



Green Corridor Manual (Draft)

- Governance and management models for a trans-national, green freight transport corridor



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- Governance models for green freight
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Some abbreviations

BTO	Baltic Transport Outlook 2030, a major study of the future transport situation in and around the Baltic jointly commissioned by the Baltic countries with support from the EU.
CER	Community of European Railways
EEIG	European Economic Interest Grouping
EPR	European Performance Regime for international trains between networks
ITS	Intelligent Transport Systems
NPO	Non-Profit Organization
roro	roro - ship designed to carry rolling-stock cargo which does not require cranes to be loaded or off-loaded but is driven on and off the ship's decks
TEN-T	Trans European Network for Transport

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Governance and management models for a trans-national, green freight transport corridor

0 SUMMARY

0.1 A complex east-west environment



Figure 1: The East West Transport Corridor as presented by the Lithuanian railways¹

The EWTC consists of three parts - the two maritime links in the middle, the western corridor with links to Helsingborg and Esbjerg and the eastern corridor with links to Moscow, Kiev, Minsk and beyond. The EWTC is only partly a part of the TEN-T Core Network, especially Swedish links are missing, but it connects to the Helsinki-Valetta corridor in Malmö and to the Baltic-Adriatic corridor in Kaunas. The connection Klaipėda-Kaunas-Vilnius-Minsk-Kiev is identical with the Helsinki corridor nr IX.

The objective of the EWTC is to provide a link across the southern part of the Baltic and therefore the maritime links are central to the corridor. This means that the corridor has to rely on the ro-ro-operators to provide “the bridge” between the two shores and such links are not part of the TEN-T network, unless they have acquired the status of a Motorway of the Sea, which is the case for the link Klaipėda-Karlshamn².

EU concepts for corridor management are difficult to apply on the EWTC corridor. It is not a full member of the European Core Network, which excludes the nomination of a corridor manager appointed by the EU. The rail links are not part of the nine rail freight corridors and the two central links are maritime ro-ro-connections, which are basically business undertakings. The corridor includes links outside the European Union, which complicates management and funding. Furthermore, there is no generally accepted definition of a green freight transport corridor, neither of its operational characteristics.

¹ EWTC II: REPORT on task 4A on Available EWTC governing methods. Vilnius, 30-09-2011

² Please note the different time frames between a MoS and the TEN-T as proposed by EU-COM which is defined for several decades. The core network shall be implemented until 2030, the comprehensive network until 2050. A first revision of the network is due for 2023. In contrast to this, the “Motorways of the Sea” projects are usually running for three years only.

This makes the EWTC a very challenging background, but only a background, to this report on governance and management models for a trans-national, green freight transport corridor. However, it is not the goal of this report to present a governance model customized to the needs of the EWTC. The objective is to discuss the options available for the management of transport corridors in general in order to promote both business and environmental objectives.

0.2 Approach

This report is based on a review of the relevant literature regarding corridor management in general and more specifically, proposals/regulations issued by the Commission as part of the introduction of the TEN-T Transport Core Network as well as on reports from the on-going EWTC II project activities. Alternative models of governance and management arrangements and associated business models have been studied with the objective to find an approach, which stimulates the involved stakeholders to cooperate and share responsibilities in order to create a win-win situation.

The approach is reflected in the sequence of the chapters

Chapter 3 reviews the corridor concept in the EU from the introduction of the Helsinki corridors to the present status of TEN-T, the Motorways of the Sea and the recent Baltic Transport Outlook report.

Chapter 4 discusses the implications of a green freight transport corridor and the major task of agreeing on a set of KPIs and the setting-up of a cost-effective monitoring system.

Chapter 5 briefly presents the EWTC corridor and its complex structure involving both maritime links and connections to Belarus, Ukraine and Russia.

Chapter 6 presents different corridor management models proposed for the TEN-T and European rail freight demonstrating that none of the EU-models completely fits the EWTC-case

Chapter 7 discusses business models for a complex corridor partnership, identifies the stakeholders and defines the governance objectives.

Chapter 8 reviews a number of governance options, which may be of interest as management models for a corridor and reaches the conclusion to favour the EEIG.

Chapter 9 discusses the deployment aspects of potential governance models.

Chapter 10 outlines a possible governance model based on an EEIG

Chapter 11 discusses different funding possibilities and concludes that public/ EU funding is required at least when building the organization

Chapter 12 presents the conclusions and a stepwise approach from an association to an EEIG.

0.3 A vast stakeholder community

An organization for the management of an international, intermodal transport corridor partnership involving EU and non-EU states involves of a wide range of stakeholders.

- Political supporters who ensure a certain stability over time and the engagement of the necessary administrations and qualify the corridor for a recognition in Europe and beyond
- National and regional administrations responsible for policy, road, rail and maritime infrastructure development as well as customs.
- Business undertakings, publicly and privately owned, that buy and sell transport services in the corridor.

- Pressure groups and promotional programs for advancing trade, intermodal transport, sustainable corridor management etc.
- Universities seeking to widen their academic networks and wanting to take part in the innovation process.

The stakeholders from outside the EU are basically the same, but different administrative structures and centralised decision making as well as financial restrictions may hamper their participation.

0.4 A mix of policy related and facilitation objectives

A value proposition aiming at improving cohesion and increasing transport volumes while at the same time meeting “green” criteria means

- assisting the commercial partners in improving their business,
- promoting innovative green transport solutions as a part of the business concepts and public policy measures ,
- providing a soft infrastructure
- promoting a robust and reliable infrastructure
- supporting cooperation between states, authorities, academia and commercial stakeholders

Fulfilling the general objectives for the green freight transport corridor development requires five types of activities:

Policy support – Translation of the political interests into policies for guidance and communication with all stakeholders. Especially in a transport corridor with a “green” remit it is important to formulate policies with the objective to provide practical guidance for the activities as there is little experience to rely on.

Trade and transport facilitation – Promotion of the development of transport infrastructure and transshipment points with a special focus on the removal of bottlenecks, which promise the best contribution to the green objectives. Efforts to simplify border crossings, customs clearance procedures and reduction of general, bureaucratic bottlenecks.

Performance monitoring – Introduction of common standard procedures for identification of bottlenecks and other problems. Regular assessment of performance development, especially the green KPIs. This is the activity which most significantly characterizes a green freight transport corridor. It is important to demonstrate the sustainable qualities of the corridor to emphasize that it is different and green.

Information facilitation – Support to the development of a “soft infrastructure” in order to facilitate communication and information exchange between the stakeholders and “green” performance monitoring. The objective is to increase market transparency and to reduce the “friction costs” in the transport chain. Provision of services as e.g. an Information Broker and a One-stop-shop single window facility. In the future, the single window concept may even be widened to provide easy access to booking of other logistics services and a single point for mandatory reporting.

Communication – An important task is the branding of the corridor as a Green Freight Transport Corridor both for external public relations but also for creating a joint internal view on the sustainability objectives to be reached. The green identity of the corridor has to be supported by the dissemination of objectives, programmes and results through publications and seminars at all levels, i.e. local, regional, national and EU.

0.5 An EEIG starting out as an association

The organization of the management of an international, intermodal transport corridor partnership involving EU and non-EU states has to:

- function in an international context,
- promote the co-modality of rail, road and maritime transport
- engage public and private stakeholders,
- integrate political fora and business environments.
- bridge the gaps between the EU regulatory framework and the differing systems governing trade and transport in Belarus, Russia, Ukraine and beyond

After reviewing the formal prerequisites for corridor management in the EU, discussing a practical business model and considering the governance options, the report concludes that the wide remit of a governance model for a green transport corridor makes it difficult to propose one specific approach for organizing the management, especially for a corridor with the type of characteristics of the EWTC. A challenging mix of policy and business demands is to be satisfied at the same time as the economic prospects are rather unclear.

However, the report proposes that the format of an EEIG, a European Economic Interest Grouping, would be the most favourable option. But under the important condition that there is a firm commitment from all stakeholders, the national and regional authorities, the major infrastructure owners (rail, road, ports) and the major transport operators (ro-ro- and rail-operators, ports and other terminals, major forwarders).

The reason for favouring an EEIG is that it offers the stability of a business undertaking combined with simple rules for membership and for designing of voting rights. The EEIG can also do business in its own right. However, it is important that the different improvement projects are designed to meet not only the general, green goals, but also the very concrete demands of the business undertakings involved.

If the partners in a corridor do not know each other, which could be especially true for a corridor involving EU and non-EU partners, an association may offer a practical format for organizing the initial cooperation and provide the initiators with a platform for preparing the more formalized cooperation in an EEIG.

0.6 EEIG organisation

The EEIG Member Assembly represents the shareholder's community and is responsible for setting the long term objectives of the partnership, for the economic stability and for setting up and supervising the Management Board. This organization is responsible for the operational activities within the framework of set by the Member Assembly, setting budgets and presenting the financial statements prepared by the Managing Director who has the responsibility of the daily operations. A High Level Policy Board supports the Member Assembly. The Board may be a way to involve organizations, which for some reasons may be reluctant to become members, although they still want to support the cause of the corridor (please refer also to chapter 10 and Figure 24).

0.7 Financing the activities

In comparison with an association based on membership fees, the EEIG offers a firmer basis to work from, although it will be more complicated to get all members to commit themselves and it will also require some serious monitoring of the activities. A strict budget and activity plan is of course also possible in an association, but in practice it tends to be less stringent, especially as

the collection of the forecast membership fees for the business year have a tendency to be late or default completely.

The financial framework of the EEIG should be transparent and structured according to normal business procedures, which makes it easy for all parties to assess their commitment and the associated risks. Annual budgets and quarterly follow up of the financial situation structure the interaction with the members and gives the management clear guidelines for their work.

The budgeting of the activities is an important tool to ensure a beforehand assessment of the revenues and costs, which then can be discussed and firmed-up into concrete commitments.

0.8 Funding options

The members should bring in the founding capital before the EEIG starts its operations. It would be necessary to finance a budget which would cover the costs of a managing director and a secretariat of 1-2 persons with resources for travel, budget preparations, project acquisition and negotiations as well as some external support for at least 3 years. However, it will hardly be possible to find twenty members willing to pay 15-25.000 EUR each, given that a minimum budget for setting up the partnership may amount to 0,5-0,8 million EUR.

This means that some members will have to pay more than others, which would then also be reflected in their voting rights. Some major investors have to be looked for. Given that the regions, the ports and the rail infrastructure owners are the major beneficiaries they should be approached to cover the bulk of the initial capital, which will lower the threshold for recruiting additional members

Different constellations of members are expected to contribute to the budget of specific projects, which has to be negotiated separately with the interested parties. This will allow for a mix of participating organisations and it will also be easier to separate the project budgets from the costs to be shared for common activities, e.g. information or the monitoring system.

The proposed two-step approach separating the costs for setting up the EEIG from the negotiation of the financing of the different projects aligns the activities of the partnership with common business procedures and simplifies the interaction with the members of the EEIG and external parties.

In general, revenues from commercial activities are going to be scarce. Projects' budgets will have to be composed of contributions from the partners involved, members and non members, commercial and public, enhanced with support from EU programmes, if possible. They offer an obvious source for funding especially with the green freight transport corridor label. Other sources of income could be generated by conferences with a fee for attendance or even some consultancy work for members or non-members.

In brief:

The report argues that a multimodal and green transport corridor should be managed by an organisation set up by the stakeholders in the format of an EEIG. The report also states that an association could be useful to prepare the EEIG during a transition phase. Even after the EEIG has started, the association could be useful as a forum for policy discussions and for recruiting new members.

The financing of the operations may be difficult, when there are no strongly committed members, who could easily see a positive cost-benefit ratio, commercial or socio-economic. Public support will be essential. EU-funds is an obvious alternative, especially as developing multimodal, green transport corridors is central to European transport strategy

Governance and management models for a trans-national, green freight transport corridor

1 OBJECTIVES AND EXPECTED RESULTS

1.1 Governance models and their applicability in the case of EWTC

The objective of the study is to propose governance/management models for a Green Freight Transport Corridor in general and discuss their applicability in the specific case of EWTC.

1.2 Guiding principles for a corridor management structure

The study presents a proposal with recommendations and guiding principles for a process-oriented and business driven governance and management structure for a trans-national, green freight transport corridor. The study reflects on:

- Key stakeholders in a multimodal corridor community, their roles, responsibilities and interaction requirements.
- The green commitments made for the corridor and their up-take in the management structure.
- Legal and institutional options for establishing corridor governance and propose organisation options for the EWTC-corridor.
- Possible business models and funding options to be associated with the management models.
- Alternative legal instruments for collaboration between firms/organisations from different countries, e.g.
 - a non-profit organisation or association,
 - a European economic interest grouping (EEIG) or consortium,
 - a non-equity strategic alliance.

Corridor governance issues are diverse and involve several stakeholders from both public and private sector affecting the design of the governance structure. If the “green component” is taken seriously, it adds to the complexity by requiring that the corridor offers environmental advantages to its users while it still has to be commercially competitive.

In the case of EWTC, an “EWTC ASSOCIATION” has already been established which serves as a starting point, when discussing the practical implications of a green freight transport corridor management structure involving non-EU countries and using transport networks (including maritime links) outside the TEN-T Core Network.

2 APPROACH

This report is based a review of the relevant literature regarding corridor management in general and more specifically, proposals/regulations issued by the Commission as part of the introduction of the TEN-T Transport Core Network as well as on reports from the on-going EWTC II activities. Alternative models of governance and management arrangements and associated business models have been explored with the objective to find an approach, which stimulates the involved stakeholders to cooperate and share responsibilities in order to create a win-win situation.

2.1 Structure of the report

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Chapter 3 reviews the corridor concept in the EU from the introduction of the Helsinki corridors to the present status of TEN-T, the Motorways of the Sea and the recent Baltic Outlook report.

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Chapter 10 outlines a possible governance model based on an EEIG

Chapter 11 discusses different funding possibilities and concludes that public, especially EU funding is required at least when building the organization

Chapter 12 presents the conclusions and a stepwise approach from an association to an EEIG.

