper brakes, reduce rail noise right at its source. The two companies are also looking into the possibility of using sensors to monitor cargo and GPS monitoring for more economical freight wagon management. These freight wagons will undergo testing in 2018. *an* ■

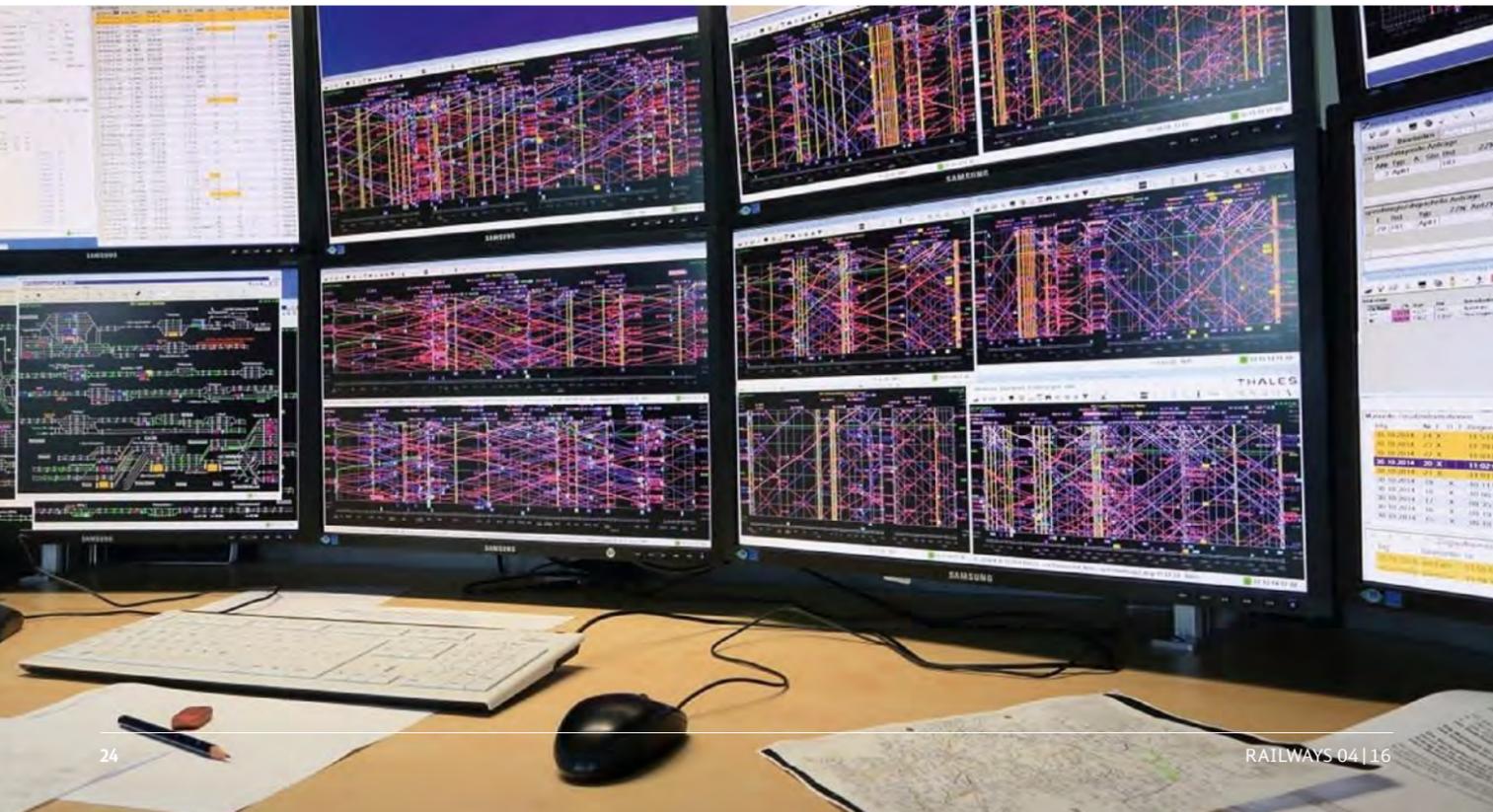
LIGHTER, QUIETER AND MORE EFFICIENT

DB Cargo and VTG conduct research into innovative freight wagons.

The DB Cargo rail freight company and wagon logistics expert VTG have won a German government tender to carry out the “Innovative Freight Wagon” research project. The Federal Ministry of Transport and Digital Infrastructure is providing around 17 million euros for the project between now and the end of 2018 to support the development of quiet, energy-efficient freight wagons with low operating costs. The federal German government is putting a lot of work into making rail freight transport more attractive through

a range of innovative developments in a bid to move more traffic from the roads and onto the railways. “We are promoting innovations and the development of trains, routes and the rail network as a whole,” said Transport Minister Alexander Dobrindt in March 2016, when presenting the “Leise Schiene” (Quiet Tracks) strategy. In addition to the development and manufacture of quieter and more efficient wagons, plans are also afoot to make the existing wagon fleet and routes quieter using new noise-reduction technologies.

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PHOTOS: DB CARGO, MONTAGE: LAIF/DAGMAR SCHWELLE, DDP IMAGES

WOMEN AT WORK

PORT OF THE FUTURE

At DB Port Szczecin, they're very proud of the way they've turned things around – the port has been profitable since 2014. “We're all pulling together here,” says Paweł Wac, Managing Director of DB Port Szczecin (front left in the picture). He means that literally: work at the port often involves heavy labour. 280 members of staff, among them dockworkers, foremen and machinists, lay ropes, work on the crane and generally knuckle down to some hard work. Helmets and high-visibility vests are mandatory on the docks. In addition to steel and granite blocks, containers and general cargo from the paper, automotive and construction materials industries are loaded here, as is frozen fish.

DB Port Szczecin, which competes with major ports such as Rostock, Gdynia and Gdańsk, doesn't have it easy. Many decades ago, Szczecin was the port of the major industrial city of Berlin. In 2009, Deutsche Bahn took over management of the port from the private Polish company PCC Rail. Today, DB Port Szczecin can tap into an increasingly attractive hinterland: it is the nearest seaport for major cities such as Berlin, Prague, Vienna, Bratislava, Budapest, Dresden and many other central European cities. At present, around 12 to 13 per cent of freight is transported to or from the Port of Szczecin by rail. “That can be increased,” says Paweł Wac confidently. *mb* ■

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BUCKLING DOWN FOR A STRONG SEAPORT: Piotr Zantkiewicz – dockworker/stevedore, Paweł Wac, CEO DB Port Szczecin, Eugeniusz Grzegorzak – machinist/operator, Mieczysław Kardzasz – dockworker/stevedore.

Robert Walek – master workman/foreman, Mirosław Żochowski – dockworker/stevedore, Marek Cimek – master workman/foreman,

ELIMINATION OF WEAK LINKS IS A KEY TO SUCCESS

How are the production and sales processes developed and improved? Interview with Mr Lukas Polaczek, Sales Director at DB Cargo Polska, and Mr Robert Nowakowski, Cargo Carriages Director at DB Cargo Polska.

How will the changes introduced in the Sales Division structure influence our business results?

POLACZEK: What's new is that now the responsibility for the use of wagons is stemmed by Sales. Thanks to having the Service Design unit established, we have now full picture of the places where flows of locomotives are planned, and we know how they are combined.

So effective use of the rolling stock is the key?

NOWAKOWSKI: Yes. Sales have now a full pool of rolling stock at their disposal and they allocate the number and types of wagons to a concrete customer in close cooperation with us, i.e. Production. If they have a surplus, they look for extra orders or lease out the wagons.

P Following the shift of responsibility for the usage of wagons to Sales, we developed an appropriate method of calculating the demand for wagons. Sales, Production and Service Design get one comprehensive picture of the demand for resources. The demand is defined at two

levels: a long-term and short-term one. Sales is obliged to use the resources that it demanded in the planning phase. Operational updates take place every week. We analyse the current situation and changes resulting thereof.

N In the long term, we can see only the volume declared by the customer. Yet customers often either decrease or increase their order just at the time it is being executed. We have to be prepared for such scenarios. That is why the weekly meetings are organised – to grasp situations where rolling stock is released and new orders must be looked for. We are using a tonne kilometre net ratio, i.e. the volume transported divided by the number of kilometres driven. The lower the ratio, the less effective we are.

P In practice, orders must be found for these unused wagons. However, most of the customers plan carriages far in advance on an annual basis and so it is not easy to find a concrete opportunity of transport of a given mass. What's more, we can usually offer short-term service only in such cases, while customers are usually looking for long-term solutions.

N What is important is that we are changing our approach: there is no situation now in which we are not looking for ways to use the released wagons. We must realise that a wagon that is standing still is incurring costs. When not being used, our profits diminish.

What is the role of Production in this process?

N Production comes in at the end of this process. After we already have a customer, a calculation, and prepared transport, Production gives the signal that on this day they will be executing orders for this concrete customer. A concrete locomotive with a certain number of wagons of a certain type is set in motion. The basic task of Production is the execution of orders in compliance with the specifications and within the adopted time schedule.

What is the main difference between short-term and long-term planning?

N Every month, Production obtains a clearly defined demand for carriages, with the volumes or trainsets determined, but in practice, cancellations of trains often take place. However, in the first, long-term approach to planning, the 100 per cent execution of the requirements must be adopted. So-called short-term planning – i.e. one week in advance – supplements the planning process. Of course, the practice shows

WE MUST FACTOR IN THE OPERATIONAL RISK WHEN PLANNING, AND FIND SOLUTIONS THAT MINIMISE THIS RISK.

