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Transport bids for combined transport in 2005:

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1. Background

Since the year 2000 the Swiss Confederation (hereinafter: the Confederation) has provided operators with subsidies for combined traffic (CT) on the basis of transport orders. The federal law on allocation of the special purpose mineral oil tax (MinVG, SR 725.116.2) and the ordinance on combined traffic (VKV, SR 742.149) serve as the legal bases for these subsidies. The amount of a subsidy is determined by the uncovered budgeted costs, based on estimates, corresponding to the difference between budgeted costs and budgeted income. The purpose of the subsidy is to promote the development of combined traffic and to transfer goods traffic from the roads to the railways. Based on the article on the protection of the Alps enshrined in the Federal Constitution the emphasis is on the promotion of transalpine transportation. The subsidisation model that has been in use since 2000 will be made more efficient in 2005. As of that date the framework conditions will be the same for all operators.

2. Rules for the granting of CT subsidies as of 2005

The year 2005 will also see the introduction of a previously agreed subsidy per dispatched train and per transported consignment. The subsidy per train is determined in accordance with the train's departure station or terminus and the destination station or terminus ("station" in the rest of the text) and is granted for each train that is actually dispatched by the operator. The subsidy per consignment is the same for all unaccompanied combined traffic (UCT) consignments and is granted for each consignment transported. A consignment consists of a semitrailer, two swap bodies < 8.30 m and < 16 t, one swap body > 8.30 m or > 16 t or one vehicle on the Rolling Highway. The rule is the same in the case of the Rolling Highway. The size of the subsidy per Rolling Highway type of train and per consignment is adapted to the particular production form.

Once again subsidies are granted on the basis of an agreement made between the Federal Office of Transport (FOT) and the operator. The agreement covers the planned number of trains and consignments as well as the maximum amount of the subsidy. Standard profit and loss account projections must also be submitted to the FOT. The maximum subsidy corresponds to the costs not covered by the projections.

2.1 Definition of regions for transalpine transit relations

The subsidy per train is determined by the place of departure and the destination of the relation. This makes it possible to take into account the different cost and income situations of the various relations. Different subsidy rates per train are applied for places of departure and destinations in regions north of the Alps:

- Netherlands
- Great Britain, Belgium, Luxemburg and the northwest of France
- Scandinavia, northern Germany
- Rhine, Ruhr and Main regions (Germany)
- Southwest Germany (stations of Karlsruhe and Singen also including stations further south) and Switzerland

Trains whose departure or destination stations are not in the above-mentioned regions (e.g. in Poland or in Bavaria) are not eligible for subsidies. Places of departure and destinations south of the Alps are not divided into different regions in the same way. The departure or destination station must be located south of the Alps and the relation must follow the most

logical route in terms of geography (e.g. a relation between Cologne and Verona must take the Brenner Pass) to qualify for a subsidy.

2.2 Financial regulatory framework for 2005

The Confederation's financial plan for the year 2005 provides around CHF 200 million for the promotion of combined traffic. The definitive budget for the year 2005 will be decided in parliament in December 2004.

In addition to the direct subsidies to operators the Confederation also pays part of the train path price for CT. In addition to the contribution margin (CHF 0.0052 per net ton kilometre hauled by the SBB, CHF 0.0035 per gross ton kilometre hauled by BLS), the Confederation pays CHF 0.0015 per gross ton kilometre for maintenance. For a train with 1200 gross tons the payments made by the Confederation are e.g. for the distance from Basel to Luino a contribution of CHF 1300.-- to the train path price. This subsidy is paid directly to infrastructure operators. Its size is determined in accordance with the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) ordinance on assessment of the train path price reduction in combined traffic (SR 742.149.4). Additional services that may figure in the contribution margin (e.g. the transport of dangerous goods) are not subsidised by the Confederation.