3 THE CORRIDOR CONCEPT

3.1 Corridors as a policy instrument

The concept of transport corridors has often been utilised to point at major concentration of traffic flows in the transport network and applied as an instrument for guiding investments. However, the definition of a corridor is often ambiguous, which leads to sometimes lengthy discussions with stakeholders promoting different goals.

The corridor concept has been used for many years to prioritize European policy actions. The definition of 9, later 10 priority corridors in Central Europe after the Crete and Helsinki pan-European conferences in the mid 90-s were central

to the integration within the enlarged European Union and the links with the bordering non-EU countries (c.f. figure to the left).



Figure 2: Helsinki corridors

Together with the previously defined TEN-T network they provided a backbone for guiding EU-investments in transport infrastructure. However, the practical realization of the policy goals was slow and uncoordinated and it became evident to the responsible European policy institutions that much stronger implementation instruments were needed.

A fundamental review was launched in 2008 driven by a need for a genuine European approach to transport infrastructure policy and transport's increasing global importance together with the need to contribute to substantial cuts in CO₂ transport emissions. A real European TEN-T planning – based on a broadly supported methodology - is considered as a key to generating genuine network effects away from the previous patchwork of national networks and disconnected priority projects to a true European network.

3.2 A core network for Europe

A dual-layer structure for the new TEN-T network with the core network as the strategically most important part and the comprehensive network to provide a balanced access for all regions is now formalized in the proposal for “Union guidelines for the development of the trans-European transport network; COM(2011) 650/2”, first published in October 2011. The objective of these Guidelines, which will replace Decision 661/2010³, is to establish a complete and integrated trans-European transport network, covering all Member States and regions and providing the basis for the balanced development of all transport modes in order to facilitate their respective advantages, thereby maximising the value added for European economy cohesion.

The TEN-T policy framework foresees two key implementation instruments: 1) Core Network Corridors which aim at stimulating efficient infrastructure use and at coordinating actions to enhance and extend infrastructure along with evolving demand. They might become “laboratories” for resource efficiency and innovation for the whole core network. 2) the funding instrument “Connecting Europe Facility” which aims at concentrating Union Funding until 2020

³ DECISION No 661/2010/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July 2010 on Union guidelines for the development of the trans-European transport network

on the highest priorities and particularly at promoting core network development in the "Cohesion Countries". Most probably, EU funds for the TEN-T will continue to be administrated by the TEN-T Executive Agency via multi-annual programmes (~85% of the funds) and annual programmes

Building the Core Network is done separately for passengers and freight. The core network is a subset of the comprehensive network and it shall:

- be multimodal and coherent, spanning the entire Community;
- be made up of nodes and links of high strategic importance including the main ports and airports (gateways);
- be linked to infrastructures beyond EU member states;
- reflect the main long-distance / international traffic flows ; existing / potential);
- correspond to the long-term needs of the Community and remain stable over a reasonably long period (~ 2030);



Figure 3: The TEN-T Core Network for rail. Apart from the elements shown in the map, the core network consists of roads, ports and airports⁴.

⁴ Proposed TEN-T Core Network Corridors 2014–2020. TEN-T Trans-European Transport Network, October 2011

The rail network for competitive freight, which links the major nodes in the European transport system will provide the backbone of the core network. Road transport corridors will follow the same pattern with some additional links and motorways of the sea, which are needed to complement the rail network and gradually establish an efficient, safe and secure grid.

The TEN-T is multimodal and includes “hard” and “soft” infrastructure as well as management.

“The trans-European network shall comprise transport infrastructure, traffic management systems and positioning and navigation systems and the transport infrastructure shall comprise road, rail and inland waterway networks, motorways of the sea, seaports and inland waterway ports, airports and other interconnection points between modal networks⁵.”

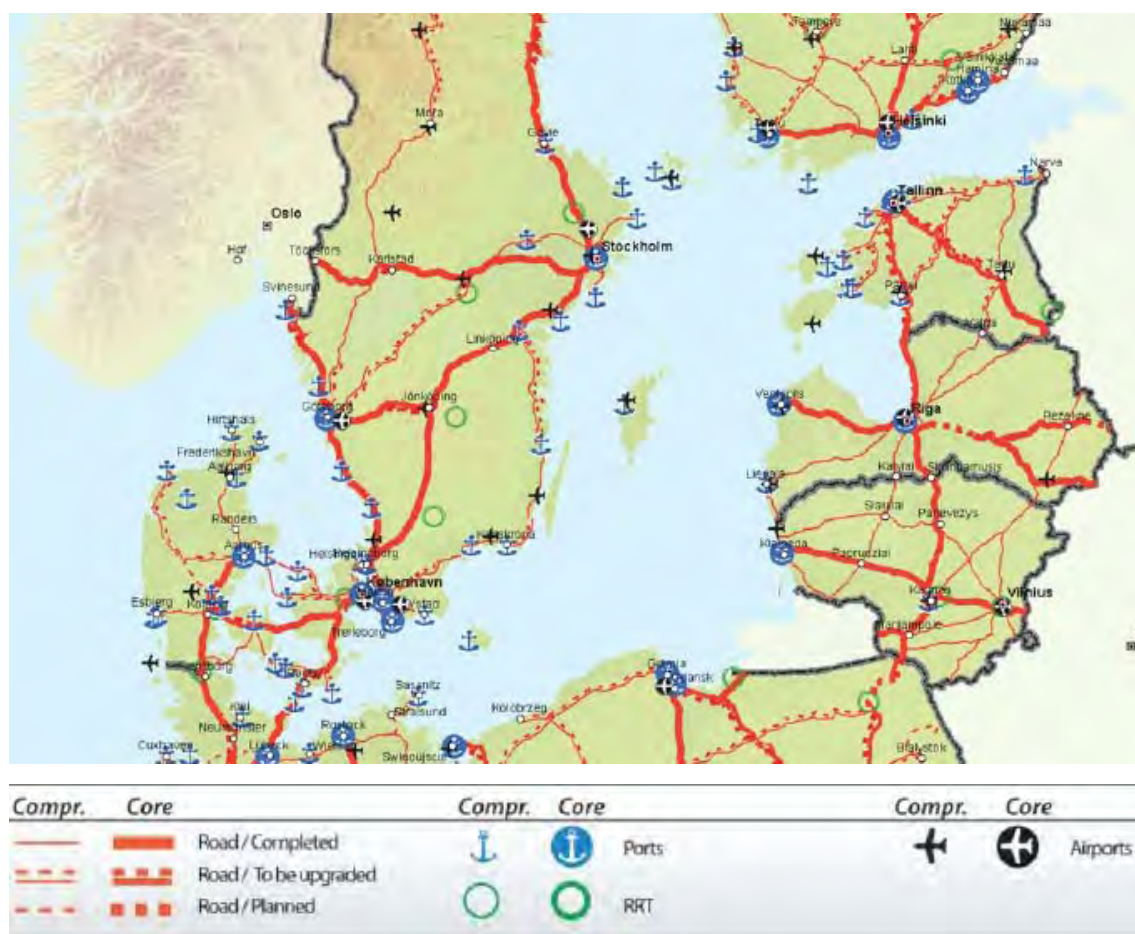


Figure 4: TEN-T core and comprehensive networks for roads ports and airports

The comprehensive map overview⁶ of the transport network in the South Baltic Sea Area (c.f. Figure 4 and 5) does not reflect the intense maritime traffic in the Baltic which is illustrated by

⁵ Com(2011)_650_final_2_annex_i_part05

⁶ Com(2011)_650_final_2_annex_i_part03

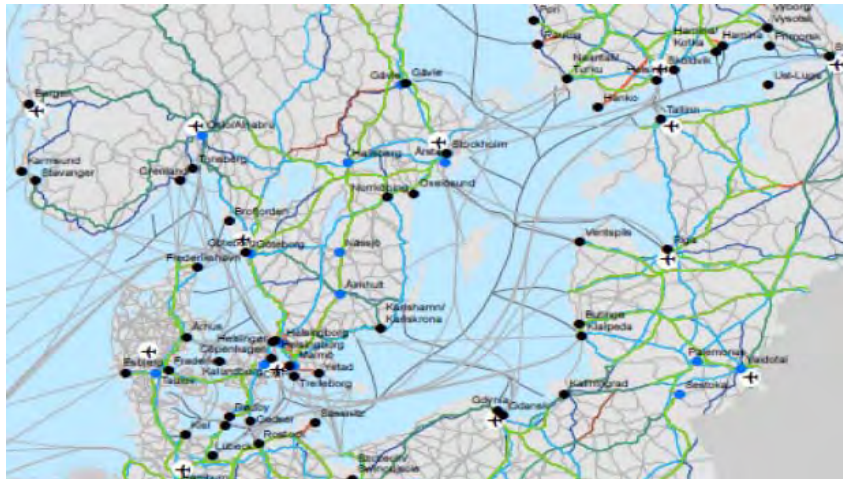


Figure 5: Extract from the BTO Strategic Network ⁷.

The lack of maritime TEN-T links is explained by the different methodology applied for developing the network of Motorways of the Sea in comparison to the land transport networks. The MoS approach is more regional than the conception of the land networks. It is basically up to the ports with support of their respective member states to define their contribution to the trans-European network as motorways of the sea. But the White Paper⁸ on transport clearly states that “Motorways of the Sea’ constitute the maritime dimension of the core network.

Since 2009 the ports of Klaipeda and Karlshamn are developing a joint a motorway of the sea project with EU financial support, in fact one of only three operational to date in the south part of the Baltic Sea. The link is a result of several years of cooperation between regions in Sweden and Lithuania supported by the Interreg programmes to develop an East-West Corridor in the area.



Figure 6: MoS-projects funded by TEN-T 2011⁹

⁷ Source: BTO 2030

⁸ EUROPEAN COMMISSION'S WHITE PAPER 'ROADMAP TO A SINGLE EUROPEAN TRANSPORT AREA — TOWARDS A COMPETITIVE AND RESOURCE-EFFICIENT TRANSPORT SYSTEM' (COM(2011) 144 FINAL OF 28 MARCH 2011)

⁹ http://tentea.ec.europa.eu/en/ten-t_projects/map_library/maps_per_mode.htm

3.3 Rail freight and ERMTS corridors since 2006

Already in 2006 the need for concerted actions to improve European rail performance in terms of quality of service and economic competitiveness resulted in the definition of six rail freight corridors in a joint initiative of the European Commission and CER. A major criterion was that of traffic flows: in 2003, the six corridors represented around 6% of the conventional rail network and 20% of EU rail freight traffic volumes.

Since 2006, all six corridors are politically recognised by the concerned member states by way of Memory of Understanding. Some set up a two-layer governance scheme with an Executive Board composed of representatives from the Ministries and a Management Board composed of representatives from the Infrastructure Managers. Three corridors, including Corridor A Rotterdam-Genua¹⁰ has gone further and founded European Economic Interest Groupings.

The number of corridors was recently extended. The Regulation EC 913/2010¹¹ defines the principal routes of nine initial corridors as indicated on the map.

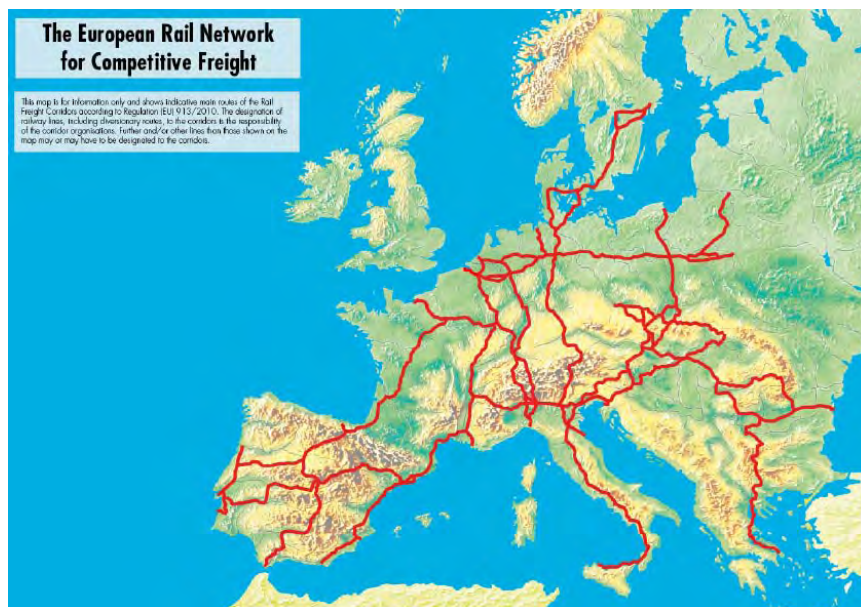


Figure 7: The European Rail Network for Competitive Freight.

The map shows indicative main routes of the Rail Freight Corridors¹². The designation of railway lines, including diversionary routes to the corridors is the responsibility of the corridor organisations. Other lines than those shown on the map may be assigned to the corridors.

Each ERTMS-corridor corresponds to a freight corridor (but there are more freight corridors than ERTMS corridors). The governance structures already established for the ERTMS-corridors are the blueprint for the governance to be established for the Rail Freight Corridors¹³.

¹⁰ <http://www.corridora.eu/european/policy>

¹¹ REGULATION (EU) No 913/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 September 2010

¹² Handbook on the Regulation concerning a European rail network for competitive freight (Regulation EC 913/2010), DGMOVE, staff document, 30 June 2011

¹³ For ERTMS see http://ec.europa.eu/transport/rail/interoperability/ertms/ertms_en.htm



Figure 8: European Deployment Plan for ERTMS¹⁴

ERTMS is the future system for management and control of the rail traffic on the TEN-T network based on an agreement in the year 2000. The purpose is to promote the interoperability between the many national safety, communication and management systems and at the same time improve safety and capacity. The ERTMS requires investments in signalling and communication equipment both along the tracks and in the train driver cab. They are therefore a natural priority for improvements in the nine major rail freight corridors.

The map above indicates the proposed ERTMS network overlaid by the rail corridors A, B, C, D and F (in orange). The rest of the network is in red or in blue indicating voluntary deployments. The remaining the TEN-T rail network is in (in white).