LUKAS POLACZEK, HEAD OF SALES AT DB CARGO POLSKA

that even trains planned with one-week advance often deviate from the plans. Most frequently these changes stem from external reasons, connected with availability of infrastructure, delays, etc.

P The added value of the relations that we are building between the structures of Sales and Production is the fact that our employees work together on the improvement of the service quality and the profitability of the carriages. All these efforts are accompanied with great involvement of the Service Design and Customer Service. All units are strongly focused on elimination of weak links and permanent increase of effectiveness of the executed transports. This is the art of finding the balance. The balance that provides customer satisfaction on the one hand, and guarantees business effectiveness on the other.

And what if a train is cancelled at the last moment? When we already have a weekly plan?



Lukas Polaczek and Robert Nowakowski.

WE MUST REALISE THAT A WAGON THAT IS STANDING STILL IS INCURRING COSTS.

ROBERT NOWAKOWSKI, HEAD OF PRODUCTION AT DB CARGO POLSKA

N This is the responsibility of the Dispatcher's Office. So a very important and responsible task. Only the dispatchers can see how the transports are being executed in realtime, and where the stoppages or delays occur. The dispatcher analyses the situation and changes time schedules and routes based on assessment of the short-time availability of resources vs. the demand defined in the plan.

And what if we are not able to use the released wagons even at this last stage?

N This is the most painful situation. For me, planning the work of traction teams is the most difficult task when the changes of the route network are very dynamic. IN this case, we have little scope to use a train driver's working time effectively. Many conditions are determined by labour laws here, and the human factor is also important.

P The fact that the information on cancellation of transport reaches us at the very last moment is an additional and fre-



quent impediment for us. This occurs most often in international transports and is mainly the result of discrepancies in executing orders.

Do you analyse things like this and talk with the customer about it?

N Yes, we always discuss the placed orders with the customers. This is especial-

ly frequent in the case of customers who transport coal. We have observed for years certain repeated patterns of drops and increases of the volumes of transported coal to the power engineering sector that customers sometimes fail to take into consideration.

P There are also market requirements. To be quite straightforward – you cannot always foresee when the customer will sell the goods, which we are to transport. In a sense, this is our operational risk. It is important to factor in this operational risk when planning and to find solutions that minimise the risk. The important thing is also to make comparative analyses and to draw appropriate conclusions from them so as to minimise differences between the demand and the actual volume of carriages. *mb* ■

RESTRUCTURING TO IMPROVE PERFORMANCE



DB Cargo invited customers to the Coal and Steel Industry Conference for a discussion about the rail company's future plans. All the big issues were covered: market trends, innovations and the DB group restructuring.

NO WAGONS, NO DELIVERY

DB Cargo improves the availability of wagons.

Rail freight transport operations require one basic element: freight wagons. The availability of freight wagons for customers is therefore an important aspect in the management of rail transport operations.

DB Cargo has already taken several steps to improve the availability of wagons, with some success. The company has seen positive developments in the coal and steel industry over the last twelve months. "The provision rate has been very unsatisfactory at times in the past," said Head of the Coal and Steel Division Dr Jörg Hilker. "We discussed the situation with customers and that led to better results. We achieved a good level of demand fulfilment in 2016." In future, the rail company will attempt to maintain the reserve of available wagons so that it can meet possible peaks in demand. "We should always be able to say that there's capacity for more."

However, availability is very different depending on the specific type of freight. For example, the availability of the Ea freight wagon type, which is used to transport scrap metal, was recently increased as a result of additional overhauls, adjustments to maintenance prioritisation and coordination discussions with production.

At the same time, DB Cargo is investing in innovative wagon concepts so that it will be able to offer more flexible transport solutions in future. New, multifunctional wagons will reduce empty journeys in future because they can be loaded with slabs, coils or containers. The first prototypes will be available from 2017 and will then be available for use by customers.

DB Cargo still uses steel-hooded wagons to transport finished steel products in some cases. These wagons are now rather outdated and are being converted into wagons with plastic tarpaulins. "By the end of 2016 we will have converted the first 300 wagons in our own plants, and we will then go on to convert the whole fleet over the coming three years," explained Hilker.

DB Cargo knows that it must introduce more innovations in its wagons: extra-wide footsteps for better occupational safety, scrap metal wagons with more stable walls and measures to reduce rail noise. "The noise is-

sue, in particular, is one we have to approach together with customers to modernise the rail system," said Hilker. "If we fail to get the general population on our side and generate a positive spirit towards rail freight transport, then there will always be resistance."



DIGITISATION IN THE COAL AND STEEL DIVISION

New tools and innovative solutions deliver information and analysis.

Digitisation is also changing the coal and steel industry and its logistics needs, and DB Cargo, as the backbone of the industry, has to digitise its service portfolio to ensure it can operate flexibly and economically.

The company has made significant advancements in terms of the digital customer interface over the past year. The basic modules of the myRailportal internet portal have been rolled out, and customer- and sector-specific solutions will now be developed - in close collaboration with the customers themselves.



DB Cargo has fitted and is already using a range of sensors on its wagons. One sensor type is used to measure air humidity, for example, which can help prevent white rust when appropriate counter-measures are taken. Impact sensors have also been fitted to measure and record the physical influences on sensitive goods such as steel coils. DB Cargo intends to develop new digital solutions known as “Smart Services” on the basis of the gathered data. To do so, data analysis tools are used to generate added value for customers from a huge volume of data. Dr Hilker used scrap metal logistics as a concrete application example. In this sector, the uncoordinated flow of scrap metal leads to logistical inefficiencies such as high demurrage fees or the over- or under-utilisation of unloading capacities at the steelworks. Intelligent planning that includes everyone involved in the supply chain could reduce the rotation times of transport operations, improve the rate of empty wagon provision for scrap metal suppliers and help avoid demurrage fees. “We want to optimise this with you! We will then succeed together in our efforts to only transport the types of scrap metal that you as the customer really need at any specific time,” said Head of the Coal and Steel Division Dr Jörg Hilker. The foundation for such a provision is, of course, analysing the available data intelli-

gently and making it available for other services. These would include automated and customisable tracking and tracing solutions currently being developed by the rail freight company. Status information about shipments in block trains and single wagons should provide more transparency. It allows the progress of the transport operation to be monitored and information can be made available for the customer’s internal systems. In the subsequent discussion, some customers pointed out that tracking and tracing on the wagon level was sufficient for them: “We don’t need unit-based data – we can take care of that ourselves. For us, it’s enough if we’re informed about progress from the DB hand-over point to the wagon’s arrival,” explained Dr Jürgen Harland of Salzgitter AG.

CURRENT SITUATION: More than a hundred guests from all over Europe came to Mainz to discuss logistics in the coal and steel industry.

THE RETURN OF GROWTH

DB Cargo is strengthening the network through railports and capacity-utilisation responsibility in sales.

A wide range of new approaches and restructuring measures are necessary to achieve the core aim of the reform programme, which is to return to growth. However, there are a number of growth-inhibiting factors over which the rail freight company has little influence. Take infrastructure, for example. Companies interested in using rail often do not have sidings of their own. One way of taking care of the last mile to the customer is through the expansion of the railport network. Railports are multimodal transshipment sites at the sidings that facilitate the swift onward transport of goods by road and rail. When taking on operations on behalf of industrial companies, DB Cargo often uses railports to make up for the lack of sidings in the customer’s plants. “By expanding our railport network, we are participating directly in the growth of the market,” explains Dr Jörg Hilker. DB Cargo is implementing multimodal solutions throughout Europe, with new steel logistics centres being developed in Siegerland in Germany, as well as in Poland and the Czech

PHOTOS: LÉMIRICH (KIÊN HOÀNG LÊ / ALINA EMRICH)

WHAT OUR CUSTOMERS SAY:

As a regular participant at the Coal and Steel Conference, I’m really happy that it is being held in Mainz once again. As a customer in Germany, the Zukunft Bahn programme particularly concerns us, and we’re especially interested in the details and the strategy. As a long-standing customer of DB Cargo, we have an interest in seeing the single-wagon transport system being maintained in Germany for as long as possible.



BERT KLOPPERT, HEAD OF TRANSPORTATION / LOGISTICS, THYSSENKRUPP STEEL EUROPE AG

For us, management from a single source is especially important in international transport operations from Austria to Spain, for example. We need a central partner to manage the transport operations, someone who will promptly inform us of any delays, someone who has already implemented a delay management system beforehand. The quality orientation of the measures presented here is important and is clearly the right approach.



CHRISTIAN JANECEK, MANAGING DIRECTOR, LOGISTIK SERVICES GMBH



DR. JÜRGEN HARLAND, HEAD OF LOGISTICS / SCM, SALZGITTER AG

It is our aim, together with DB Cargo, to reorganise the process of empty wagon provisioning. We are striving towards an IT-based, demand-driven supply of empty wagons. In future, our staff will concentrate more on the management and optimisation of the whole supply chain, which is becoming more complex, and they will be relieved of routine tasks relating to empty wagon provisioning. Everyone involved will benefit from that, including DB Cargo.



STEPHAN FLAPPER, LOGISTICS SOURCING, TATA STEEL IJMUIDEN B.V.