3. Subsidy rates per train and per consignment

This section deals with the subsidy rates for the year 2005 both for UCT and Rolling Highway and for the different regions. These rates are set by the FOT and are based on a growth rate for all traffic of 10 per cent compared to the 2004 figure (see also section 4). If the uncovered costs as per the standard profit and loss account projections are lower than the subsidy rates shown below, the Confederation will at most pay the uncovered costs as per the projections. As of 2005 subsidies granted for newly established relations cannot be higher than those of existing relations.

3.1. Subsidy rates for transalpine UCT

Differentiation by region, for the places of departure and destinations, is only made in the case of transalpine transport and only concerns subsidies per train. The multiplication rate applies to the subsidy per train and differs from region to region. For UCT trains in transalpine transit the subsidies are as follows (subject to the rate reductions described in 4.2 below; all data in euros):

Region	Subsidy per consignment	Subsidy per train	Multiplication rate	Final subsidy per train
NL	50 €	1250 €	0.4	500 €
UK / B / Lux / N-W F	50 €	1250 €	1.1	1375 €
DK / D (North)	50 €	1250 €	0.9	1125 €
D Rhine-Ruhr-Main	50 €	1250 €	1.0	1250 €
D Southwest and CH	50 €	1250 €	1.3	1625 €

Example: a train travelling from Antwerp to Novara with 28 consignments -- calculation of the possible subsidy: $(50 \times 28) + (1250 \times 1.1) = \text{€ } 2775.--$.

3.2. UCT subsidy rates for non-transalpine imports and exports to and from Switzerland as well as East – West transit

The subsidies for UCT trains to and from Switzerland as well as for East – West Transit are as follows (subject to the rate reductions described in 4.2 below; all data in euros):

Criterion	Subsidy per consignment	Subsidy per train
Transit, import, export	25 €	1100 €

UCT trains to and from Switzerland must travel to the Swiss “Mittelland” (e.g. Aarau or Zurich). Trains to and from Basel are not eligible for subsidies.

Example: a train travelling from Rotterdam to Zurich, with 20 consignments: calculation of the possible subsidy: $(25 \times 20) + 1100 = \text{€ } 1600.--$.

3.3. Subsidy rates for internal Swiss UCT

UCT trains and consignments for transports within Switzerland receive the following subsidies (subject to the rate reductions described in 4.2 below; all data in euros):

Criterion	Subsidy per consignment	Subsidy per train
Complete train-load, distance 60 – 150 km	25 €	300 €
Complete train-load, distance > 150 km	45 €	300 €

No subsidies are made for complete train-loads travelling within Switzerland a distance of < 60 km. A separate agreement will be established for consignments being transported by the SBB Cargo full wagon-load service system.

3.4. Subsidy rates for Rolling Highway

The subsidies for Rolling Highway trains and consignments are as follows (subject to the rate reductions described in 4.2 below; all data in euros):

Criterion	Subsidy per consignment	Subsidy per train
Rolling Highway	75 €	2500 €

4. Additional requirements for transport bids in 2005

This section covers all additional requirements for transport bids in 2005. The FOT cannot accept bids that fail to meet these requirements.

4.1. Deadlines for and contents of bids, agreement between the Confederation and the operator

All bids must be received by the FOT before 15 November 2004. The Excel files provided by the FOT must be used for bids. The files must above all contain standard profit and loss ac-

count projections as well as precise data for each month on the number of trains and consignments planned. The FOT will send Excel files for the relations existing in 2004 by email. File names must not be altered! An operator who wishes to make a bid for a new relation must report the places of departure and destinations as well as the planned route to the FOT. Operators who wish to make a bid and who as yet have had no contact with the FOT, should in addition provide the name and address of the company as well as information on the contact person (telephone and fax number as well as email address).

The relation will be assigned a region by the FOT (see section 2.1 above). Once the FOT and the operator have agreed on the number of trains and consignments, the FOT will establish an offer for the formal agreement. This agreement will be sent to the operator before the end of December 2004. The agreement takes effect as soon as the operator has countersigned it. The FOT will publish a list of all relations subsidised by the Confederation, to be sent to all operators.