¹⁴ http://ec.europa.eu/transport/rail/interoperability/ertms/edp_map_en.htm

4 GREEN FREIGHT TRANSPORT CORRIDORS

4.1 Defining a green freight transport corridor

Promoting projects which help to diminish the environmental impact of the transport has become an important element of TEN-T policy. For the first time, the 2010 TEN-T Annual Call directly supported the development of an integrated and environmentally friendly transport system. In line with the priorities of the Transport White Paper released by DG MOVE in spring 2011, more emphasis will be given in the future to projects with this objective.

The concept of Green Freight Transport Corridors is not clearly defined. The EWTC II uses a definition proposed by the Swedish Logistic Forum on behalf of the European Commission¹⁵:

- Sustainable logistics solutions with documented reductions of environmental and climate impact, high safety, high quality and strong efficiency
- Integrated logistics concepts with optimal utilization of all transport modes, so called co-modality
- Harmonized regulations with openness for all actors
- A concentration of long distant national and international freight traffic on relatively long transport routes
- Efficient and strategically placed trans-shipment points, as well as an adapted, supportive infrastructure
- A platform for development and demonstration of innovative logistics solutions, including information systems, collaborative models and technology

According to EWTC II, the proposed definition suggests that the corridor is “better than average” in terms of environmental KPI’s. The implication of this is that Green Freight Transport Corridors are not available everywhere where there are transport needs. “The corridor is probably not in any important way unique, but just slightly better from the environmental sustainability perspective”.

Supporting business concepts may be derived from a combination of the following functionalities¹⁶, which also provide a good to-do list for any corridor manager, with positive implications for improvements in economic terms and the “Green KPI’s”.

- Cargo Compilation – Capacity to monitor, pack together, make quality control and deliver finished goods.
- Co-modality – Facilitate the use of multimodal transports transportation using single wagon load business principles by providing re-loading hubs and traffic information data.
- Commuting – Provide shuttle services for the local transport from a hub to final destination to avoid large trucks into the cities and other dense areas.
- EMS-HGV’s – European Modular System - Heavy Goods Vehicles to be deployed when possible.

¹⁵ EWTCII-Green Corridor - Purpose, definition and vision for Green Transport Corridors (draft) 21-06-2011

¹⁶ EWTCII Green Corridor Business Models (memo) 2011

- Final Assembly – Build, test, pack and distribute final products based on components from different sources.
- Green Fuel – Provide filling stations for green fuel along the corridor filling stations for green fuel along the corridor and in general promote the use of green fuel, encourage sales of low polluting fuels for vehicles, vessels and locomotives.
- Hub Services – Hub connecting different transport corridors and modes of transportation to facilitate multimodal transports.
- Information Broker System – Simplify the information sharing to enable tailor made information services from Information Brokers.
- Paperless Goods Handling – A lot of work is being made to introduce concepts to remove the physical document handling, often referred to as e-Freight.
- Resource Pooling – Services to offer and combine free capacity to increase the load factor and better utilization of the vehicle.
- Secure Truck Parking – One major problem today for the truck driver is to find a safe and convenient parking space for the necessary enforced or voluntarily resting period. Secure truck parking has all or some of the following facilities such as bookable parking spots, security through guards and fencing, convenience services, food, services for the vehicle and possibly more.
- Seamless border crossing – Simplify the national border crossings with less or no paper documents involved.
- Warehousing – Storing capacity including services to load, unload and keep track of stored goods.

4.2 Monitoring a green freight transport corridor

A freight transport corridor with the objective to establish itself as a Green Freight Transport Corridor has to carefully monitor the development of the performance of the corridor towards sustainable logistics solution. It is necessary to introduce a set of indicators reflecting the sustainability dimensions in addition to the monitoring of the common operational indicators normally used in transport and infrastructure management.

The selection of the indicators is a complicated task. On the one hand the KPIs should provide a reasonably true reflection of the performance of the corridor and on the other hand they should be possible to collect at an acceptable cost. The EWTC II has selected the following KPIs for green freight transport corridor assessment¹⁷.

Economic efficiency and service quality performance

- Total goods volumes
- On time delivery
- Corridor ability and capacity

Environmental efficiency

- Total energy used
- Greenhouse gases emitted,

¹⁷ *Green Corridor Manual (Draft). Key Performance Indicators (KPIs) and policy measures in green transport corridor establishment. NetPort.Karlshamn 2012-02-10.*

- CO2e
- Engine standards
- ISO 9001 dangerous goods
- Alternative fuels filling stations
-

Social efficiency

- Deployment of risk management systems as ISO 31 000 and ISO 39 000
- Safe truck parking
- Common safety rating systems
- Fenced terminals

These indicators were put to test in a set of case studies with the purpose of trying out the KPIs in evaluating a selection of components or transport flows. The case studies confirmed the expected difficulties in retrieving data regarding economic related data and the lack of information in the field of social issues. However, the implementation of the environmental management systems during the last 10 years made it relatively easy to obtain environmentally related information.

4.3 Policy measures for establishing a green freight transport corridor

The implementation and operation of a green freight transport corridor requires a combination of incentives and regulating policies. A literature review on the subject complemented with interviews and input from an expert panel workshop provided a short list of required and desired incentives and policy measures¹⁸:

- Agree on harmonized KPI operational data reporting systems and emission calculation methods.
- Agree on setting a transport mode specific baseline on
 - emission levels,
 - energy use
 - social conditions and
 - economic performance
 for a green corridor freight transport service that are significantly better than compared to a regular transport service. The actors that meet these levels get a certificate or permit to run their services in the corridor and receive the benefits.
- Do not regulate which technical/organisational solution that the actors should use in order to meet the green freight transport corridor requirements – leave it up to the experts to find the most cost efficient way to meet sustainability in the production of transport services.
- Point out a “prioritized list” to the authorities of where in the corridor the infrastructural bottlenecks are.
- Develop a commonly accepted requirement specification for a suitable ICT system that the business agrees on.
- The members of the corridor partnership can be active in the political debate and be a part of forming the coming incentives to steer the transport sector into a sustainable direction.

^{18 18} *Green Corridor Manual (Draft). Key Performance Indicators (KPIs) and policy measures in green transport corridor establishment. NetPort.Karlshamn 2012-02-10.*

5 THE EASTWEST TRANSPORT CORRIDOR IN THE EUROPEAN NETWORK

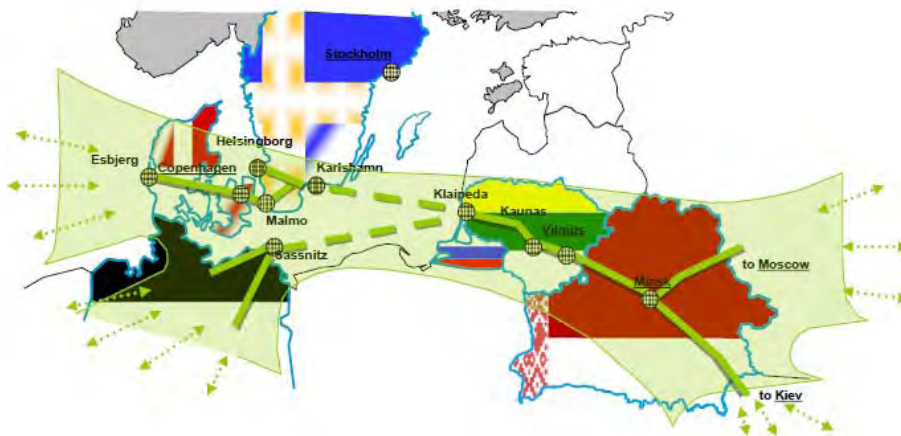


Figure 9: The East West Transport Corridor as presented by the Lithuanian railways¹⁹

5.1 No blue print for the EWTC corridor

This report is not intended as a blueprint for a governance model for the EWTC corridor. The objective is to discuss the options available for the management of transport corridors in order to promote both business and environmental objectives. The previous chapter have highlighted the central role of the concept of transport corridors in European transport policy. The following chapter outlines the characteristics of the EWTC corridor only as a background to the review of the European management models. A more concrete proposal for the way ahead for the EWTC corridor management is an issue for the final report of the project.

5.2 A challenging corridor structure

The EWTC consists of three parts - the two maritime links in the middle, the western part of the corridor with links to Helsingborg/Malmö and Esbjerg and the eastern part with links to Moscow, Kiev and beyond via Minsk. The EWTC is only partly a part of the TEN-T Core Network, especially Swedish links are missing, but the corridor connects to the Helsinki-Valetta corridor in Malmö and to the Baltic-Adriatic corridor in Kaunas (c.f. Figure 3). The connection Klaipėda-Kaunas-Vilnius-Minsk-Kiev is identical with the Helsinki corridor nr IX (c.f. Figure 2).

EWTC is partly within the EU and partly affecting countries in the former Soviet-block, Belarus, Ukraine and Russia and even reaching out to China, which complicates any corridor cooperation.

The objective of the EWTC is to provide a link across the southern part of the Baltic and therefore the maritime links are central to the corridor. This means that the corridor has to rely on the ro-ro-operators to provide “the bridge” between the two shores and such links are not part of the TEN-T network, unless they have acquired the status of a Motorway of the Sea, which is the case for the link Klaipėda-Karlshamn (c.f. Figure 5).

¹⁹ EWTClI: REPORT on task 4A on Available EWTC governing methods. Vilnius, 20-09-2010, Revised 30-09-2011
22 (58)

5.3 The geographical scope

The EWTC is defined by its nodes with Klaipeda as the most important seconded by the ports of Karlshamn and Sassnitz.

Figures 10 and 11 indicate the differences in the total amount of cargo handled and the relative importance of the roro-connections. The statistics also indicate a slow but steady development, except for some stagnation during the recent economic crisis.

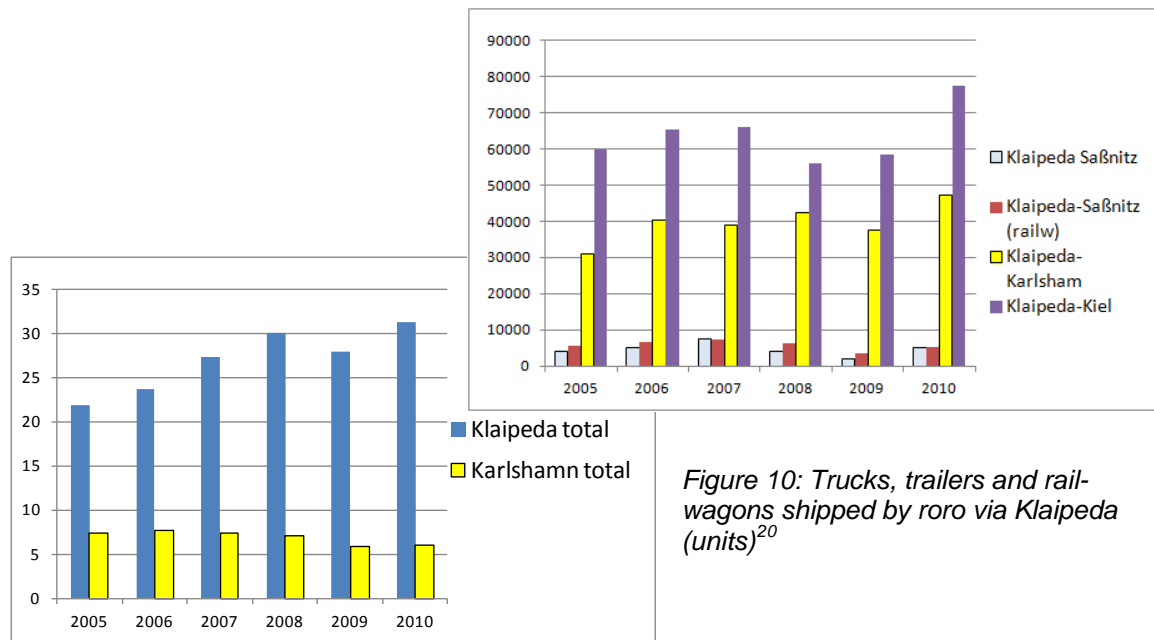


Figure 10: Trucks, trailers and rail-wagons shipped by roro via Klaipeda (units)²⁰

Figure 11: Klaipeda and Karlshamn - total volumes in million tons handled over quay²¹

From the three ports Klaipeda, Karlshamn and Sassnitz the corridor provides a number of alternatives in the direction of

- Minsk, Kiev and beyond
- Esbjerg, Helsingborg, Göteborg/Oslo
- Berlin, Hamburg, Benelux

The branches of the corridor have different priorities in their respective national context. The links from Klaipeda and eastwards are clearly on the national agenda in Lithuania which is reflected in the TEN-T core network which incorporates the road and rail links.

The land connections to/from Karlshamn in Sweden are a regional priority which has to compete for its place in the national infrastructure investment planning. The connections Malmö-Esbjerg are already well functioning links in the TEN-T core network.

The access roads to Sassnitz have been enlarged considerably since 2005 with a new motorway A20, new four-lane road to Stralsund and bridge across Strelasund (2007). The continuation between Stralsund and Bergen will soon follow.

The roro-links Klaipeda-Karlshamn and Klaipeda-Sassnitz play a central role in the EWTC. However, only the link Klaipeda-Karlshamn has the status of a Motorway of the Sea and is thereby a part of the TEN-T comprehensive network.

²⁰ Source: Cruise and Ferry

²¹ Source: Cruise and Ferry

5.4 West of Lithuania

According to the draft TEN-T regulation presented by the EU Commission in October 2011, Klaipeda, Malmö, Copenhagen and Helsingborg/Helsingör are proposed as core network ports, whereas Karlshamn, Sassnitz and Esbjerg are proposed for the comprehensive network. In comparison to Karlshamn they are all well connected to their respective hinterland and integrated in the TEN-T network, although the infrastructure of the Lithuanian railways on the route from the border with Belarus to Klaipeda port (main route of EWTC in Lithuania) is not electrified, which is a challenge for a future green freight transport corridor.

The road connection Helsingborg-Karlshamn is included in the Swedish comprehensive TEN-T network and Karlshamn is also lacking TEN-T status for its rail connections



Figure 12: Core Network railways (freight) ports and railroad terminal (RRT)²²

²² com(2011)_650_final_2_annex_i_part02



Figure 13: Core Network roads, ports and railroad terminals (RRT) and airports²³

The Baltic Outlook 2030 (www.baltictransportoutlook.eu) has identified the need for additional (mainly) rail network improvements in the EWTC corridor (c.f. figures below).