This conference is much more international than previous events. It’s always interesting to meet experts from our industry and to discuss the current business climate. As a steel company, we manage our transport operations centrally. It would be great if trains could be planned and implemented non-stop across international borders.



Republic. These new centres are based on the successful example of the logistics centre in Hagen. Another example is improved cooperation between sales and production. “The network needs high utilisation rates to stay economically viable,” said Dr Hilker. In future, DB Cargo sales will take on responsibility for utilisation rates in the single-wagon system. The rail freight company intends to bring more transport operations into the network and, at the same time, achieve better quality.

STRATEGIC PROJECT: ZUKUNFT BAHN

DB Cargo is restructuring – for its customers and for a strong single-wagon transport system.

Customers were given first-hand information at the Coal and Steel Conference in Mainz. In his presentation, DB Cargo CEO Dr Jürgen Wilder talked in detail about the Zukunft



Bahn project. The scheme consists of a range of fundamental restructuring measures and is aimed at making the company a quality leader again in the medium term. “The aim of the project is to improve quality and efficiency. It will allow us to fulfil the commitments we make to customers, reverse the reduction in our market share and start winning back transport operations,” said Dr Wilder (see also the interview on page 14 of this issue).

In the subsequent discussion, he answered customer questions and provided insights into the rail freight company’s strategic approach. When asked how the Zukunft Bahn changes will be introduced over the coming year, Wilder referred to the way the company is collaborating closely with customers. “We’re currently changing the production processes and the structure of the regional services – this is happening in close dialogue with our customers,” asserted Dr Wilder. DB Cargo will begin implementing the changes in stages next year. “We know that we must develop a certain level of experience in working out production images if we’re to gradually become more efficient.” When asked whether the focus of the Zukunft Bahn projects on Germany meant that DB Cargo would cease to develop its European network, Dr Wilder answered with a resounding “no”. “Germany is geographically and historically our core country, but we also operate a number of transports through Germany as a European rail freight company. If we want to improve the quality of transport operations across the board, then we must start in Germany,” explained the DB Cargo CEO. He also discussed the situation in other countries. In the UK, the number of coal trains is on the decline, while the company was experiencing specific quality problems in France. The expansion of the network across southern Europe is necessary as a way of establishing strong and efficient corridors throughout Europe. “This is not just about Germany, it’s about setting our focus for a strong European rail freight company,” said Wilder.

INTELLIGENT CAPACITY MANAGEMENT

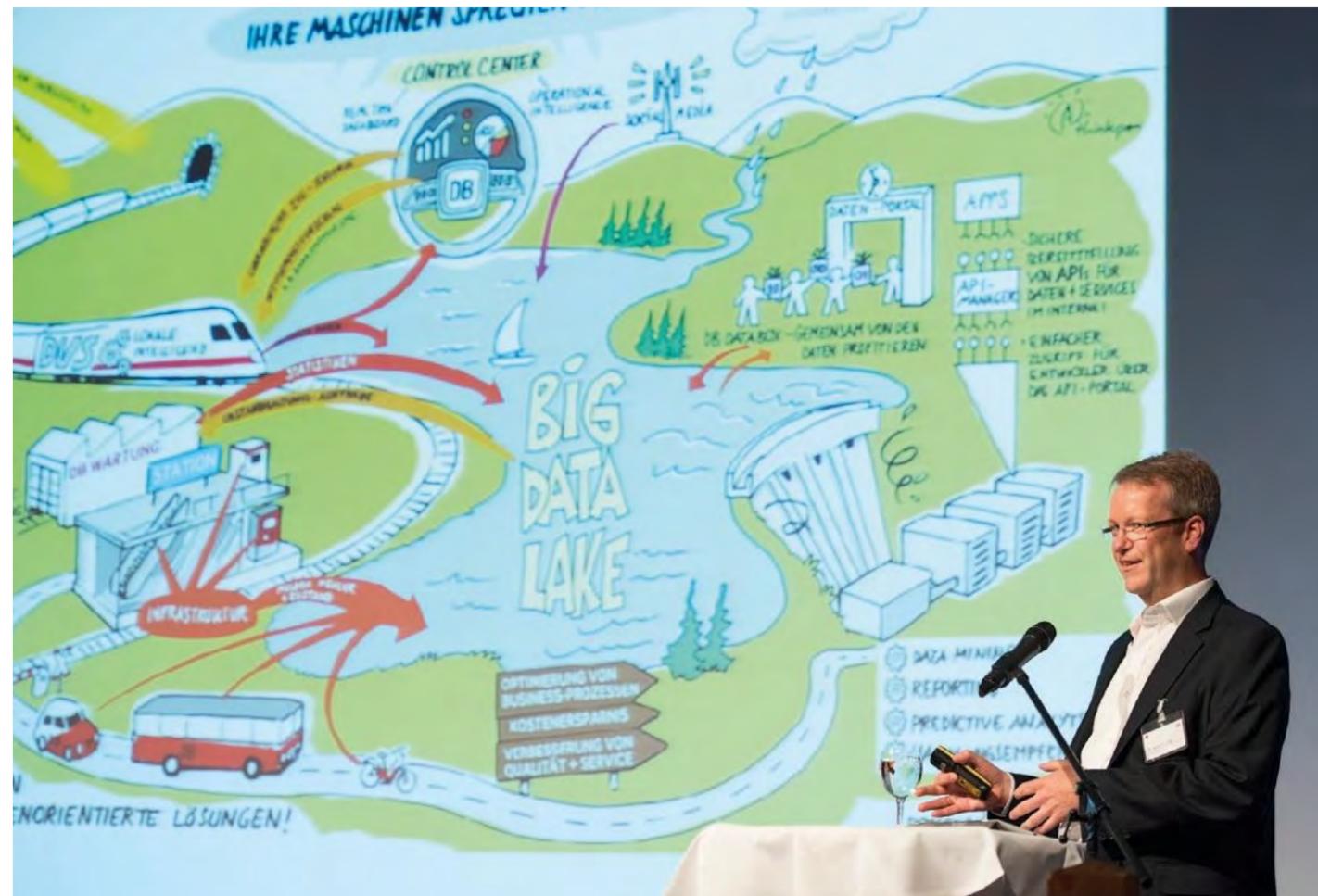
Using variable pricing to manage flexibility requirements.

Peaks and troughs are par for the course in the rail business – this is also true for transport planning within the network. Using an intelligent capacity management system is one way of balancing out extreme swings in demand. Dr Philipp Biermann from the Sim-

on-Kucher & Partners consulting company gave a presentation on this pivotal instrument at the Coal and Steel Conference, explaining how it offers customers fair services even when resources are in short supply. Despite the high volatility caused by fluctuating and unpredictable demand, and very different customer requirements and major external risks, a company such as DB Cargo has to manage its capacity better if it is to achieve greater balance between the supply and demand of services. This kind of intelligent capacity management system would involve offering services at different prices depending on demand. “That is a fair solution: customers with different requirements receive different prices and services,” explained Biermann. The subsequent discussion revolved around the issue of whether such a variable pricing system was practicable and desirable in rail freight transport. Customers pointed out that their own processes in the coal and steel industry were very complex. It was therefore difficult to respond quickly to offers at short notice. On the other hand, however, customers expressed their willingness to make their own processes more agile and flexible if the rail company proved its own response capability and could demonstrate that it really is flexible. **an ■**



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BETWEEN DIGITALISATION AND THE ENERGY TRANSITION

This year’s industry conference revealed exciting developments in a number of areas. Customers and staff of DB Cargo BTT and DB Cargo discussed issues relating to the railways of tomorrow and outlined the world of “Logistics 4.0”.

BTT Sales Operations Manager and conference host Erik Koning kicked off events with a “safety check-in”. Using gestures reminiscent of a flight attendant, he went over the safety equipment and pointed out the emergency exits. Industry insiders understood the light-hearted introduction as a tongue-in-cheek reference to the industry’s voluntary commitment to always set the bar higher than the regulations demand when it comes to safety issues.

This self-perception was evident throughout the conference, which was held in Mainz-Laubenheim at the beginning of September. More than a hundred top logistics experts had accepted the invitation from DB Cargo BTT and DB Cargo’s Chemicals/Mineral Oil/Fertilisers Division. The key topics of the conference were the digitalisation of logistics and the growing challenges of the chemicals sector, especially in the mineral oil market. A statement by the new Chairman of the Management Board, Dr Jürgen Wilder, on what the new management team would change at the rail freight company and how that would affect the implementation of the “Zukunft Bahn” programme was eagerly awaited. Experts from the chemicals industry delivered the raw ma-

PHOTOS: LEMRICH (KIÊN HOÀNG LÊ / ALINA EMRICH); ANDREAS REEG

WHAT OUR CUSTOMERS SAY:

I was recently appointed to oversee rail logistics at Covestro and I'm very keen to discover how everything works. I previously managed tank containers and tank wagons. What I find most interesting about my current role is the people and how they are aiming to advance the rail agenda together in future.



**CLAUDIA GRASSHOFF,
HEAD OF FORWARDING DEPARTMENT, INFRALEUNA**

We use rail when it's economical and when the customer has sidings. We mainly transport tank wagons in single-wagon transport, tank containers less often. However, we are interested in using tank containers in future because they are a good way of linking road and rail.



