

# VTG GMBH POLICY BRIEF

## SINGLE-WAGON TRANSPORTS: BACKBONE OF THE TRANSPORT TRANSITION

Dear Sir or Madam,

Last winter, the drafting of Germany's federal budget for 2023 was intensely debated. During this process, one of the questions that policymakers as well as members of civil society and the business and scientific communities were all asking was: How much do we need to invest to ensure that the transport transition succeeds in Germany?

In the end, one detail stood out in particular: According to current plans, so-called single-wagon transports by rail will receive a total of €80 million in subsidies this year – or twice as much as was allocated in the first draft of the budget.

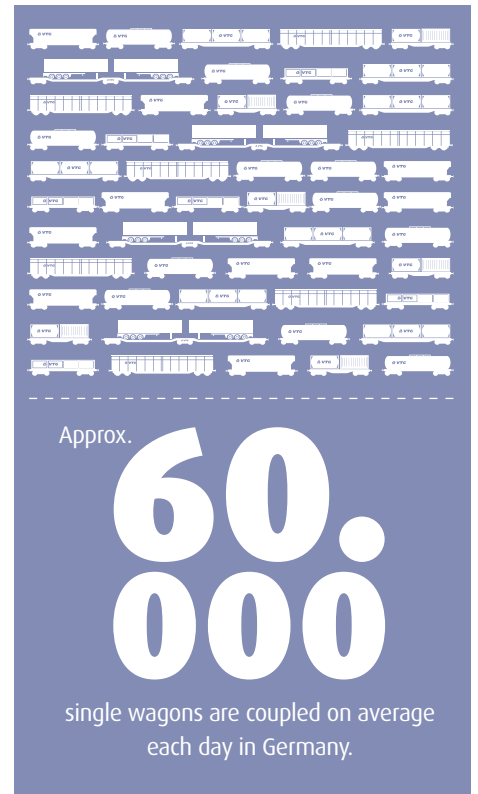
In the view of VTG, this is the correct decision. The fact is that single-wagon transports are currently under pressure. At the same time, they represent an indispensable element for the sustainable freight transport of tomorrow,



row, which in turn is necessary for the success of the transport transition. Thus, it is worthwhile for us to take an in-depth look at this particular transport system. In doing so, it will become clear where the advantages lie and where we should make some adjustments together this year.

I hope you enjoy reading this brief.

Sven Wellbrock  
Chief Operating Officer Europe & Chief Safety Officer of VTG GmbH



## WHAT ARE SINGLE-WAGON TRANSPORTS? DEFINITION & BACKGROUND

In many cases, rail is the most efficient mode of transport. But, with single-wagon transports (SWTs), a different factor is of prime importance: access to the system. The issue here is also being able to transport smaller volumes quickly and safely by rail. Economically, this is a challenge. What is required for this?

In simplified terms, single-wagon transports involve forming trains out of individual freight wagons from different shippers. These are then transported together to their destination region. Once there, the trains are broken up and the individual freight wagons are delivered to their various recipients.

**14** percent of all rail freight transports in Germany are carried out using single-wagon systems.

Railway sidings currently served in this way in Germany: approx.

**1.300**

### REQUIREMENTS FOR SWT

A **DENSE NETWORK OF RAILWAY SIDINGS** and transshipment points is needed to make SWT more flexible and to give as many companies as possible access to it.

**OPEN AND SEAMLESS COMMUNICATION** between rail transport companies is needed to make it possible to put freight transports together efficiently.

**DIGITAL AUTOMATED COUPLING (DAC)** will be a game changer, as it makes it possible to assemble wagons into trains in a fast and completely automated manner.

A **LEVEL PLAYING FIELD** with other modes of freight transport is needed. With SWTs, costs in the four-digit range are incurred each day (e.g., a locomotive alone costs approx. €45,000 a month – without a driver).

## WHAT MAKES SINGLE-WAGON TRANSPORTS SO UNIQUE

“The Federal Government [would like to] increase the modal-split share of rail freight to 25 percent by 2030. **THIS GOAL WILL ONLY BE ACHIEVABLE BY SAFEGUARDING AND STRENGTHENING SINGLE-WAGON TRANSPORT** [...]” (Federal Network Agency, September 2022)

### ADVANTAGES OF SWT

#### INDISPENSABLE:

In some sectors, such as in parts of the chemical and automotive industries, transports cannot be organized as block trains for production-related reasons. For example, about 75 percent of the chemical transports handled by VTG are SWTs.

#### INNOVATIVE:

As long as their volumes are not big enough for block trains, it will be possible to gradually expand the transport of new kinds of goods (e.g. hydrogen and CO<sub>2</sub>) by rail using SWTs.

#### FLEXIBLE:

With SWTs, smaller volumes of goods can also be transported by rail at short notice. This flexibility represents a decisive advantage for “just-in-time” production processes.

#### INCLUSIVE:

Small and mid-sized companies rarely need block trains. With SWTs, they can also transport smaller volumes in an energy-efficient and sustainable manner.

#### SAFE:

The range of items transported by VTG using SWTs includes dangerous goods that are not allowed to be transported by road at all – as only rails can meet the high safety standards.

#### SYSTEM-RELEVANT:

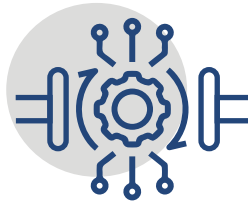
In addition to freight transports, SWTs are also used for damaged wagons that need to be taken out of service and transported to a workshop.

## REGULATORY STIMULI TO STRENGTHEN SINGLE-VEHICLE TRANSPORTS



**SWT MUST BE MADE MORE FINANCIALLY ATTRACTIVE.** Die The structure of track access prices is currently too inflexible. No distinc-

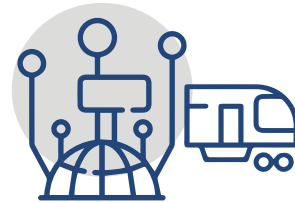
tions are made based on the train length, and there are no refunds for cancelled trains. To strengthen rail transports, lawmakers should advocate for the implementation of a modern billing system in this area. Financial subsidies should only be targeted at sectors that cannot be economically viable without them (e.g., in the short-distance SWT sector, which involves servicing trips between the loading point and the public network as well as shunting movements).



**THE ROLLOUT OF DIGITAL AUTOMATED COUPLING (DAC) MUST BE ACCELERATED.**

Manual coupling

procedures take a long time and hold up operations. What’s more, in times when skilled workers are scarce, the personnel still needed for these procedures today could be deployed in more sensible places. To accelerate the rollout of DAC, we need additional financial support, the introduction of suitable regulatory frameworks, and close coordination with our European partner countries.



**THE INFRASTRUCTURE MUST BE SYSTEMATICALLY EXPANDED.**

The same

thing holds true for SWTs: more alternative routes, more railway sidings and more transshipment points are needed. If the transport transition is to genuinely succeed, rail capacity must be increased. The utilization of available but currently unused loading points (currently approx. 900) must be financially incentivized. Outdated infrastructure and poor construction site management are impeding SWT and the rail freight sector as a whole.

## CONTACTING VTG

We would like to engage in active dialog with you! Please feel free to contact us with all your rail freight transport-related questions and queries. We would be delighted to assist you and provide you with any facts, figures and estimates you may require.

### YOUR CONTACT

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