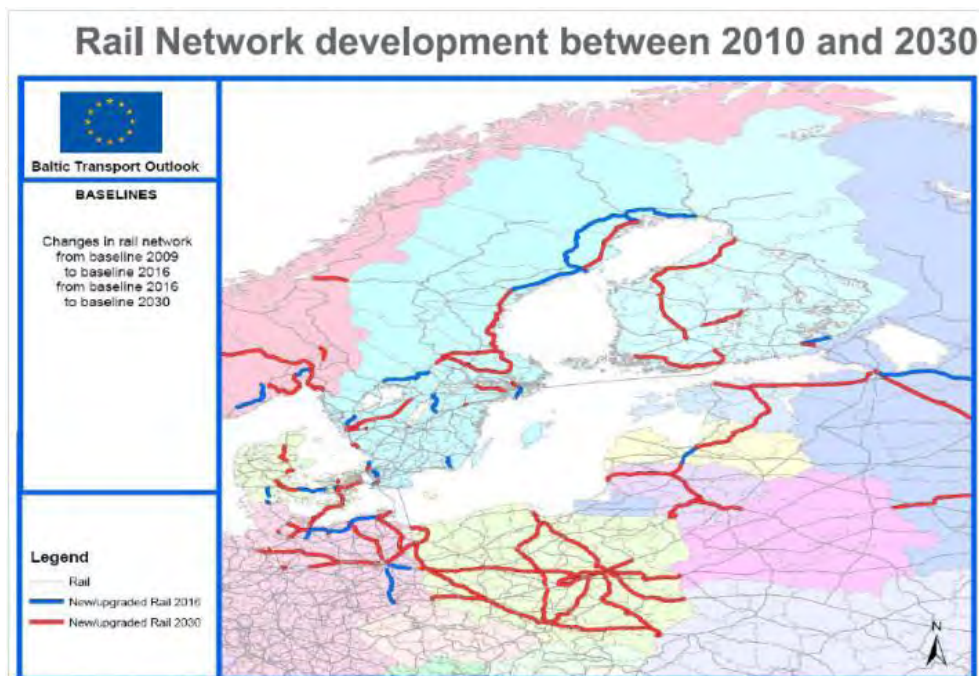


Figure 14: Rail network development till 2030²⁴

The map on the next page presents the complete strategic network till 2030

²³ com(2011)_650_final_2_annex_i_part03

²⁴ www.baltictransportoutlook.eu

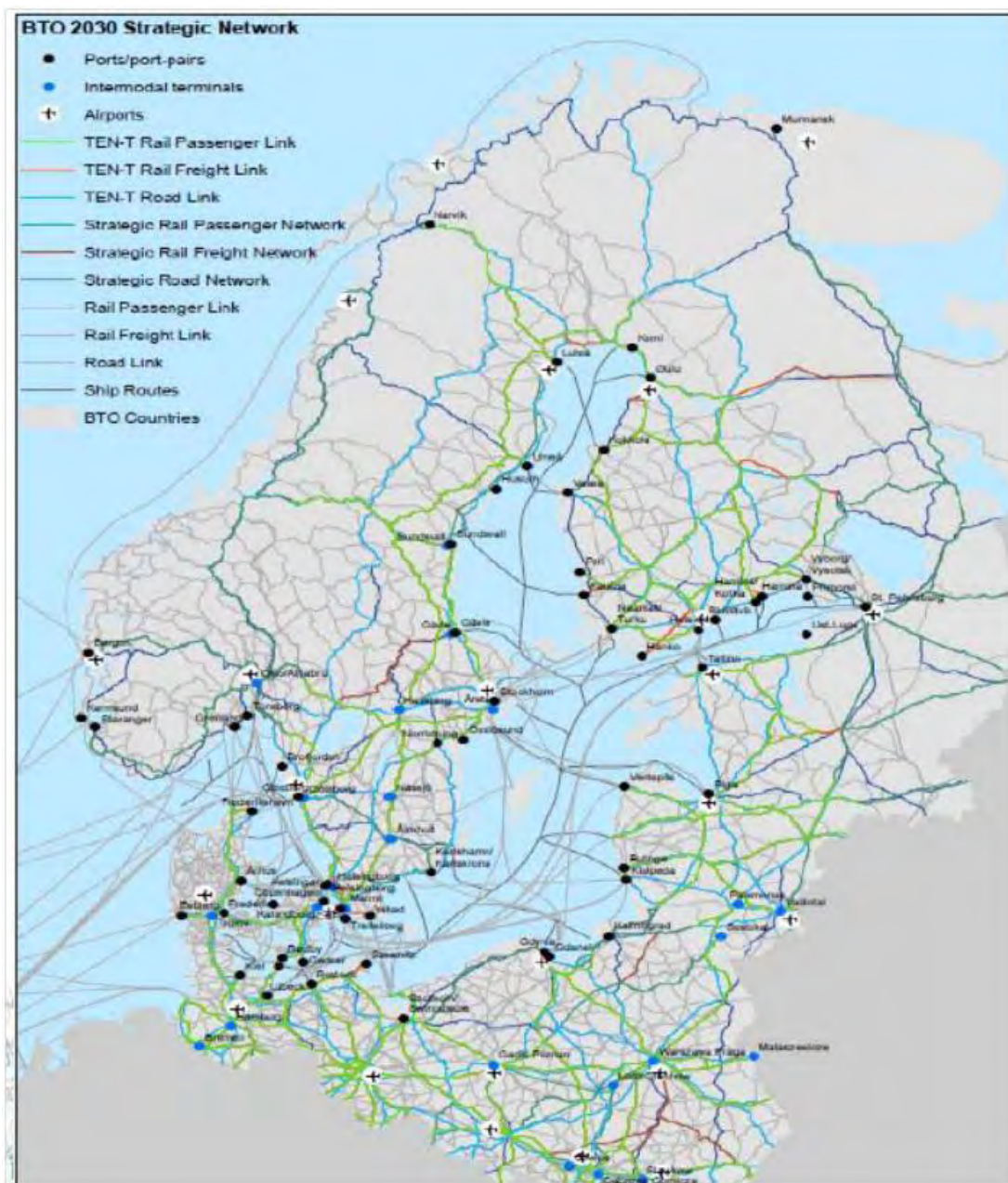


Figure 15: Strategic Transport Network 2030 for the Baltic Area according to Baltic Transport Outlook (BTO) 2030. BTO estimates that cargo volumes (without liquid bulk) will grow by +40-60% till 2030 in the Klaipeda and Blekinge regions which is slightly above the average estimates for the Baltic.

5.5 East of Lithuania

The EWTC-corridor west of the Lithuanian border to Belarus is or will shortly be, well integrated in the EU-transport network, while the development of the transport axes eastwards through Belarus to Ukraine, Russia and beyond are at least to some extent depending on the outcome of negotiations regarding financial support from the EU. The outcome and the following deployment may be influenced by the actual political situation, which are factors outside the control of the EWTC corridor management. However, the Russian, Belarusian and Ukrainian

railway companies have declared as their strategic goal to integrate their railway infrastructure with the European rail network.

Improvement of the administrative processes along the transport chain is now an integer part of the development of the efficiency of the TEN-T network and a major task for the EWTC corridor management given the challenges for facilitation of the transport solutions with the eastern, non-EU. Railway companies in non-EU countries of EWTC are vertically integrated monopolies with a strong political dependence, e.g., the company "Russian Railways" has established lower tariffs for freight carriage to Russian ports. However, there are opportunities for collaboration to establish a Green EWTC. The project of shuttle train "Viking" demonstrates the possibility to negotiate only with only a single railway company or its subsidiary in non-EU countries.

The project of shuttle train "Viking" launched by Lithuanian, Belarusian and Ukrainian railway companies, Klaipeda and Odessa, Iljichevsk ports, Lithuanian, Belarusian and Ukrainian Customs Authorities demonstrate the potential of good cooperation. Facilitation of the control procedures at the Kena border station equipped according EU requirements, possibilities of IT systems on sharing data of cargo with the Customs and Belarusian railway, simplification of Customs Procedures (checking documents of bill of lading with electronic data and recognizing it as customs declaration) shorten the border-crossing time to 30 minutes when full wagon loads are transported.

In spite of the fact that the "Viking" is a successful case of best practice, the transport ministries and the governments of the train route countries are involved in further development of the project.²⁵

²⁵ EWTCII: REPORT on task 4A on Available EWTC governing methods. Vilnius, 20-09-2010, Revised 30-09-2011
27 (58)

6 TRANSPORT CORRIDOR GOVERNANCE

Many problems related to a corridor can be traced to the lack of an appropriate governance structure to coordinate the many interventions focused on removing obstacles hindering the efficient flow along the corridor. Management institutions are instrumental in facilitating a dialogue between corridor stakeholders and harmonizing procedures and documentation used in transport operations along the corridor, resulting in reduced transit times and costs²⁶.

The design of the management structures differs even if the tasks of a transport corridor management are fairly similar. The key drivers tend to have a major impact on the way that the corridor is managed, which does not exclude the recognition of the need for a broad involvement of stakeholders.

Public-private interaction is important as corridor issues by their nature often demand involvement of different public entities in different countries and their “customers”. Participatory processes should be fostered to encourage a robust facilitation process, i.e. a long-term commitment to work together to improve the effectiveness of the corridor.

6.1 Corridor management in the EU

The corridor concept has been used for many years a policy instrument for guiding EU-support to investments in transport infrastructure of pan-European interest. While the multimodal corridor concept had limited success, the better defined rail corridors have shown a more stable development, gradually becoming more operational.

Drawing on the experience and good practices acquired in the ERTMS corridors, particularly corridors A and C, the Commission proposed at the end of 2008 a regulation on a European rail network for competitive freight to be based on a limited number of rail freight corridors.

The TEN-T guidelines²⁷ now expands the concept of a formalized governance structure to cover also the designed multimodal European core network in order to achieve a coordinated development and management involving all modes. European Coordinators will be nominated to facilitate the coordinated implementation of the corridors in cooperation with Corridor Platforms to be established by the Member States concerned²⁸.

6.2 European Coordinators for Core Network management

The Commission may designate, in agreement with the Member States concerned, and after having consulted the European Parliament, a person called the ‘European Coordinator’ to coordinate implementation of certain projects, in particular cross-border projects. The European Coordinator shall act in the name of and on behalf of the Commission. The remit of the European Coordinator shall normally relate to a single project, especially in the case of a cross-border project, but may be extended to cover the whole of a major axis. Together with the Member States concerned the Coordinator shall draw up a work plan for the activities.

²⁶ SSATP Working Paper No. 86. *Institutional Arrangements for Transport Corridor Management in Sub-Saharan Africa*, Yao Adzibgey, Charles Kunaka, Tesfamichael Nahusenay Mitiku

²⁷ DECISION No 661/2010/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July 2010 on Union guidelines for the development of the trans-European transport network

²⁸ Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Union guidelines for the development of the trans-European transport network COM(2011) 650/2;2011/xxxx.

The European Coordinator shall

- promote joint methods for the evaluation of projects
- draw up a progress report every year for the European Parliament, the Commission and the Member States concerned
- consult regional and local authorities, operators, transport users, and representatives of civil society to gain a better knowledge of the demand for transport services, the possibilities of investment funding and the type of services that must be provided in order to facilitate access to such funding.

The TEN-T regulations does not prescribe how the work in the corridor shall be organized and managed in contrast to the rather detailed instructions for the nine rail corridors, which are at least partly also a part of the TEN-T Core Network.

6.3 Rail freight corridor A, Rotterdam - Genoa

The organization of the rail freight corridor A Rotterdam Genoa²⁹ has served as a blueprint for the formal instructions in the Regulation EC 913/2010. The corridor was organized as a European Economic Interest Group (EEIG) in 2008 by the following railway infrastructure managers (IM): ProRail, DB Netz, BLS Netz, SBB Infrastruktur and RFI. In the course of the extension of the ERTMS Corridor A to Antwerp / Zeebrugge in September 2010, the Belgian infrastructure manager Infrabel joined the Management Board.

The organisation structure consists of an Executive Board (ExB) of the Ministries and a Management Board (MB). The ExB represents the joint interests of the Transport Ministers in dealings with the European Coordinator for ERTMS and the European Commission.

The MB is made up of high-ranking management representatives from ProRail, Infrabel, DB Netz, SBB Infrastruktur, BLS Netz and RFI who are responsible for the implementation of the corridor within their national organisations. The MB has set up a Programme Management Office (PMO) as permanent working organisation of the railway infrastructure managers with six working groups (WG) in order to materialise the production and delivery of tangible corridor results in an effective and systematic way.

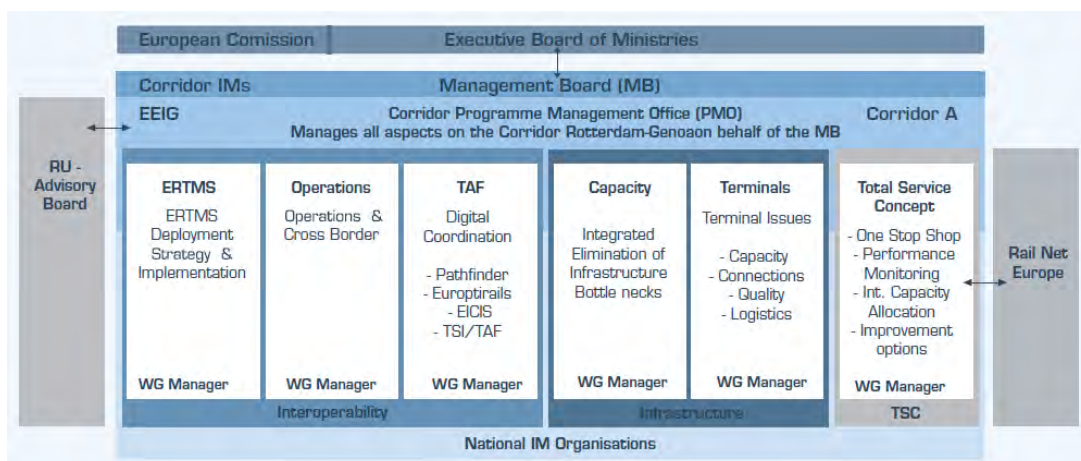


Figure 16: Corridor A Rotterdam-Genoa organisation

The six corridor working groups (WG) are staffed with expert personal from the infrastructure managers. Each working group is managed by one of the Programme infrastructure managers (PIMs) of the corridor organisation, who at the same time are responsible within their

²⁹ www.corridora.eu

infrastructure manager (IM) organisations for the coordination and reporting of the national project implementation.