**PHILIPP GARBE,
3PL MANAGER RAILWAY LOGISTICS, COVESTRO**



SIMON GEORG, STRATEGIC BUYER GLOBAL RAIL & BULK LOGISTICS, LANXESS

We don't have huge rail volumes, what we do have is sensitive supply streams. Of course, we choose rail where possible for hazardous goods. Intermodal transport operations, using tank containers, for example, are a growing segment. Unfortunately DB Cargo often doesn't have the necessary equipment. Door-to-door solutions with rail tank wagons do exist, but there are no mixed trains operating between the chemical parks and industrial centres. There's scope for development there.



**DOMINIQUE DEDEJNE,
OPERATIONAL AND MAINTENANCE SECTION HEAD, EXXONMOBIL**

We have a very positive collaboration with DB Cargo, which we're keen to expand and build upon. Our mineral oil transport operations run with block trains from Karlsruhe and Antwerp to Germany and Switzerland, mostly involving diesel and heating oil. Because of the low water levels often experienced on the Rhine, we see rail as the main competitor to inland waterway vessels, allowing us to transport our products directly to customers.

material for a market assessment by throwing light on key factors and their effect on chemicals logistics. The conference agenda was largely shaped by the participants themselves, who were given the opportunity to specify preferred topics when they registered for the event. After evaluation, these topics were then incorporated into the conference agenda.

LOOKING FORWARD WITH CONFIDENCE

Rail freight facing big challenges.

"DB Cargo is looking ahead to future-oriented solutions," declared Dr Carsten Hinne, CEO DB Cargo BTT/Senior Vice President European Industry Sector Chemicals, Mineral Oil and Fertilizers, in his opening address. Dr Hinne acknowledged the huge challenges facing the rail freight company. He also said that it was vital that framework conditions were adjusted – referring to difficult market conditions such as the huge reduction in the cost of road transport. DB Cargo plays an important role in European industry: "We connect chemical clusters and make them more efficient." The company will continue to optimise its processes for the benefit of its customers.

Hinne emphasised the rail company's intermodal ambitions – the name change to DB Cargo would have no effect in this regard. The new name was a way of positioning the rail freight company closer to its parent company; it was a matter of strengthening the rail network. "The cooperation with DB Schenker will not be affected by this." The central objective remains unchanged: "We are a European company," said Hinne. "We think across and beyond national boundaries. And we aim to focus even more intently on improving quality: for you, our customers."

THE CHEMICALS INDUSTRY IN TRANSITION

The mineral oil market is a great example of how the sector is changing.

DB Cargo is facing huge changes in the chemicals industry market. Professor Christian Küchen, Managing Director of Mineralölwirtschaftsverband e. V., presented some exciting data to illustrate the effects the energy transition is having on market developments in the mineral oil sector. Those who assumed that the turnover of mineral oil would collapse as focus turned to renewable energy sources such as wind, photovoltaic and biomass were

surprised. Sales of mineral oil in Germany have – at around 102 million tonnes annually – remained steady over the last ten years. Before this, the global financial crisis had caused oil sales to drop by an average of ten million tonnes a year, according to Küchen. In 2006, mineral oil sales in Germany were around 112 million tonnes, and 117 million tonnes in 2005.

The price of crude oil, which has dropped by almost half over the past few years, has had almost zero effect on sales. The consumption patterns of the end products made from crude oil, have, however, changed significantly. While the consumption of light heating oil has dropped significantly over the course of the last 25 years, there is huge growth in demand for diesel and kerosene. The drop in light heating oil consumption is mainly attributable to efficiency improvements in heating equipment, the supplemental use of renewable energy sources and more effective insulation. In addition, some oil-fired heating systems have been converted to other fuels, mainly gas. The growth of diesel sales is mainly attributable to the growth of road-based logistics and the trend towards economical diesel cars. Strong growth in the aviation industry has led to increased kerosene consumption despite efficiency improvements. "The media is talking about the end of diesel because of the emissions scandal but these figures tell a different story," says Küchen.

These changes represent a huge challenge for the mineral oil business, especially for German refineries, says Küchen. "The refinery is a joint production process: the various production processes are closely interrelated. The ratios of the production volumes of the individual products cannot be changed arbitrarily." Overall, production has to be reduced if you

cannot find sufficient demand for all the end products in either the domestic or foreign markets.

The mineral oil market is coming under serious political pressure. The energy targets drawn up at the G7 Summit in June 2015 included the full decarbonisation of the global economy over the course of this century and a complete switch to renewable energies. A key element of national plans is the far-reaching electrification of the transport sector and of domestic heating. However, the global primary energy mix currently stands at 31 per cent oil, 28 per cent coal and 22 per cent gas. Replacing fossil fuels with renewable energy sources, and renewable electricity in particular, is a huge task that will take decades. The role of oil will therefore change as a result of global and national energy and climate policies. The storability and range of possible applications of liquid hydrocarbons make them an ideal partner for the energy transition because they can be used to even out fluctuations in the supply of renewable energies such as wind and solar.

Hybrid technologies that can use both hydrocarbons and electricity will, in the long term, play an important role in both transportation and heating. This is expected to lead to a drop in the consumption of mineral oil products in Germany over the medium term.

HIGH INPUT: Presentations focused on the mineral oil market and Logistics 4.0, amongst other subjects.



PHOTOS: ANDREAS REEG



DIGITALISATION OFFERS NEW OPPORTUNITIES

Sensors and big data transform processes.

The digitalisation of the supply chain represents a new task for the rail company and the chemicals industry, and the whole afternoon was dedicated to the topic of “Logistics 4.0”. In his introduction, Carsten Hinne explained that digitalisation was an enormous opportunity for the rail company and its customers: “It has led us to re-evaluate all our processes, analysing them, and improving them where possible.” He made reference to a big data project that brought together historic data from chemicals logistics operations as a means of identifying patterns that could be used to improve the way transport operations are planned in future.

But how do you change from analogue to digital processes in a large company – and do so as the company continues to operate? This question was answered by Dr Lars Freund of DB Systel. He explained how the rail subsidiary is hiving off to become more innovative and agile. One example is “ZERO. ONE.DATA”, which operates flexibly like a start-up within DB Systel, with flat hierarchies and swift decision-making structures on the team level. The processes traditionally completed on paper are more complex. Dr Lars Freund gave the example of rail grinder deployment plans. Requesting one of these vehicles still requires you to make a written entry on a paper-based list. Such processes must be made electronic if we’re to have a comprehensively digitalised system. Digitalisation also thereby gradually advances the modernisation of processes – as Carsten Hinne predicted at the beginning.

Those with only a vague idea of what the term “Logistics 4.0” stood for were given a

thorough explanation in a presentation by Dr Max Haberstroh, Director of the Transport and Mobility Research Group at the Department of Information Management in Machine Construction at RWTH Aachen. According to Haberstroh, Industry 4.0, the fourth industrial revolution (after mechanisation, the division of labour and digitalisation), has connected “things” together and made them into autonomously operating systems. With Industry 4.0, relevant information becomes available in real time and all the parties involved in the supply chain are integrated. “By connecting people, objects and systems, we create dynamic, real-time-optimised, self-organising, cross-company value-added networks,” explains Haberstroh.

That holds significance for the logistics sector in a number of ways. Various players can use connected platforms to establish inter-company collaborations, making an intelligent logistics management approach possible. Such platforms could, for example, optimise resources or reduce the number of empty journeys. Logistics 4.0 also offers support when searching for the best cooperation partners or the best routes, and makes it possible to organise autonomous and cooperative operations using all modes of freight transport.

The systems in place are gradually becoming more autonomous, Haberstroh explained. They evaluate huge volumes of data and draw conclusions based on this – so they are always learning. The more autonomy such systems are given – and this is the great challenge with Industry 4.0 – the more difficult it is for people to understand the decisions and actions taken by the systems. “The division of responsibility requires you to trust all the players,” says Haberstroh. And that includes developing a deep trust in digital technologies, something that is still missing in some places.

FUTURE RAIL

DB Cargo aims to improve customer satisfaction.

DB Cargo CEO Dr Jürgen Wilder gave a brief outline of the “Zukunft Bahn” programme (see also the interview with Dr Wilder on page 14 of this issue) and he answered questions from conference participants on the topic in the subsequent panel discussion. When questioned whether DB Cargo was investing in additional freight wagons, he answered: “We have to keep investing in the system to preserve it. However, these investments also have to pay off.” The company would also continue to operate volatile transport operations, affirmed Dr Wilder. “But we also want to give you the certainty that we are carrying them out reliably. We will check this beforehand so that we can give reliable information. That is the only way we can improve customer satisfaction.”

The other members of the panel also saw the situation in a similar light. Jan Elfenhorst, Vice President Sales & Logistics Chemicals, promised to “involve customers and to keep them informed” about any future processes. He encouraged them to ask for clarification if anything was unclear and emphasised DB Cargo BTT’s aim of functioning both as rail freight forwarder and lead logistics provider for its customers. “We are able to manage whole process chains,” said Elfenhorst. “We can organise the main leg by rail, the transshipment in the terminal and the initial and final legs by road for all European routes. We can also take on the comprehensive management of your tank wagons and supply chains.”

Elfenhorst reaffirmed the company’s commitment to single-wagon transport and promised customers that they would further advance the issue of the integration of containers in single-wagon transport. The *Netzwerkbahn* business model was also making adequate progress considering the huge complexity of the data. The main priority is to connect all chemical centres with frequent, reliable and integrated services.