Bids can be submitted to the FOT up to 30 May 2005 for relations that become operational in the second half of 2005 (e.g. in June or September). The next deadline for the submission of a bid will be announced in the summer of 2005 in the context of tendering procedures for 2006. It goes without saying that the FOT can grant no transport subsidy without an agreement.

4.2. Adaptation of subsidy rates, reduction of subsidy rates in the following years

The subsidy rates per consignment and per train mentioned in section 2 are based on a given number of trains and consignments. If the FOT receives bids for more trains and/or consignments than the number for which it has planned this will lead to a reduction in the subsidy per consignment, so that subsidies can be spread as widely as possible. The subsidy per train will not change however. The FOT will inform all bidders about the size of the final subsidy per consignment before the end of November 2004. The bidders will then have five working days within which to change the content of their bids or if they so choose, to withdraw the bid.

The subsidy rates per train and per consignment will be reduced each year by at least 5 per cent. A 5 per cent reduction in the uncovered costs corresponds to a 1 per cent reduction in the overall costs on average. The size of the reductions may be increased in line with the growth in the number of trains and consignments (basis: planned transports). Growth of 9 per cent will result in a reduction of 9 per cent. Reductions in subsidy rates on the basis of this principle will take effect for the first time in the year 2006. The multiplication rates for the different regions will be reviewed each year and reduced if necessary. A reduction of more than 0.1 points is not planned.

4.3. Reporting of trains and consignments, deviation from planned numbers, payment of subsidies

Subsidies are paid to operators each month by the Confederation on the basis of the number of trains actually dispatched and the number of consignments actually transported (hereinafter: actual numbers). These actual numbers must be reported to the Confederation before the 20th of the following month. However the numbers for the month of December 2005 must be reported by 10 January 2006. If the report is made after the above-mentioned deadline, the subsidy claim will no longer be valid. If actual numbers exceed the planned numbers of the agreement, the subsidy will be paid on the basis of the planned numbers. In other words no subsidy will be paid for trains or consignments above and beyond the planned number of trains.

If the actual numbers fall short of the planned numbers by more than 15 per cent, the subsidy will be reduced by the precise percentage of the shortfall (application to trains and consignments as planned). Example: if in a given relation in a given month only 80 per cent of the agreed number of trains are actually dispatched the payment due can be calculated as follows: flat-rate train * 0.8 * train dispatched. If the deviation in actual numbers is due to *force majeure* (e.g. natural disasters) there will be no reduction. The reduction can eventually be compensated for in later months by the dispatching of additional trains and the transport of additional consignments (trains and consignments that exceed the agreed numbers). The adjustment will be made in the payment for December.

UCT subsidies are usually paid in euros. Arrangements can be made for the payment of operators on the Swiss internal market in Swiss francs. Subsidies for Rolling Highway are paid in both euros and Swiss francs. These details are settled in agreements made with the operators concerned.

4.4. Further requirements for subsidisation

To qualify for subsidies per train operators must purchase from the railways trains that meet the minimum gross weight requirement. In this context it is not relevant, whether or not the trains in fact continue to exploit the maximum gross weight. For Rolling Highway trains there is a minimum bid for truck loading sites. The gross weight and truck loading site requirements in the various categories are as follows:

Category	Minimum gross weight
UCT trains in transit, import and export transport	1000 tons
UCT trains for internal transport	600 tons
Truck-on-train trains	17 truck loading sites

The trains must have a route that goes through Switzerland (e.g. via Gotthard or Lötschberg – Simplon) or a place of departure or destination in Switzerland. For UCT trains in transit, or import and export transport with a gross weight of between 750 and 1000 tons the subsidy per train will be reduced by 25 per cent.

4.5. Checking and auditing

The FOT carries out an audit of all participating operators. The audit covers the entitlement to payment, as provided for in the law on subsidies and in the agreement. The FOT will inform the operators on planned audits in due time. The audits are made at the operator's head office and confined themselves to the duty to provide information of recipients of financial aid and payments in accordance with Art. 11 of the law on subsidies (SR 616.1).