The Railway Undertakings Advisory Board and the Terminal Advisory Board serve as information platforms to involve railway undertakings as well as other stakeholders in the intermodal transport chain. Additionally, a terminal platform as well as a noise platform have been set up and are managed by the Ministries of Transport.

Rail Net Europe offers operational and commercial information on the European railway infrastructure. It supports infrastructure managers and railway undertakings in their international activities and increases the efficiency of Infrastructure Managers' processes.

6.4 The BRAVO Corridor

The BRAVO project refers to the Brenner corridor and was initiated in 2003. The overall objective is to develop and demonstrate an action strategy on intermodal rail-road transport services.

The Brenner corridor is one of the key European freight corridors which carries about two thirds of the current trans-alpine freight volume transiting through Austria and Switzerland. There is particular pressure both on the transport infrastructure and on the environment. Some 70 % of the total Brenner freight volumes, i.e. 25 million tonnes, are carried by road and requests on rail to relieve road transport are massive.

Rail freight on international corridors is in general constrained by the lack of homogeneous corridor management concepts due to segmentations in infrastructure, regulations, technology and operation. BRAVO proposes³⁰ an open corridor management system (CMS) to meet European transport objectives and at the same time provide an operational management structure. The CMS consists of an "open platform" for strategic and long-term tasks and a "restricted platform" for operational and commercial tasks.

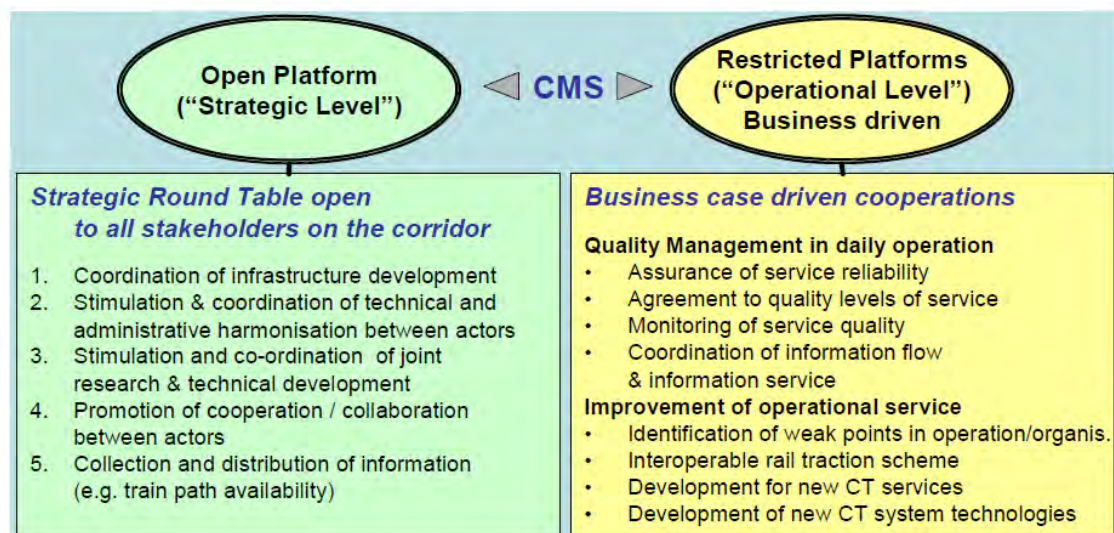


Figure 17: Proposed BRAVO Corridor Management Scheme

³⁰ BRAVO Final Report for Publication. KombiConsult GmbH. December 2007

6.5 European rail freight corridor management³¹

The governance of a core network rail freight corridor is established through a “platform” in the form of a legal entity, e.g. an EEIG, with the participation of the member states and infrastructure managers involved. The platform has a demanding work programme:

- An optimisation of infrastructure integration and interconnection.
- The broad deployment of new technologies and ITS.
- Improvement and maintenance of existing transport infrastructure.
- Measures promoting the efficient use of infrastructure.
- The encouragement of a broad use of transport with the most carbon neutral effect.
- The taking into account of possible synergies with other networks, in particular trans-European energy and/or telecommunication networks.
- The assessment of strategic environmental impact, with the establishment of appropriate plans and programmes.
- Measures to plan and expand infrastructure capacity where necessary.
- Adequate consideration of the vulnerability of transport infrastructure with regard to a changing climate as well as natural and man-made disasters.

The regulation foresees a three level governance structure involving all parties concerned. Roles and powers are given to these bodies in accordance with the Regulation.

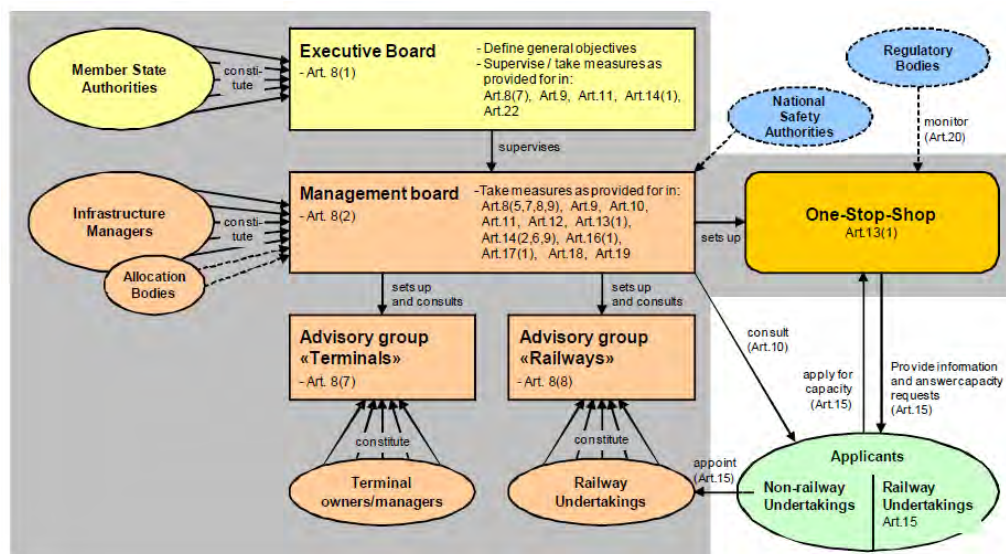


Figure 18: Rail Corridor management structure

6.5.1 The Executive Board

The Executive Board is composed of representatives of the Member States. The Executive Board should formalise its working rules (meetings, etc.). It should designate a chair Member State (for a specific period) to coordinate its activities.

In order to avoid duplication of bodies or of tasks, the Executive Board should in principle be based on the existing structures of the Executive Boards of the ERTMS corridors; their existing organisational structure and scope should be adapted and extended to meet the requirements of the Regulation.

³¹ This chapter summarizes the content of the regulation EC 913/2010 and the related handbook, a DG MOVE staff-working document.

The main tasks of the Executive Board are:

- the definition of the general objectives of the freight corridor, their supervision and the approval of the designated lines and terminals of the corridor
- the approval of the implementation and the investment plans and the the definition of the framework for the allocation of capacity
- the presentation to the Commission of the progress report

6.5.2 *The Management Board*

The Infrastructure Managers (IM) establish a Management Board. Railway undertakings are not accepted as members. The main tasks of the Management Board are:

- proposing the lines and terminals to be designated to the corridor, establishing its structure and defining all internal work procedures
- setting up an Advisory Group of terminals owners and managers and one for railway undertakings
- the coordination of the use of IT tools for paths requests and traffic management (Art 8(9))
- setting up or designating the One Stop Shop
- drawing up and periodical review of the Implementation Plan and the Transport Market Study
- drawing up the Investment Plan (Art 11)
- assessment evaluation of the necessary capacity and promotion of coordination of priority rules concerning the allocation of capacities
- procedures to ensure optimal coordination of the allocation of capacity between Infrastructure Managers and terminals
- procedures for coordinating traffic management, adoption of common targets for punctuality and adoption of guidelines for traffic management in case of disturbances

The Management Board should be made up of adequate management representatives having decision-making powers responsible for implementation of the corridor within their organisation. The Management Board should designate a chair Infrastructure Manager (for a specific period) to coordinate its activities. It should formalise its working rules.

6.5.3 *The secretariat*

The Management Board can appoint a permanent organisation to support the implementation of the corridor. It is suggested that this permanent organisation is staffed by full-time dedicated people, optimally at a central office, i.e. located at one place; alternatively working within their Infrastructure Manager's offices. For example, corridors 1 and 2 foresee four permanent people in 2011.

6.5.4 *Advisory groups*

The Management Board has to set up an Advisory Group to represent railway undertakings using or interested in using the corridor. A separate Advisory Group of Authorised Applicants may also be set up. The widest possible representation of applicants, both railway undertakings and others should be supported.

The Management Board also has to set up an Advisory Group made up of managers and owners of the terminals of the freight corridors. Terminals could be represented by both the owner and the manager, while the owner should primarily be involved with regard to issues related to investments.

6.5.5 One stop shop

The Regulation provides for the establishment a corridor One-Stop-Shop (corridor-OSS). Regarding methods, processes and tools it should be distinguished between existing national One-Stop-Shops and the corridor-OSS. The main issues to consider when setting it up are:

- the organisation,
- the development of standardised processes (tools and procedures),
- the handling of path requests and their follow-up
- the establishment of a register of path requests,
- the provision of information as foreseen in Article 18.

“The Commission underlines that the corridor OSS is a joint body set up or designated by the Management Board of each corridor; its function is that of a coordination tool. It may be a technical body within the corridor management structure or one of the Infrastructure Managers concerned”.

6.6 Corridor performance

The corridor management has the important tasks to

- assess the viability of a corridor, i.e. clarify present and/or future transport volumes through market analyses
- list and plan the necessary improvements of infrastructure and terminals
- improve and harmonize the administrative and legal procedures governing transport in the corridor
- develop a business plan to improve the commercial performance of the stakeholders in the corridor

Development must be assessed on a regular basis and performance indicators provide information on the progress achieved. The indicators support, guide, and justify decisions made by the corridor management, as high accountability and transparency are critical to success. Indicators should be helpful in communicating to users and to policymakers the course of action that will improve the movement of goods and people and they should be measurable, efficient, able to be forecast, and easy to understand.

Performance indicators may be deployed to assess the performance of corridors at four levels: infrastructure, quality of services, shipment of goods and environmental performance.

The infrastructure perspective assesses the physical capacity and levels of utilization of the system. It is an important argument when advocating for infrastructure improvements.

Delays and cost of transport services are the major considerations when looking at the quality of services provided along a corridor. These are the key variables when assessing the impact of measures taken to facilitate trade along corridors.

The shipment of goods is the logistics perspective and relies on time and cost, with reliability as an additional aspect. The variation in transit time for a specific combination of services between given points within the corridor causes costs, deterioration of logistics quality and impact on the service levels of the related supply chains.

For a corridor management with a “green” remit it is important to substantiate improvements in environmental performance. It requires a special analysis to select indicators, which are meaningful, feasible to collect and possible to communicate in an understandable format.

An initial baseline survey focusing on the key variables provides the foundation for sustainable monitoring of corridor performance. Subsequently, it is also critical to put in place a sustainable

data collection and analysis system. The stakeholders involved in corridor management must commit themselves to provide data on a continuous basis.

6.6.1 The implementation plan

These general demands are reflected in the organization of the working groups in Corridor A, (c.f. Figure 16) and are also replicated in the formal requirement for an implementation plan for each of the nine EU rail freight corridors.

The Implementation Plan specifies³² the objectives to improve the corridor capacity and service quality. It consists of a number of documents as shown in the figure below, of which the Transport Market Study plays a central role in the implementation of a corridor.

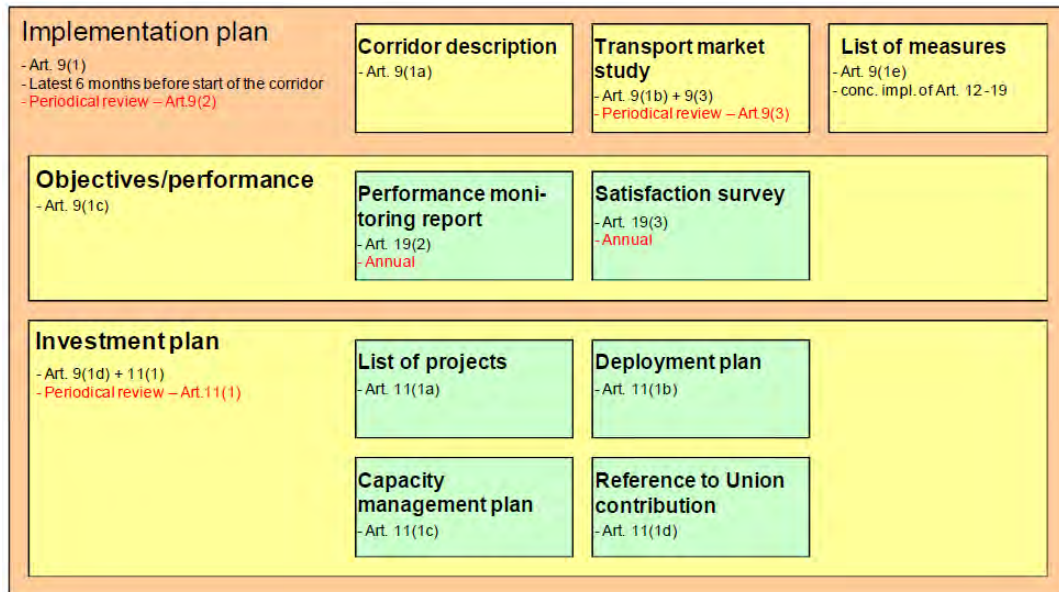


Figure 19: Overview of the implementation plan

6.6.2 The performance monitoring report

The Performance Monitoring Report should be published, e.g. on the corridor-OSS website. RNE and UIC are jointly working on a project – European Performance Regime for international trains between networks (EPR) – so that international trains will not be subjected to several national Performance Regimes. The EPR is built on the delay minutes of international train runs along corridors monitored by one RNE-IT tool, EUROPTIRAILS, and the aim is to build an EPR system that is fair, transparent and without an excessive administrative burden. Pilot applications have been started on two RNE-corridors and a rollout to other corridors is planned. The RNE-tool EUROPTIRAILS is used as the main source of data for this train performance monitoring. The use of the EUROPTIRAILS system supports the fulfilment of the above-mentioned requirement and also delivers automatically generated performance monitoring reports, as well as detailed reports needed for performance analysis.