DB Cargo is on the way to becoming faster and more competitive – a profitable market-leader in Europe. The “Zukunft Bahn” programme, Dr Wilder promised, would deliver the first tangible signs of quality improvements in production in 2017, in accordance with the maxim: “Being better tomorrow than today”. *mb* ■

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PHOTOS: ANDREAS REEG



INTENSE DISCUSSIONS: More than a hundred logistics specialists came to Mainz-Laubenheim to discuss the growing challenges of the chemicals industry.

FLEXIBILITY AND CREATIVITY FOR INTERMODAL GROWTH

DB Cargo is responding to its customers' demands and is buying 700 double-pocket wagons and getting its hands on 300 container-carrying wagons through unconventional means.

Variable commodity flows require new concepts. And as intermodal transport continues to grow, the needs of customers change. Such changes are a huge challenge for rail freight transport because they require a high level of investment in new assets and systems. "We have to think creatively to develop ideas for flexible solutions that make us more competitive," explains Thomas Rauh, Head of Sector and Product Management at DB Cargo's Intermodal Division. One example of such a solution immediately springs to mind: refurbished carrying wagons for the Intermodal Division.

Behind these developments is the upheaval in combined transport. DB Cargo has more than 900 carrying wagons that were – at a length of 104 feet – originally designed for traditional swap bodies. "Around 300 to 400 of these are currently in use by traditional freight forwarders, mainly in continental transport operations," says Rauh. The swap bodies have the same basic locking system as 20-foot ISO shipping containers but the dimensions are different – they vary from 7.15 to 7.80 metres. Moreover, their share in combined transport is sinking, while the number of semitrailers, swap bodies and standard-sized 20- and 40-foot containers is on the rise. "We find that we are increasingly transporting four containers and 24 feet of air on our carrying wagons," explains Thomas Rauh. "We're giving away eight to nine metres of space on each wagon."

LOADING CAPACITY MUST BE INCREASED

That dramatically reduces a train's loading capacity, which customers then rightly complain about. But how should the company respond? One solution would be to phase out the old carrying wagons and replace them with new ones that conform to standard sizes. However, these carrying wagons were only purchased 20 years ago, and in the rail business that makes them anything but ready for the scrap heap.

Together with his team, Rauh developed the unconventional idea of shortening the carrying wagons. To do this, twelve feet had to be cut away from both the left and the right side of the bogie on the six-axle wagons, before the carriers were welded back together. "This way, we get inexpensive 80-foot wagons that can transport two 40-foot standard containers," says Rauh. The Romanian company Astra Rail fought off tough competition to win the European tender to convert the wagons. The contract covers the conversion of 300 carrying wagons.

The project team discussed final details with the contractor at Innotrans, the leading rail transport trade fair, in Berlin at the end of September. "In Astra Rail, we have found a partner that can not only offer a competitively priced overall package, but that also fulfils all our other requirements," explains Michael Lechelt, Head of Freight Wagon Procurement Projects in the area of Asset Management & Technology at DB Cargo. "We were also looking for a strategic partner for future projects of this kind and to continue the successful collaboration from another ongoing project."

Bernd Böse, Managing Director of Astra Rail, is delighted to have won this major contract. "We're very proud that our services will help Europe's biggest rail company to make rail more competitive," he says. Astra Rail was founded in 1882 and is based in the Romanian city of Arad. The company, which also produces freight wagons and bogies of its own, claims that its three factories have the greatest freight wagon production capacity in Europe. Over an area of more than 1,000,000 square metres, the company can build up to 5,000 wagons each year.



MORE AND MORE SEMITRAILERS

The next major investment for DB Cargo will involve semitrailers, which are very useful and easy to use in continental transports. They are uncoupled from the engine and lifted onto the transport train, wheels included. Semitrailers can also be easily transhipped onto ferries, as is often done for short journeys in the Mediterranean. They are then simply taken over by a traction engine at the destination port. More and more customers are exploiting the advantages offered by this intermodal means of transport.

"DB Cargo is investing in the acquisition of double-pocket wagons, on which two semitrailers can be transported so that we can meet market demand," explains Sylke Hußmann, Head of Continental Transports at DB Cargo. Until recently, the company hired double-pocket wagons, but the figures – based on the registration numbers of trailers – now reveal that purchasing this type of wagon would be financially viable. As a result, DB Cargo is currently in the process of purchasing 700 new double-pocket wagons. The last of these for now will roll onto the tracks in April 2017. "We are aligning our needs with the requirements of our customers," says Thomas Rauh. "And we're doing so with creativity and – where necessary – unconventional ideas." *mb* ■

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STRONG NETWORK FOR ITALIAN CUSTOMERS

DB Cargo is expanding its Italian network and improving the regional connection between Verona and Tuscany through intermodal transport operations in partnership with Hangartner Terminal.

DB Cargo is continuously expanding its European network. In Italy, for example, a new train has been operating between the port of Livorno on the Tuscan coast and Verona in the province of Veneto since the beginning of July. The train bundles the flow of goods to and from the areas of Veneto, Trentino, Bolzano, Vicenza, Mantua and Brescia. It also helps improve links between the port of Livorno and the central and northern European economic centres.

The intermodal train is 480 metres long and has a capacity of 1,300 tonnes. It can transport up to 36 containers, accommodating both 20- and 40-TEU containers. The Italian DB Cargo subsidiary is responsible for production, while Hangartner Terminal, a DB Schenker subsidiary, takes care of logistics management and sales. The company is based in the Interporto Quadrante Europa in Verona and is one of Italy's most cutting-edge terminal operators. "Verona's geographic location, its importance as a customs clearance centre,

the warehouse with direct rail access and the ability to put together and manage intermodal trains – all this makes the Verona terminal one of the most competitive rail-link terminals in Europe," explains Mario Sacco, CEO of the Hangartner Terminal. "The strategy of improving links between ports and terminals means these facilities will become increasingly important in seaport hinterland transport operations."

The new service, which took six months of planning, was introduced as a direct result of customer demand. The trains mainly transport leather goods, seeds and vegetables from Livorno to Verona, and are loaded with steel, wine, engines, marble and plastics for the return journey from north to south. DB Cargo has thereby not only met the demand from regional companies for reliable transport operations, the company is also making a contribution to environmental sustainability because much of this freight was previously transported by HGV.

The train departs Verona every Monday, Wednesday and Friday morning and arrives at the Interporto Vespucci in the port of Livorno on the same day. From there, some of the goods are exported directly to USA and South America. For the return leg, the train departs Livorno on Monday, Wednesday and Friday evenings and arrives in Verona the following day. *an* ■

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NEW POWERHORSES IN POLAND

Nine new DE 6400 shunting locomotives will go into operation at DB Cargo Polska by the end of the year.

More than 60 guests – among them customers, journalists and representatives from the worlds of politics and administration – came to the Silesian city of Rybnik at the beginning of September to celebrate the maiden voyage of the DE 6400 shunting locomotive. The DE 6400, a diesel locomotive developed by Maschinenbau Kiel (MAK) specially for shunting work, will replace the Czechoslovakian S200 locomotive. The DE 6400 is known for being far more reliable, incurring lower maintenance costs and having more tractive power. It is also more fuel-efficient. The S200 will be gradually withdrawn from service.

"The first test in 2015 revealed that the DE 6400 fulfils all our needs," says Piotr Jasiński, who is responsible for loco management at BU Sidings at DB Cargo Polska. The company then had to apply for the permission to operate in the territory of Poland at the national rail authority. Four locomotives of this type are currently taking part in test operations and nine will be in use by the end of 2016. The shunting locomotive drivers are full of praise for the new engine due to the

low levels of noise in the driver's cab, the improved comfort and the ease with which the locomotive can be operated. "The view from the driver's cab makes you feel like you're in a lighthouse," jokes shunting locomotive driver Zbigniew Zalech. "And you can hardly feel any vibrations!"

The DE 6400 has four three-phase motors supplying 1,180 kilowatts of power. At a length of 14.40 metres and weighing 80 tonnes, the locomotive can reach top speeds of 120 kilometres per hour. Up to four of the locomotives can be driven together for multiple-unit train control. This series of locomotives is also used by DB Cargo Nederland and in the Eurotunnel, where they are used as tunnel rescue locomotives. A total of 120 locomotives of this kind have been built. *mb* ■

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PHOTOS: DB CARGO

TRANS-SIBERIAN TRAIN ROUTE BECOMES A MODEL FOR SUCCESS

Transport times for overland rail transport operations to China are getting shorter and shorter. The BMW Group has now commissioned DB Cargo to supply its production plants in Shenyang.

In 2010, DB Cargo took over the management of rail transport operations from Europe to China for the BMW Group. The trans-Siberian route is used to transport vehicle parts from the BMW packing sites in Regensburg and Leipzig to the BMW Brilliance Automotive location in Shenyang in northern China. DB Cargo was successful once more in the latest tender process. The new multi-year contract covers up to two trains a week and a volume of around 2,500 containers a year.

“We’re delighted – with this new contract – to be building on the successful long-term collaboration we have with BMW on these Chinese transport operations,” says Andreas Busemann, Member of the Management Board for Sales at DB Cargo. “We have been continuously developing our concept and have reduced the rail transport time from 23 days to less than 17 days. Door-to-door times under 20 days are now possible.” With these shortened transit times, direct trains now take less than half the time required by ship and subsequent hinterland transport in China.