³² According to the Regulation No 913/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 September 2010 concerning a European rail network for competitive freight

6.7 Conclusions on corridor management models

6.7.1 Corridor partnership

A transport corridor management group constitute a corridor partnership with participation of public and private stakeholders with the joint objective to facilitate the provision of efficient transport services along the length of the corridor and in its hinterland.

Corridor partnerships are advisory bodies principally responsible for facilitating transit traffic movement. The partnership may also initiate policy and regulation related to transit transport and trade facilitation. In general the responsibilities include:

- Facilitating removal of physical and non physical barriers to goods and persons transiting along corridors;
- Setting up stakeholders' network;
- Monitoring corridors' performance (observatories);
- Promoting corridors and business development along corridors; and
- Advocating for infrastructure improvement.

Due to the advisory role of corridor partnerships, the decisions taken by these bodies are seen as recommendations for others - e.g. national states, their leaders and their parliaments which have to take budgetary decisions. Therefore, the success of the partnership largely depends on its negotiation power inside the national states.

6.7.2 Corridor management arrangements

Transport corridor management should engage key stakeholders from the public and the private sectors. Both categories may be part of the problem and therefore, are also part of the solution.

The other factor, essential in the establishment of a corridor management, is the classification of the functions to form a management structure which can effectively handle a complex mix of policy aspects, coordination requirements and operational matters. The rail freight corridor organization structures the functions of the management groups into three levels:

- A policy organ (eventually the corridor partnership) which could have different formats depending on the circumstances, e.g. inter-government or public-private cooperation. The policy organ is the umbrella body for the corridor management and maintains the contacts to the member states. It provides strategic guidance supervises the management committee(s) and endorses the long term business plan.
- A corridor management committee representing the major public and private stakeholders. The committee may establish working groups or set up ad-hoc advisory groups. Main responsibilities include
 - Engage in improving the efficiency of transport operation, transit procedures, and maintenance and development of transport infrastructure
 - Actively market the corridor
 - Create strategic partnerships with senior government officials and business leaders
 - Oversee the performance of the secretariat
 - Mobilize funds for the secretariat and corridor development related activities
- A secretariat to deal with operational activities. The core functions of the secretariat may include:
 - Provide technical advice to the management and the working groups;
 - Manage corridor monitoring activities
 - Advise stakeholders in addressing key issues hindering delivery of efficient transport services along the corridor

- Market the corridor through dissemination of information at various fora
- Undertake administrative and finance management functions
- Establish productive working relationships with stakeholders, other corridors and institutions

A national trade facilitation committee may be organized to support the work of the management committee by harmonizing the implementation and the application of existing and new conventions and regulations and promoting facilitating rules and procedures affecting the efficiency of transport operations.

6.7.3 Corridor organization within and outside the EU

The general recommendations for transport corridor governance have to consider a wide variety of framework conditions as in the case of the EWTC, which only partly is within the EU. The EWTC corridor partnership is confronted with political hurdles, different organisations of responsible ministries, varying structures for infrastructure and transport management as well as unclear and bureaucratic administrative regulations; problems, which are at least partly solved by the harmonization within the EU.

The organization of corridor management within the EU can rely on a common framework of regulations which provides a joint basis, when detailing the requirements for the management structures. Still, the detailed regulations only govern the cooperation of rail infrastructure managers and related rail transport undertakings that have an evident joint business case. The organization of the TEN-T corridors, which include road and to some extent also waterborne transport is a more open issue.

The appointment of a corridor manager by the Commission is to ensure some stability in a situation with a number of public and private stakeholders from different transport modes and diverse member state priorities. The TEN-T core network is also a land transport network. Motorways of the Sea are foreseen as complementary links in the comprehensive network but they are basically business undertakings where the public infrastructure plays a limited role. Thus they are difficult to integrate in a network of public transport infrastructures. However, they have an important role in the EWTC.

7 A BUSINESS MODEL

7.1 The EWTC Association

The East West Transport Association defines the EWTC as specified infrastructure links and intermodal transportation routes between Asian countries (China, Kazakhstan, etc.) Russia, Belarus, Ukraine, countries of Black Sea Region, Southern Baltic Sea Region countries (Lithuania, Northern Germany, Denmark, Southern Sweden) and the markets of Central, Western and Northern Europe. The mission and operational objectives formulated by the Association will serve in this chapter as a basis for a discussion on a potential business model for a corridor with the complex structure of an organization as the EWTC.

The EWTC Association is a legal entity supported by different financial sources and bodies (EU Baltic Sea Foundation, EC Directorate General for Regional Policy (grant), FP7 BESTFACT project and others. The EU Baltic Sea Strategy characterizes the association as a model of green freight transport corridor and its successful implementation could serve as an example of best practice in the transport sector across Europe.

The mission of the partnership is to carry on the long-term promotion of the East West Transport Corridor past the end of the EWTC II project, which in fact only addresses only a part of the very long land transport corridor between Europe and the Far East. The high level objectives however are coinciding with those of the EWTC II project, e.g.:

- to assist in the identification and removal of bottlenecks along EWTC,
- to contribute to the simplification of documentation and clearance procedures at border crossing points,
- to apply green transport innovations and new technologies,
- to make a significant contribution and generate added value in terms of handling and developing trade flows between Europe and Russia, Belarus, Ukraine, Kazakhstan and China and other Far East countries.

7.2 The business scope

The EWTC II report “Information Broker”³³ defines the business model as the description of the value an organization offers to various customers and portrays the capabilities and partners required for creating, marketing, and delivering this value and relationship capital with the goal of generating profitable and sustainable revenue streams.

The EWTC II memo on “Green Corridor Business Models” analyses some business models in a green freight transport corridor and concludes that the corridor offers several business opportunities with a potential based on true competitiveness which in the end is a prerequisite for a well functioning green freight transport corridor. Initial interventions may be needed from public/governmental initiatives in terms of both “sticks and carrots”, although the “sticks” normally have to have a wider application range than a specific corridor.

The most important factor is certainly to establish and maintain stable rules and incentives models for using the corridor. If this happens and is trusted by the market, sustainable business will to a large extent evolve by its own force. The report concludes that “the work in developing the corridors as more efficient, faster and more cost effective transport solutions should concentrate on emphasizing the corridor thinking as such. Green or not green is not the real

³³ Task 3C Final report, NetPort Karlshamn 2012-02-15

issue; by making any corridor working more smoothly the green aspect will in most cases come as a natural result of a clear business focus”.

A corridor partnership that wants to pursue sustainability objectives in parallel to promoting transport business, has to manage a corridor in which a number of companies and organisations are pursuing their own business models, e.g. intermodal train services, terminal operators, roro-services, ITS services (Information Broker)

In the report Business Models for Intermodal Transport Intermodal road-rail transport in Europe³⁴, Jonas Flodén has illustrated some of the complexity of such an environment.

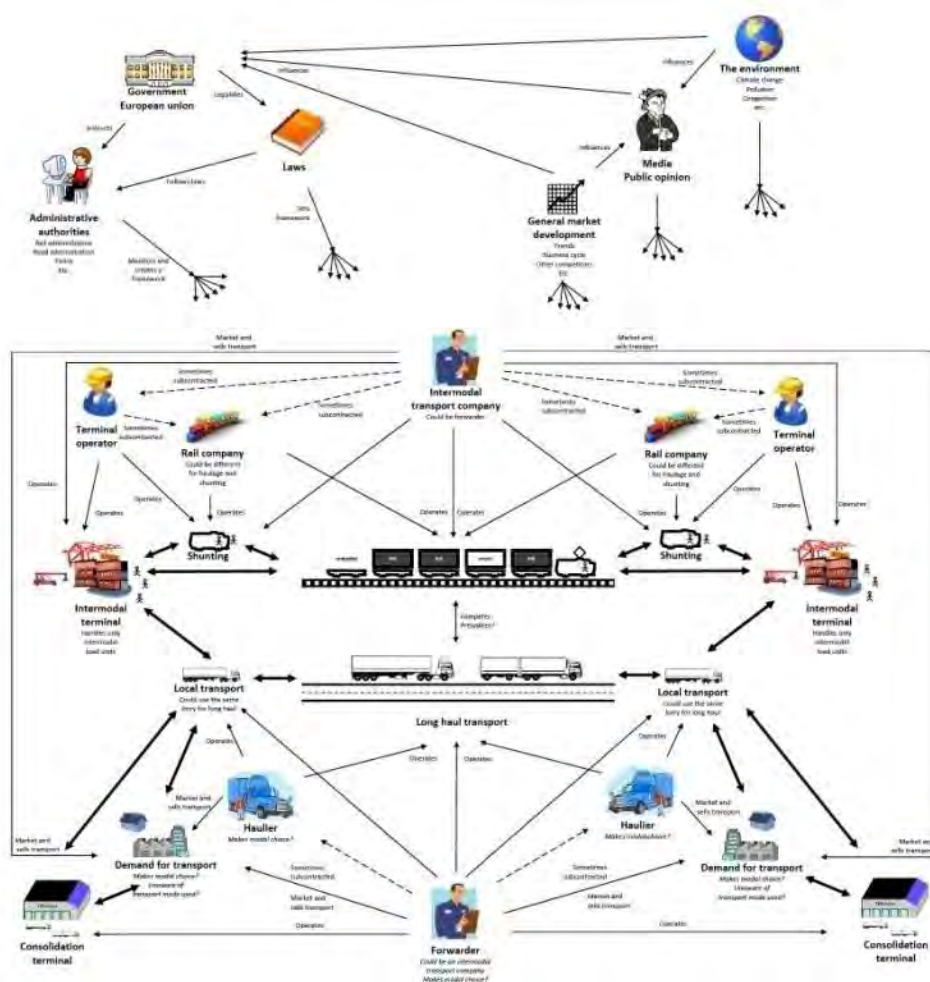


Figure 20: A view of an intermodal system according to Flodén 2009³⁵

The figure illustrates that the partnership has many parties to consider sometimes with diverging business concepts and probably also with different understanding of the green objectives. However, the success of the partnership from a business point of view (there are other success

³⁴ Jonas Flodén, *Business Models for Intermodal Transport Intermodal road-rail transport in Europe*, International Business Research Conference The University of North Florida February 13-14 2009

³⁵ Flodén, J. (2009). *A systems view of the intermodal transport system*. Gothenburg: School of Business, Economics and Law at the University of Gothenburg.

factors as well, such as transport cooperation) is determined by the output of the transport system that constitutes the corridor in competition with other corridors.

This will also affect the decision making in the partnership. The corridor with the greatest power to control and direct the operations in the corridor will use his power to coordinate the channel and to prevent independent channel members to operate only according to their own self interest. In the EWTC case it may be assumed that the channel leader, from a business viewpoint, will be the actor coordinating the intermodal transport solutions, e.g. a railway company or a major forwarder.

There are of course other objectives, which have to be pursued, but the commercial achievements of the stakeholders in the corridor are certainly a major success factor. It follows that the stakeholders' ability to promote the commercial success will have a major influence on the overall development and sustainability of the cooperation in the corridor.

7.3 The stakeholders

The fulfilment of the objective to maintain and improve international competitiveness and at the same time develop and deploy a green transport corridor strategy requires involvement of a wide range of stakeholders.

- Political supporters who ensure a certain stability over time and the engagement of the necessary administrations and qualify the corridor for a recognition in Europe and beyond
- National and regional administrations responsible for policy, infrastructure development, customs.
- Business undertakings publicly and privately owned that buy and sell transport services related to the corridor.
- Pressure groups and promotional programs for advancing trade, intermodal transport, sustainable corridor management etc.
- Universities seeking to widen their academic networks and wanting to take part in the innovation process.

The stakeholders from outside the EU are basically the same, but different administrative structures and centralised and complex decision making as well as financial restrictions may hamper their participation. However, it is important that the relevant services are identified to ensure the international cooperation.

The political support is based on the assumption that more trade and transport via the corridor is of benefit to the people in the affected regions. An active political support opens doors for facilitation of regulations and public funding of infrastructure. The carriers and the terminal operators are the beneficiaries as the concentration of trade flows in the corridor due to better services increases. Shippers may discover new trade routes which increase demand and offer opportunities for further expansion of the service.

With regard to the organisation of the stakeholder community it may be wise to consider that the community could consist of rather heterogeneous groups with respect to their interest in the corridor. Not all stakeholders have to be directly involved in the corridor management. The remaining stakeholders can be organized as advisory groups around special issues, which may be a better way to keep up their engagement without having to burden them with other questions, which is outside their sphere of interest.

7.4 Value propositions

Fulfilling the general objectives for corridor development requires five types of activities:

Policy support – Translation of the political interests into policies for guidance and communication with all stakeholders.

Trade and transport facilitation - The aim is to support trade and economic development through improved transport infrastructure and transshipment points as well as removal of the bottle-necks which promise the best contribution to the green objectives.

Performance monitoring – Introduction of common standard procedures for identification of bottlenecks and other problems. Regular assessment of performance development, especially the green KPIs.

Information facilitation - Support to the development of a “soft infrastructure” in order to facilitate communication and information exchange between the stakeholders.

Communication – An important task is the branding of the corridor as a Green Freight Transport Corridor. The green identity of the corridor has to be supported by the dissemination of objectives, programmes and results.