SUSTAINABLE SOLUTION

DB Cargo thereby represents a speedy alternative, offering regular departures – and transport by rail is cheaper and more environmentally friendly than air freight transport. “With rail, we can respond more quickly to manufacturing fluctuations and follow-up orders,” says Norbert

Dierks, who is responsible for inbound and international plant supplies within the framework of sustainability and CO₂ management at the BMW Group. The rail company has proven that it is a reliable partner. Bringing the factory to a halt when parts are missing is simply not an option. “We have a production plant to supply,” says Dierks. “At the same time, we want to design our transport operations so that carbon emissions are as low as possible.” Compared to air freight, these rail transport operations save around 150,000 tonnes of CO₂ each year.

TRANSHIPMENT IN REGENSBURG

For the initial leg, the containers are transported by HGV from the BMW packing plant in Neutraubling near Regensburg to the terminal just a few kilometres away, where they are loaded onto the train. From there, they are transported by rail either directly to the Belarussian border or to Leipzig, depending on the distribution of freight volume. Schenker operates a packing and logistics centre in Leipzig on behalf of the BMW Group. The car manufacturer’s parts suppliers deliver around 8,000 different components to the 63,000 square metre facility, where they are packed and loaded into containers to meet demand. The containers are placed onto the carrying wagons in the sidings built specially for that purpose on the former “Quelle” site next door, before being sent on their way.

In Brest, on the Belarussian border, the containers are moved onto the Russian track gauge. They then travel through Russia and Siberia until they arrive at the city of Manzhouli on the north-eastern border of China, where they change track gauge once again. The last 1,500 kilometres to the final destination are covered on the standard Chinese track gauge. Once they arrive in Shenyang, the containers are transported by HGV over the last mile to the BMW plants. “The long journey via five countries is certainly a logistical challenge,” says Robert Nestler, who is responsible for the transport operations at DB Cargo. “Over the course of the 11,000-kilometre journey we have to change track gauge twice, as well as deal with the border-crossing procedures and the handling with the various traction providers. However, crossing the world’s longest land bridge has, by now, become a bit of a routine for us.”

The trans-Siberian train is a route with huge potential because the same high pro-

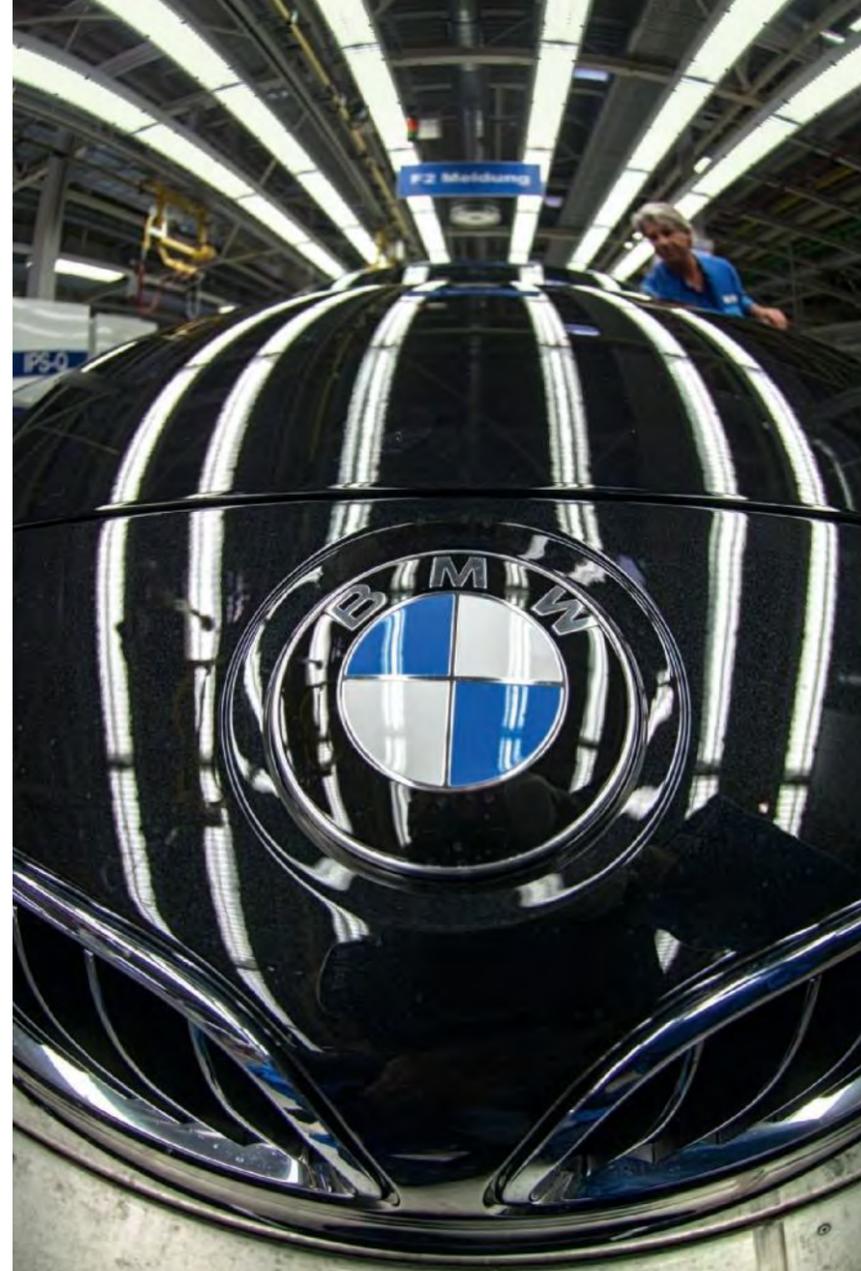


PHOTO: DPA PICTURE-ALLIANCE

cess, quality and safety standards are in place in the Chinese plants as in all the BMW Group’s other manufacturing sites. The BMW Group and its joint venture partner Brilliance China Automotive Holdings Ltd. developed Shenyang, which is located in the north-east of the Chinese province of Liaoning, as a manufacturing site in 2003. Cars have been rolling off the production line at the Dadong plant ever since, with a long-wheelbase version of the BMW 5 Series saloon currently being produced there. A second manufacturing plant was opened in 2012, where the BMW X1 and the long-wheelbase BMW 3 Series saloon are produced. The two partners also recently started making engines at a third facility in Shenyang.

DB Cargo has transported more than 15,000 containers to China for the BMW

Group since 2010. As a lead logistics provider, DB Cargo offers services along the whole transport chain. For example, customers can see the departure and arrival times of containers via an IT platform at all times. DB Cargo manages the trains and outsources traction to TransContainer, the freight subsidiary of Russian Railways (RZD), and the Far East Landbridge (FELB) company. China Rail provides traction in China. Other customers from the automotive industry also use this train connection, which also serves destinations in north-eastern and eastern China such as Changchun, Beijing and Shanghai. *mb* ■

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Important economic centre

Shenyang is regarded as an important cultural and economic centre in north-eastern China. The region is important for the chemicals industry, the technology industry, and machine and vehicle manufacturing. Tractors, locomotives, wagons, machine tools, turbines and steel structures such as bridges, cranes and dock facilities are produced here, as are military aircraft and rockets and equipment for Chinese space exploration projects. The region has a long and proud railway tradition. Thanks to the large coal and ore deposits in the province, a lot of preliminary chemical products are manufactured here, which are then transported around the country by rail.

THE MAASVLAKTE SPECIALISTS

DB Cargo has taken on all shunting work for the Dutch company KombiRail at the Port of Rotterdam.

The international Port of Rotterdam covers an area equal to that of a major city. It extends over a distance of 45 kilometres from Waalhaven in the urban area of the Dutch industrial city, where the Rail Service Center Rotterdam (RSC) continental rail terminal is located, to the reclaimed areas of the Maasvlakte with its huge international terminals. On the journey between these two areas, you pass through a never-ending landscape of terminals, enormous heavy oil tanks and container warehouses. All terminals on the Maasvlakte are connected to the rail network.

On 1 January 2016, DB Cargo Nederland took over all shunting work from the Dutch rail freight company KombiRail at the Port of Rotterdam, both in Waalhaven and on the Maasvlakte. KombiRail Europe is a 100 per cent subsidiary of Kombiverkehr Intermodal Services AG in Basel; it therefore belongs indirectly to the holding companies of Frankfurt-based Kombiverkehr KG, Europe's biggest road-rail combined transport operator. The traction provider, which specialises in intermodal transport, operates a train product that links the Port of Rotterdam with Dortmund and Duisburg on behalf of its customers. There is so much demand for the route that a second train pair is already operating between the Neuss trimodal terminal and Rotterdam.

DEVELOPING EXPERTISE

You need to know your way around to carry out shunting work in the huge port. In principle, every licensed rail transport company is allowed to carry out shunting work in the Port of Rotterdam. DB Cargo is already shunting its own trains here and, as a traction provider, also offers shunting services in the port as part of its package of rail services. Over the last few years some companies in the Port of Rotterdam have specialised in the shunting business and they now offer shunting services there. When the new port extension opened in October 2015, DB Cargo was one of the first rail freight companies to operate there. "So why not use the European rail freight company's experience and develop the company's shunting expertise in the Port of Rotterdam?" asked Andrea Clasen-De Cunto, Head of Accounts West in the Intermodal Division at DB Cargo. She worked in close collaboration with colleagues from Production at DB Cargo Nederland to develop an attractive production concept.