This complexity of the Association's field of action must be reflected in its business model and value proposition. The Information Broker report outlines an example for a value proposition for the information broker. The following table illustrates a value proposition for the EWTC corridor partnership based on the same methodology, which echoes the demands of the activity list.

		Information Broker	EWTC Association
OFFER	Value offer(s)	Increase cost-efficiency with timely real-time information. A simple and cheap way of finding and accessing external information sources helping the customer increase transport safety or transport efficiency (e.g. by more correctly estimate time of arrival) in order to become more cost-efficient. Example of information sources: traffic information, local weather information	Increase cohesion and transport volumes while meeting “green” criteria in the EWTC Corridor Assisting the commercial partners in improving their business, promoting innovative green transport solutions, providing soft infrastructure, supporting cooperation between states, authorities, academia and commercial stakeholders
CUSTOMER	Target customer	Carriers	Shippers Carriers Port/terminal operators Ministries Universities
	Channels	Communicated via industry press, industry events, newsletters, (e)mail, sales calls, sales meetings, partner organizations Digital delivery	Task forces Workshops Newsletters Reports
	Customer relationship	Technical service Developer support User support Personal assistance and self-service, discussion forums Adding more information sources Co-creation	Policy and strategic development support Trade facilitation activities Information chain support
FINANCE	Revenue streams	Subscription fee from customer OR kickback from information provider Setup fee Brokerage fee List price, volume dependant, feature dependant	Member contributions Public (EU) support in combination with regional/national funding Eventually user fees, if the association could profit from some joint business undertakings, e.g. the information broker
	Cost	Team and management	Association management

		Information Broker	EWTC Association
	structure	Infrastructure and related management Marketing Service/Support	Fact finding missions KPI management and marketing Improvement/innovation proposals
INFRA- STRUCTURE	Key activities	Partner information source access maintenance	Active, up-to-date member base information
	Key resources	Information Broker System Service and support personnel Marketing Online shopping window and (unified) testing interface	Association secretariat Marketing (strong web presence) Partner support in kind
	Key partners	Information providers (for profit or public service)	Associated regional or national administrations, Railway undertakings Maritime carriers

Figure 21: Value propositions

The practical options to fulfil the demands of the value proposition are further explored in the following chapters.

8 GOVERNANCE MODELS

The choice of a governance set-up for the corridor shall reflect the scope of the corridor agenda. On the other hand, the scope has to be sufficiently defined in terms of mission and geography to give the governance organization a framework for its activities. The corridor agenda is also affecting the choice of management format. Several options are available with different legal implications.

8.1 Non-profit organization or association

“Association” is used to indicate different forms of cooperation (among other things). A general definition is “a written pledge to carry out an undertaking” or “an organization of persons having a common interest”³⁶. Another characteristic is that the association should be owned and controlled by the people it serves, and share any surpluses on the basis of each members' cooperative contribution.

There are many different legal formats for an association depending on the activities performed and the financial conditions.

Non-profit organization (abbreviated as NPO) is neither a legal nor technical definition but generally refers to an organization that uses surplus revenues to achieve its goals rather than to distribute them as profit or dividends. The members also normally have the same rights and duties (“one man, one vote”). Most countries have laws which regulate the establishment and management of NPOs and which require compliance with corporate governance regimes. The NPOs have a wide diversity of structures and purposes. For legal classification, there are, nevertheless, some elements of importance, which basically relate to the organizations legal status and tax situation.

Comments with regard to a multimodal transport corridor:

Many association options are available. Many members make the organization difficult to manage. Focus on one concrete objective and no differentiation possible between members with different interests and objectives and little flexibility to absorb different business cooperation's within the organization.

8.2 Strategic Alliance

A strategic alliance can be defined as a “partnership between firms whereby resources, capabilities, and core competences are combined to pursue mutual interests”³⁷. Many fast growing technology companies use strategic alliances to benefit from more-established channels of distribution, marketing or brand reputation of bigger, better-known players. More traditional businesses tend to enter alliances for reasons such as geographic expansion, cost reduction, manufacturing, and other supply-chain synergies³⁸. The alliance creates a framework for working together and success depends on how creatively the partners are able to join their ideas and energies.

³⁶ Websters Third New international Dictionary

³⁷ Strategic Management: Competitiveness and Globalization, Edition 4, Thomson Learning

³⁸ http://www.1000ventures.com/business_guide/strategic_alliances_main.html

Alliances can be structured in various ways, depending on their purpose. None-equity strategic alliances, equity strategic alliances, and joint ventures are the three basic types of strategic alliances. The different types can be defined as follows³⁹:

- Joint venture is a strategic alliance in which two or more firms create a legally independent company to share some of their resources and capabilities to develop a competitive advantage.
- Equity strategic alliance is an alliance in which two or more firms take a share/equity in one another's business or only one of the businesses.
- Non-equity strategic alliance is an alliance in which two or more firms develop a contractual-relationship to share some of their unique resources and capabilities to create a competitive advantage. The separate business retain their own equity in a strategic alliance

Comments with regard to a multimodal transport corridor:

Focus on cooperation between a limited number of companies around a specific, common business objective. Even to the extent of sharing equity. Could only apply to few players in the corridor. However, the solutions might be attractive, if the corridor wants to provide an umbrella for pooling the specialities of different types of organizations with a wider overarching goal than business development, but still provide options for joint business development.

8.3 European Economic Interest Grouping (EEIG)

The EEIG offers companies or other legal bodies, firms or individuals from different EU countries with a joint objective that need to operate together across national frontiers a legal basis for cooperation without any demands for capital investments. The purpose of an EEIG: *"shall be to facilitate or develop the economic activities of its members and to improve or increase the results of those activities; its purpose is not to make profits for itself. Its activity shall be related to the economic activities of its members and must not be more than ancillary to those activities"*.

Consequently, a grouping may not *"exercise, directly or indirectly, a power of management or supervision over its members' own activities or over the activities of another undertaking" nor is it allowed to "hold shares of any kind in a member undertaking"*.

EEIGs can be compared with partnerships since, for instance, the members of an EEIG have unlimited joint and several liability for its debts. Other features of the EEIG are, however, specific to more structured forms of company: it can, for instance, act in its own name through managers who may or may not be members, in accordance with the rules that generally apply to capital companies.

The grouping's simple management structure and limited legal impacts on other business areas of partner firms make it an attractive form for promoting joint economic objectives within a legal framework. However, membership is limited to *"(a) legal bodies governed by public or private law, which have been formed in accordance with the law of a Member State and which have their registered or statutory office and central administration in the Community...."* and *"(b) natural persons who carry on any industrial, commercial, craft or agricultural activity or who provide professional or other services in the Community"*.

³⁹ According to wikipedia

An EEIG may enter into arrangements with organisations outside the EU, although these organisations cannot themselves become members of an EEIG. In such cases, these persons will not be considered as members but may have “associate” status. The form and content of the cooperation with these associate members are defined by the members.

An EEIG shall be a form of cooperation open to as many people and organisations as possible within the Union. The main requirement is that each member should have been engaged in an economic activity in the EU before becoming a member of the EEIG.

The members decide how the EEIG will be run. Normally this will be set out in the formation contract of the EEIG, but this is not a requirement, nor are there any demands for regular meetings or for decisions of the members to be taken only at meetings: all communication may be by fax, telephone or video-conferencing.

The members are free to decide the voting procedures for the contract of formation except for certain decisions fundamentally affecting the existence and operation of the EEIG, for which unanimous decisions are required. Each member has at least one vote. The contract of formation can give more than one vote to certain members (for example, if one member has subscribed a greater share of the capital or expertise), provided that no one member holds a majority of the votes.

Comments with regard to a multimodal transport corridor:

The EEIG offers the stability of a business undertaking combined with simple rules for membership and for designing voting rights. Several options for organizing the management corresponding to the activities are available. The EEIG is subject to European and not national legislation which emphasizes its neutrality with regard to national interests. The EEIG can also apply for European funding.

8.4 Anti-trust limitation

8.4.1 Collaboration in the start up phase

Any kind of dealing or contact, or a "meeting of the minds" between parties could potentially be regarded as illegal collusion according to EU law..

Keeping clear of accusations of anticompetitive behaviour may be complicated for business undertakings in the start up phase of a cooperation. As an example, the SmartWay cooperation⁴⁰, that has yet to establish a formal basis for the collaboration, has introduced some rules in order to avoid conflicts with anti-trust legislation:

- No companies/associations are excluded from joining the cooperation and there is no discrimination of members
- A clear antitrust statement is read at the start of the meetings (c.f. below)
- Furthermore everyone is asked prior to the close of the meeting if anyone feels that any anti-trust issues were breached during the meeting and the question and reply must be documented in the minutes
- Clear minutes are distributed after all meetings.

⁴⁰ SmartWay Europe Program is an independent initiative launched by companies from different industries to reduce carbon dioxide emissions in road freight transport. The aim is to develop and establish a standardized system for monitoring and reporting of CO2 emissions and CO2 efficiency in freight transport

However it is to be noted that the participating companies are major players on the transport market, e, DHL, Schenker, Kühne & Nagel, etc. where price agreements could have an impact on the transport market.

8.4.2 Cooperation as an EEIG

Community rules on competition aim at maintaining and developing effective competition in the European Union. These rules apply to cooperation agreements which appreciably affect the market situation. An EEIG is subject to these rules as is any agreement between enterprises. ⁴¹

An EEIG can be considered as a joint venture endowed with legal capacity. Although one of the characteristics of an EEIG is its ancillary role relative to its members, it is conceivable that a grouping, when operating in the market could be caught by competition rules i.e. by Article 85 of the Treaty of Rome or, exceptionally, by the Merger Control Regulation, if it has the character of a full function joint venture.

If doubts arise as to whether a planned EEIG is compatible with Community rules on competition, the participating members should notify the project to the European Commission, requesting "negative clearance" or exemption under Regulation 17/62.

Agreements of "minor importance"

Only those agreements which have an appreciable impact on market conditions are prohibited, in that they appreciably alter the market position (i.e. in other words, the sales or supply possibilities) of third undertakings and of users. If an EEIG meets the quantitative criteria of the agreements "of minor importance" (de minimis principle) it falls automatically outside the field of application of Article 85-1 in the Treaty of Rome. The market cap varies between 15-25% depending on the type of agreement. This means that when market shares raise above these limit the antitrust regulation may apply, although there are possibilities for exemptions.

State aid

Article 92 (1) of the Treaty of Rome prohibits State aid in any form which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods. However there are exceptions and the Commission has traditionally taken favourable stance towards State aid for SMEs and, in order to make its position clear to them in this area, has adopted a "Community framework for State aid to small and medium-sized enterprises".

If SMEs covered by the Community definition form an EEIG, this would not normally be prejudicial to their nature as SMEs given that they form EEIGs only for a precise object and for activities ancillary to their principal activities and that they retain their independence as regards capital and voting rights. They could therefore continue to receive State aid within the limits of this framework.

Comments with regard to a multimodal transport corridor:

Anti-trust limitations could become an issue for any type of cooperation of business partners, which does not offer non-exclusive access. The crucial factor is the cooperation's expected impact on the market. Cooperation between SME's is per se not expected to achieve a notable market domination, but the general rules still apply if the joint business should develop very successfully. If the business in the transport corridor develops profitably and the cooperating

⁴¹ The text in this chapter is an extract from: *The EEIG: an instrument for transnational cooperation. A practical handbook for SMEs 2nd edition. CEC Enterprise Policy 23-1998-00331-01-00-EN-TRA-00 (EN)*

organisations acquire a substantial part of the market, they might eventually fall under the antitrust legislation. But in the EWTC-case it might take some time to achieve a market dominance of 25-35% and if such levels are achieved, market shares are difficult to define and there are a number of exemptions, which would make it necessary to make use of the guidance provided from the EU.

8.4.3 Governance models may change as the transport corridor develops

Anti-trust limitations are probably not a problem for a corridor of the EWTC-type and furthermore, if they would appear, they do not depend on the governance model.

An association have the advantages that it is easy to establish. The in-step for new members is not high and a wide definition of scope and objectives make it possible to gradually adjust the targets to the demands of the members. However a geographically wide-spread membership and a mix of commercial and public organisations may make the organization difficult to manage as the organization grows. A strong and dedicated management with the necessary funds available is required.

Joint ventures, non-equity and equity strategic alliances are governance forms which focus on establishing a cooperation between a limited number of companies to achieve a joint competitive advantage even to the extent of taking a share/equity in each other's business. This approach concentrates on combining and exploiting very specific strengths of the companies involved, which does not seem to be a viable approach for a multimodal corridor, at least in its initial phase.

The EEIG offers the stability of a business undertaking combined with simple rules for membership and for designing voting rights. Several options for organizing the management corresponding to the activities are available. The EEIG is subject to European and not national legislation which emphasizes its neutrality with regard to national interests. The EEIG can also apply for European funding.

However, the EEIG requires a more rigid management structure and a more clearly defined business scope than what is normal for an association. That is why the founding of an EEIG requires some preparatory work in order to achieve trust between the partners and agree on a business scope. An association may provide a platform.

9 GOVERNANCE MODELS FOR A GREEN FREIGHT TRANSPORT CORRIDOR

9.1 The objectives

The value proposition demands “increased cohesion and transport volumes while at the same time meeting “green” criteria in the EWTC Corridor. This means assisting the commercial partners in improving their business and promoting innovative green transport solutions, providing soft infrastructure and supporting cooperation between states, authorities, academia and commercial stakeholders. The business prospects are an important indicator for the selection of which business undertakings to promote. Without the support of the commercial partners any such undertaking doomed to failure.

In order to meet both the green and business objectives the management organisation must fulfil three basic goals

- Support the development of the transport solutions in the corridor to the benefit of the regions served by the corridor and the stakeholders involved in the transport operations
- Support a practical deployment of the green demands on the transport operations in the corridor and monitor their development.
- Engage stakeholders, policy makers and funding organisations to support the corridor development and facilitate their involvement.

The first goal is a normal demand on assessment of logistic performance to improve the working of a transport chain, although often incomplete and not done with the required quality.