KombiRail has chosen to make use of this service offering. Since the beginning of 2016, DB Cargo has already operated more than 1,000 trains between Rotterdam and Duisburg, Dortmund and Neuss for KombiRail. This also involved more than 1,600 shunting movements in the Port of Rotterdam. KombiRail parks the train at a place agreed on beforehand in the Waalhaven area or on the Maasvlakte. The train is then collected by a DB Cargo shunting locomotive, which pulls the train over the "last mile" into the terminal.

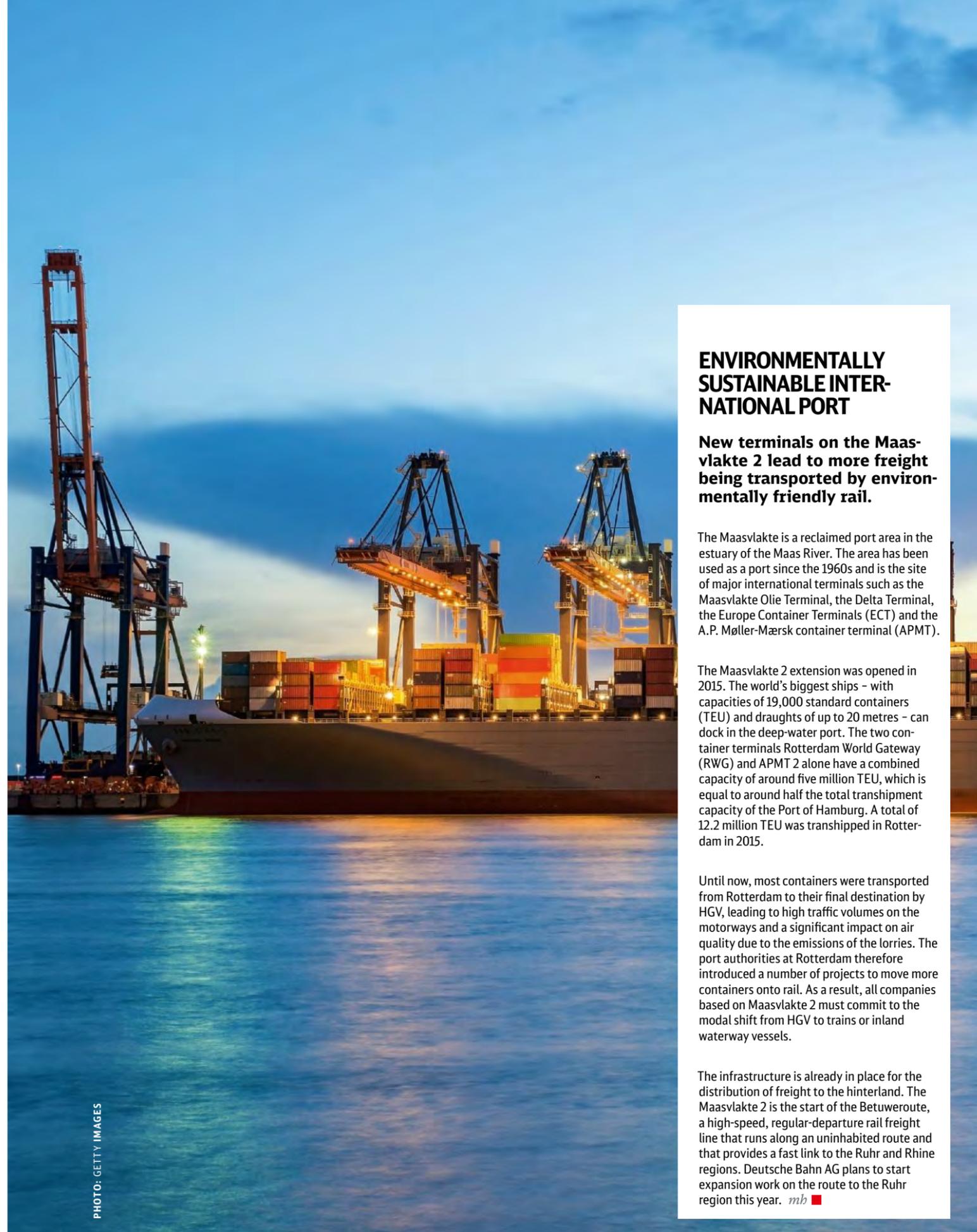
The demand for this kind of service is expected to grow in future. The Maasvlakte 2 extension was opened in 2015, adding 6,000 hectares to the port's surface area. Moreover, the port authorities in Rotterdam require

UNLOADING FREIGHT: Rotterdam is Europe's biggest container port. 12.2 million TEU containers were transhipped here in 2015.

companies based on Maasvlakte 2 to tranship more freight from sea vessels to rail. "The expansion of the rail landscape in the Port of Rotterdam means you have to consider in advance to which terminal you can travel with which trains and how the freight volumes can best be bundled," explains Andrea Clasen-De Cunto. "We at DB Cargo can service all port terminals by rail and integrate rail into all production concepts that the customers wants or needs."

By taking on shunting activities and additional services for KombiRail in the Port of Rotterdam, DB Cargo has been able to significantly increase its market share and has added a number of new tasks to its portfolio. As a result, the company has consolidated its reputation as one of the leading rail transport companies in Europe's biggest container port. *mb* ■

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ENVIRONMENTALLY SUSTAINABLE INTERNATIONAL PORT

New terminals on the Maasvlakte 2 lead to more freight being transported by environmentally friendly rail.

The Maasvlakte is a reclaimed port area in the estuary of the Maas River. The area has been used as a port since the 1960s and is the site of major international terminals such as the Maasvlakte Olie Terminal, the Delta Terminal, the Europe Container Terminals (ECT) and the A.P. Møller-Mærsk container terminal (APMT).

The Maasvlakte 2 extension was opened in 2015. The world's biggest ships – with capacities of 19,000 standard containers (TEU) and draughts of up to 20 metres – can dock in the deep-water port. The two container terminals Rotterdam World Gateway (RWG) and APMT 2 alone have a combined capacity of around five million TEU, which is equal to around half the total transshipment capacity of the Port of Hamburg. A total of 12.2 million TEU was transhipped in Rotterdam in 2015.

Until now, most containers were transported from Rotterdam to their final destination by HGV, leading to high traffic volumes on the motorways and a significant impact on air quality due to the emissions of the lorries. The port authorities at Rotterdam therefore introduced a number of projects to move more containers onto rail. As a result, all companies based on Maasvlakte 2 must commit to the modal shift from HGV to trains or inland waterway vessels.

The infrastructure is already in place for the distribution of freight to the hinterland. The Maasvlakte 2 is the start of the Betuweroute, a high-speed, regular-departure rail freight line that runs along an uninhabited route and that provides a fast link to the Ruhr and Rhine regions. Deutsche Bahn AG plans to start expansion work on the route to the Ruhr region this year. *mb* ■

PHOTO: GETTY IMAGES

VISITORS FROM NEW DELHI: DB Cargo and DB Systel staff explain company processes to the visitors.



GERMANY-INDIA KNOWLEDGE TRANSFER

A delegation from Indian Railways visited the DB Cargo Customer Service Centre and learned about the processes in place at the European rail freight company.

The Indian economy has been growing at an annual rate of around 7 per cent for many years. This boom means that the volume of freight being transported is increasing quickly, which has resulted in several associated problems, including an overburdened road network with substantial infrastructure costs, congested motorways, high levels of air pollution and a sharp increase in CO₂ emissions.

Yet India has one of the world's most extensive rail networks, with around 64,000 kilometres of track. More than a billion tonnes of freight is already transported by rail each year but the state-run Indian Railways still has a lot of catching up to do, both in technical and organisational terms.

The logistics sector has been one of the most dynamic in India for many years. According to the foreign trade association Germany

Trade & Invest, the market is worth somewhere between 100 and 225 billion US dollars and is expected to continue to grow strongly by around 15 per cent a year over the coming years. Around 70 per cent of all freight is transported by HGV, with the average speed of the vehicles estimated at around 35 km/h owing to the congestion on the roads. The Indian rail freight transport sector is now facing the challenge of meeting the transport needs of the country's growing economy and to take the burden off the roads.

Deutsche Bahn is ready to share its expertise to help Indian Railways deal with this challenge. India and the Federal Republic of Germany recently signed a "Memorandum of Understanding", establishing a long-term strategic collaboration in various fields, including the transport sector.

In July 2016, a four-strong delegation from the Indian Ministry of Railways visited the

customer service centre of DB Cargo's Chemicals/Mineral Oil/Fertiliser Division in Duisburg. The representatives from India's Traffic Railway Board were accompanied by staff from DB Systel.

The purpose of the visit was to show the colleagues from New Delhi how DB Cargo works and how the company established itself as a leader in European rail freight transport. DB Cargo and DB Systel staff explained to the guests how everything works at the company, including all work processes and IT systems, and all the workflow stages such as customer orders, empty-wagon dispatching, block-train ordering, transport management and monitoring, invoicing and proactive customer information in cases of service disruptions. Mohd Janshed, Member of the Traffic Railway Board, said: "We learned a lot of interesting things on our visit to Duisburg. We were particularly impressed by the order-driven production and the system-supported empty-wagon dispatching." The delegation expressed their hope that, with better organisation and optimised processes, they will be able to move more freight onto rail in India to save the country's road network from meltdown. *mb* ■

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SUSTAINABILITY: A Rwandan woman cooks on a locally made wood-burning stove. It uses less wood and helps create jobs in the area.

SUSTAINABILITY IS OUR STRONG POINT

Rail is one of the most environmentally friendly transport modes and it is playing its part in global climate protection efforts.

Climate change does not recognise national boundaries – and climate protection measures must be taken both on a national and international level. DB Cargo therefore offers its customers special, eco- and climate-friendly transport operations both for national and international journeys. In DBeco plus and DBeco neutral, customers have access to products that demonstrably avoid carbon dioxide emissions.

Rail is the most environmentally friendly land-based mode of transport – and not only in terms of climate protection, that is, the emission of the greenhouse gas carbon dioxide. Rail also leads the way in other aspects. Particle filters in shunting locomotives, efficient driving courses for engine drivers and regenerative braking systems ensure that rail uses existing resources more efficiently than other transport carriers.

With its Europe-wide climate-neutral rail transport operations, DB Cargo has also developed a unique selling point. More and more customers are focusing on environmen-

tal objectives and are using rail freight transport to reduce their carbon footprint.

With DBeco plus, customers in Germany and Austria have access to emission-free transport operations. Major customers include car manufacturers Audi and BMW. 100 per cent of the traction energy comes from renewable sources. The CO₂ savings made are certified by TÜV SÜD in an annual audit. The company invests ten per cent of the revenue from DBeco plus in building new renewable energy plants.

However, traction power from renewable sources is not available in every European country. DB Cargo therefore offsets greenhouse gas emissions in other countries through the DBeco neutral product. The CO₂ emissions resulting from these transport operations are offset through certificates in accordance with the CDM Gold Standard, which DB Cargo obtains from the climate protection organisation "atmosfair". Customers can choose from the wide range of projects carried out by atmosfair, and they then receive a certificate every year indicating the volume of CO₂ offset on their behalf.

RWANDA SUSTAINABILITY PROJECT

DBeco neutral is based on transparency. To achieve this, DB Cargo's environmental experts use the "EcoTransIT World" environmental calculator, which is used to calculate CO₂ emissions – and thereby the offsetting requirements for each customer's transport operations – based on data such as distance, weight, cargo load and traction type. It is then that atmosfair gets involved. The organisation invests money in climate protection projects, wind farms, biogas facilities and

environmentally friendly projects in third-world countries. One example is a project that provides families in Rwanda with efficient wood-burning ovens. "We offset a total of 178 tonnes of CO₂ emissions through this project last year," says Christoph Möhl of DB Cargo. The ovens are particularly efficient because they significantly reduce wood consumption. They also provide a boost for the region's economy because they're produced and distributed locally. "Because of this combination of climate protection and social responsibility, we felt that this project was a particularly suitable way for us to implement our sustainability efforts," explained Möhl.

atmosfair is also delighted to be working with DB Cargo: "The logistics sector is an important element in climate protection. We're very happy to have found, in DB Cargo, a partner for whom sustainable and intelligent business management is important, and with whom we can cut CO₂ emissions and raise awareness of offsetting," said Dr Bernd Freymann, Head of Climate Protection Projects at atmosfair. *an* ■

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PHOTOS: BPK / MUSEUM FÜR ASIATISCHE KUNST, SMB / IRIS PAPADOPOULOS, DB CARGO



RECOGNITION FOR OUTSTANDING CONTRIBUTION

The Rail Freight Group, a representative body for rail freight in the UK, honoured DB Cargo UK manager Sue Gray for her outstanding services to the industry.

Mrs Gray, you were recently honoured for the outstanding individual contribution you've made to the rail industry, in which you've been working for the last 16 years. How did you feel when you were given the award?

GRAY I was really surprised when I heard that I'd won the award! I love my job and I see what I do as simply being part of my responsibilities.

What does your job as Contract Delivery Manager at DB Cargo UK involve?

G It's my job to take care of the staff at a number of sites, and also to coach and guide the management team. That covers the health, safety and wellbeing of my colleagues. I also work directly with our customers.

Who nominated you for the award?

G The Communications Team at DB Cargo UK nominated me at the suggestion of my colleagues. The whole company and my team were really happy for me after I received the award. I'm highly grateful to them for their support and encouragement. This award is very important to our company because it shows that we value our staff.

The award ceremony was held in Shendish Manor in Apsley, Hertfordshire. Did you enjoy it?

G It was a wonderful evening and an amazing opportunity to talk with people from across the whole industry. There were more than 120 people there for the award dinner. The guest speaker was Paul McMahon from the UK infrastructure company Network Rail, who talked about innovations in the rail industry. And more than 1,200 British pounds (approx. 1,333 euros) were collected for charitable causes.

Will this award change anything for you professionally?

G The award has inspired me to continue to work even harder to support my great team and to help my colleagues with customer service and staff development. **an** ■

GO FIGURE!

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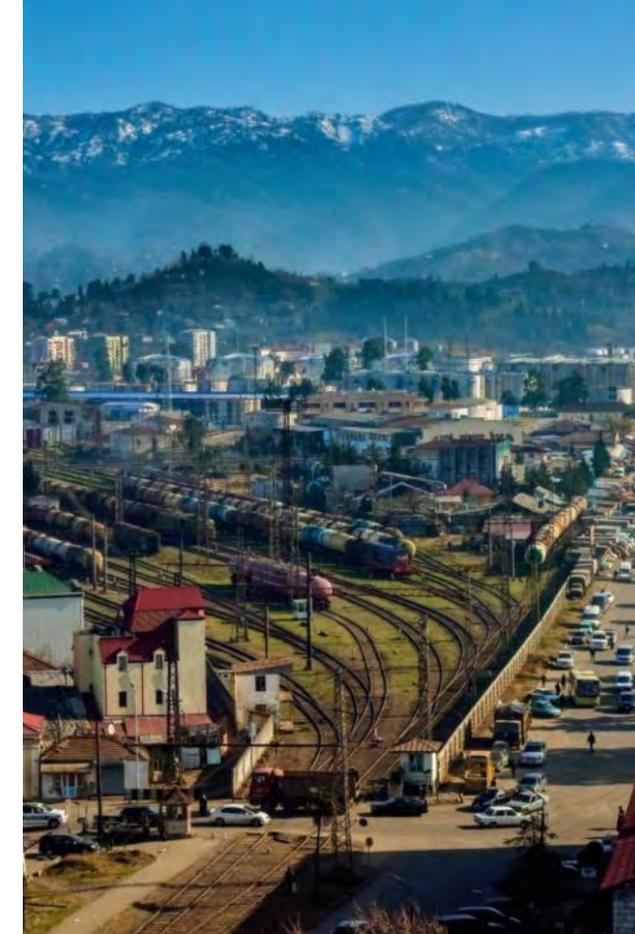
electric locomotives are operated by DB Cargo in Germany. The rail freight company recently introduced a new concept to ensure that these are available more quickly and flexibly for customers in future. In the past, locomotives were parked remotely after deployment but they will now be assigned via the rail freight transport locations to one of 47 locomotive hubs around Germany to await their next deployment, allowing DB Cargo to improve the availability of locomotives. The hub system is part of the Zukunft-Bahn programme, through which DB AG and DB Cargo are aiming to improve quality and efficiency. **an** ■

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SIGN OF THE TIMES

BATUMI: The Georgian port city is an important transshipment centre for the oil industry and it has links to the rail network.



BY RAIL THROUGH THE CAUCASUS

Georgia is the country to which the Argonauts set off many centuries ago to acquire the Golden Fleece. More recently, the country, which is located in the Caucasus region, was connected to the modern world by rail. For more than a century, Georgia has assumed an important function as a bridge between China and Europe – thanks to its position on the Black Sea and its good neighbourly relations with Turkey, Azerbaijan and Armenia. Construction work on the Trans-Caucasus Railway in Georgia began 151 years ago, and the first section, which links Georgia's capital Tbilisi with Zestaponi using the Russian track gauge, was opened in August 1871. Other sections followed, connecting Georgia with Russia, Turkey, Azerbaijan and Armenia. Today, Georgian Railways – Sakartvelos Rkinigza (SR) – operates the fully electrified rail network, which extends over more than 1,600 kilometres. SR

transported around five million tonnes of freight in 2014, around two thirds of which was freight in transit. The main goods transported were oil and oil products.

Georgia is expanding its "bridge" function massively. The Baku-Tiflis-Kars Rail Project (also known as the "Iron Silk Road") is expected to have an annual capacity of up to three million passengers and 17 million tonnes of freight in future. The line is expected to open in late 2016.

DB is also keen to profit from these developments. The company recently concluded an agreement with Georgian Railways that will see a new link developed from China to Europe via Central Asia and Georgia, opening up an additional rail corridor for customers in future. "At DB, we are proud to be involved in the renaissance and modernisation of the old transit routes between these continents," says Ronald Pofalla, DB's Member of the Management Board for Economic, Legal and Regulatory Affairs. DB had already signed a similar agreement with China Railways in March 2016 following the launched of the "One Belt – One Road" Silk Road Initiative, which covers a whole network of infrastructure measures and encompasses 65 countries. **an** ■

SAVE THE DATE

Upcoming trade fairs and sector events with DB Cargo – come and see us there!

24-25
JANUARY 2017

The 10th BME/VDV Forum on Rail Freight Transport is held in **Bonn**.
www.bme.de/schienengueterverkehr/

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COMPETITION

370 different rail companies use the German rail network in addition to DB – among them a number of subsidiaries of foreign state-owned companies. In the rail freight sector, strong competition is just one reason why more goods are transported by rail now compared to last year. Rail's market share of the total freight volume rose from 17.2 per cent in 2014 to 17.5 per cent in 2015.