The second goal is the overarching demand for creating a green identity which is founded on a clear vision of the green freight transport corridor and a well defined methodology for its translation into practical deployment. A substantial part of the work is performance monitoring which of course includes the transport and the logistics activities.

The third goal emphasizes the need to market the corridor, to give it an identity, which facilitates the internal implementation of the monitoring mechanisms and the eventual restrictions imposed by the sustainability demands. A well-known identity also makes the corridor attractive to new operators, facilitates the reductions of bottlenecks and the financing of infrastructure as well as the funding of the governance organization itself.

While the two first goals are fairly operational, the third goal is far-reaching and not so easy to define. However, basically it consists of the two activities ‘policy support’ and ‘communication’

The following paragraphs detail the demands on the governance of a green freight transport corridor.

9.2 Governance activities

The following governance objectives, which have already been outlined in chapter 7.4 provide the management framework for the partnership:

9.2.1 Policy support

This type of activity is basically a translation of the political interests into operational policies for the development of the corridor engaging a kernel of dedicated stakeholders and a more or less permanent group of supporting organizations.

In a transport corridor with a “green” remit, it is especially challenging to transform the political ideas into policies which can serve as guidelines for the work with their realization in the corridor. There is little experience available which could be of assistance. Chapter 4.3 provides some food for thought, e.g. develop a harmonized set of KPIs and agree on a baseline for emission levels, energy use, social conditions and economic performance which characterizes a green freight transport corridor and makes it significantly better than the conventional transport service.

9.2.2 *Communication*

Communication is closely related to the policy activity. The relation between the political goals and the resulting policies must be explained, administrative and business organizations must be convinced and informed about challenges, goals, programmes and achievements. For a corridor with a green remit it is an important task to highlight the corridor’s identity as a green freight transport corridor in support of the green policies and for external public relations but also for creating a joint internal view on the sustainability objectives to be reached.

9.2.3 *Trade and transport facilitation*

The trade and transport facilitation activity is responsible for identification and removal of bottlenecks and other obstacles hampering the transport flow in the corridor. It engages key stakeholders with the decision power to support improvements. The facilitation activity relies on the support of the policy and communication activities to highlight technical and administrative problems in the corridor and convey arguments for their removal to the responsible organisations.

Improvements are related to the infrastructure linking the hubs. The hubs themselves are also involved in the facilitation process through improved infrastructure and the development of innovative handling solutions

The one-stop-shop (OSS) for rail freight corridors could be considered as a service which is part of the facilitation activity. Information facilitation contributes by creating the necessary prerequisites for the information interoperability between the parties involved. The OSS is defined by the Commission as a coordination tool for the rail freight services in the corridor. It should be corridor-oriented and not nationally oriented and its establishment is a responsibility for the corridor’s management board. It should be implemented on the basis of rules and procedures which are to be agreed within the Management Board of a corridor and make use of standardised procedures and tools employed in all corridors.

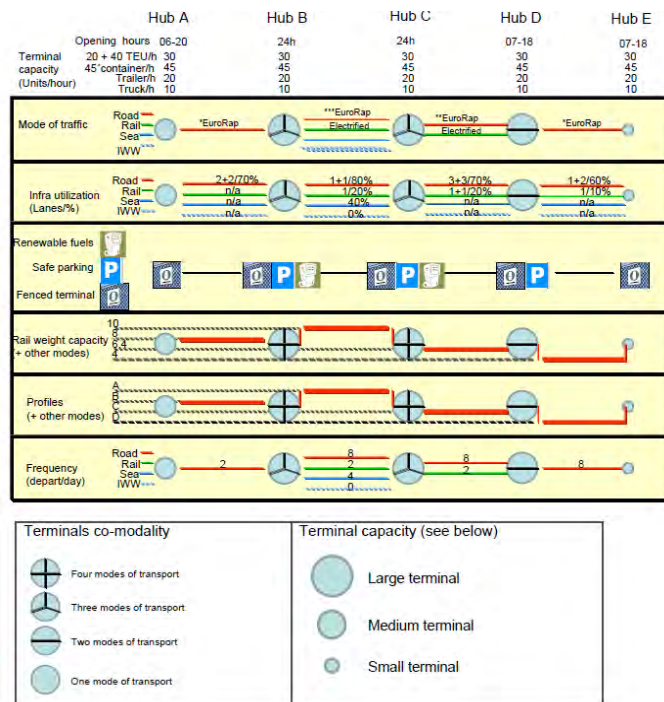
9.2.4 *Performance monitoring*

A transport corridor with the objective to establish itself as a green freight transport corridor has to carefully monitor the development of the performance of the corridor towards sustainable logistics solutions. It is a major task to introduce and monitor a set of indicators reflecting the sustainability dimensions in addition to the monitoring of the common operational indicators normally used in transport and infrastructure management. The selection of the indicators is complicated. On the one hand they should provide a reasonably true reflection of the performance of the corridor and on the other hand they should be possible to collect at a reasonable cost (c.f. chapter 4.2).

The Green Corridor Manual on KPIs⁴² proposes a “dashboard” to provide a management overview of the KPIs. The intention with the dashboard is also to emphasize the focus on

⁴² *Green Corridor Manual (Draft) Key Performance Indicators (KPIs) and policy measures in green transport corridor establishment. NetPort.Karlshamn 2012-02-10*

cooperation and corridor performance instead of focusing on isolated hubs or regions. There is no use in outstanding performance in one transport link or hub, if upstream and downstream links or hubs perform less good or even worse.



Terminal capacity

- Opening hours
- Transit time
- Max number of lifts between rail and road
- Max number of container lifts
- Max number of arrivals and departures
- Max size of trains/vehicles/vessels

Figure 22: Proposal for a dashboard for KPI monitoring³⁵

9.2.5 Information facilitation

Providing a soft infrastructure for access to different public information sources and to enable efficient communication and information exchange between all stakeholders are important tasks for the management of any logistics system. It is especially critical for a green freight transport corridor with its combination of the needs to be logistically efficient and the demands for high quality performance monitoring.

The soft infrastructure consists basically of agreements and standards to enable the electronic information flow between the electronic management systems used in the corridor. The task is very complex due to the many data formats, which must be handled by each stakeholder when interacting with others. As the number of connections grows, so does the complexity of system integration demanding an individual effort for interfacing with each of the feasible solution other information providers.

Where standards are not yet available, the Information Broker is a feasible solution to provide the required interoperability. However, it needs a management framework to handle technical as well as administrative issues. A framework, which has to be trustworthy and independent from any of the interests of the corridor partners, i.e. a natural part of a corridor management responsibility.

In the future, the information broker may develop into a platform providing one-stop-shop services via a single window, which provides easy access to booking of combinations of other logistics services and a single point for mandatory reporting.

9.3 Governance organization

9.3.1 *Alternatives*

The organization of the management of an international, intermodal transport corridor partnership involving EU and non-EU states has to be able to:

- function in an international context,
- promote the co-modality of rail, road and maritime transport
- engage public and private stakeholders,
- liaise with political fora and business environments.
- bridge the gaps between the EU regulatory framework and the differing systems governing trade and transport in Belarus, Russia, Ukraine and beyond

These objectives must be met at the same time as the organization performs the activities discussed in the previous chapter. The corridor partnership also has to provide a robust organizational framework for the one-stop-shop, the green monitoring system and the information broker. The partnership has to cope with a wide range of tasks which would require some permanent staff to ensure a adequate service level. The partnership should also be able to appear as a contractual partner for common undertakings.

Cooperation in form of a non-profit organisation (NPO) or an association might be considered at least for the start-up phase, but in the longer perspective such an organisation would have problems to cope with the variety of tasks ranging from policy promotion and contractual issues to information broker management as well as ensuring the sustainable allegiance of an inhomogeneous member population. The organization would also be governed by the laws in the country of its registration, which may be regarded as contradictory to its international scope.

The EEIG is governed by EU-legislation and it enables organizations from non-EU countries to join as associates. It is a more formal cooperation than a NPO or an association and as such it requires more administration and a stronger commitment from its members, which at the start-up may be difficult to become. On the other hand, once the commitment is made, the member is more closely bound to the organisation, facilitating sharing of staffing and other joint costs. The EEIG may also do business in its own right provided it supports the activities of its members, which enables the EEIG to negotiate joint contracts.

Considering the wide variety of task to be performed by the partnership and different types of organizations s involved in the corridor partnership a non-equity strategic alliance which aims at pooling resources, is hardly a feasible solution. It would require setting up of a number of contractual relationships between the partners based on well defined unique resources and capabilities of the contractual partners. It would also be an organisation without an explicit management function

An equity-based strategic alliance, which implies that two or more firms take a share/equity in one another's business or in only one of the businesses require a strict business focus which is too narrow for the corridor partnership.

10 A PROPOSAL FOR A PARTNERSHIP SUPPORTED BY AN EEIG

10.1 A general approach

The examples of rail corridor management in this report have the advantage that they are concerned with a rather well defined environment, both with regard to the players and the geographical scope. The business objectives are clear and a hierarchy from the ministry, the infrastructure manager to the railway undertaking is already given.

No such easy starting point is available for the organization of the management of the coordinators of the TEN-T Core network involving different modes and less well defined limits of the corridor. To make it even more complicated, when the corridor integrates roro-business undertakings and cooperation with non-EU countries.

The following figure illustrates a general view on the management of a corridor partnership with an executive board at the top and a structured management alliance below.

The Executive Board sets the policy framework and a membership should be linked to a concrete commitment to the goals of the partnership and a provision of resources for promoting them (policy influence, administrative support, financing etc.). Given the importance of the roro-operations in the corridor,

The Executive Board should involve key business representatives (shippers and carriers) to bring in the commercial links. Other stakeholders who are less inclined or with special interests may be organized as advisory groups.

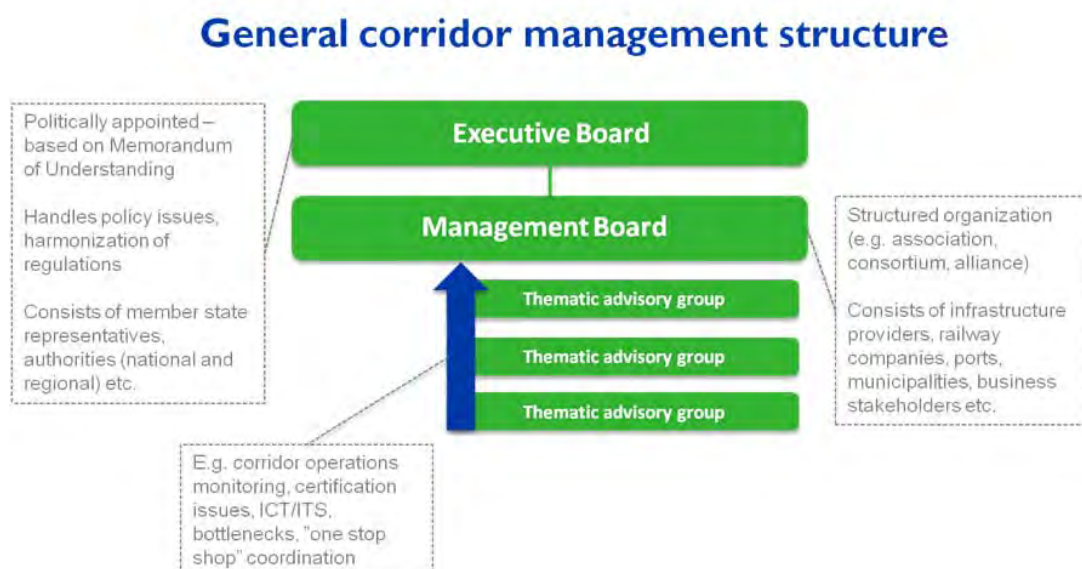


Figure 23: A general management structure

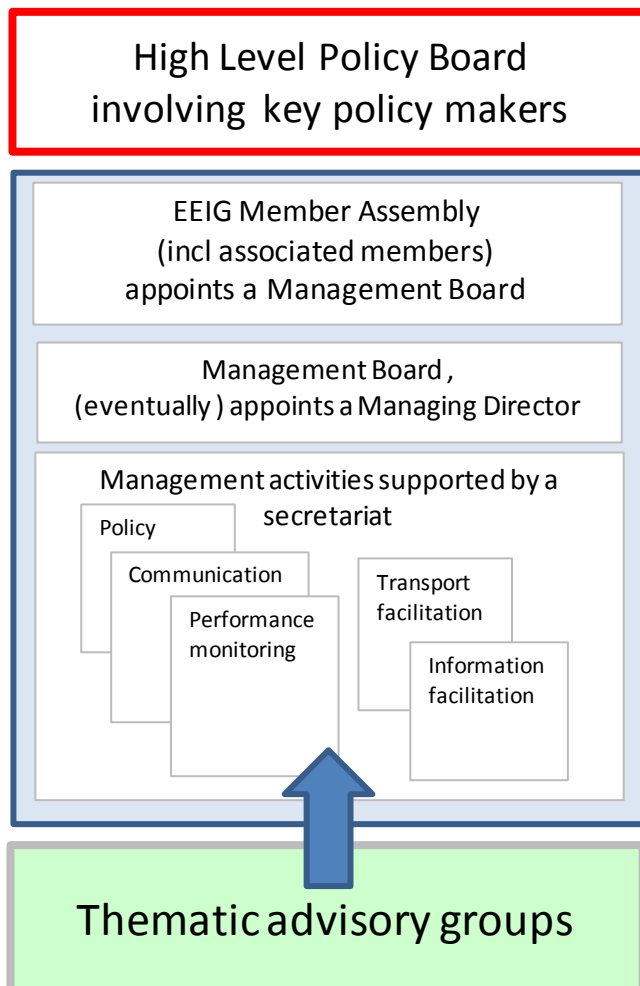
The Management Board should be appointed by the members and be supported by a project office headed by a managing director. The advisory groups should basically be linked to the management board, but groups for high level contacts may best be associated to the Executive Board

10.2 Working together as an EEIG

A slightly revised organization structure is presented in Figure 2421 modelled on the example in Fig 14 outlining a EEIG organizational structure. A High Level Policy Board replaces the Executive Board, which is not part of the EEIG. This is to ensure involvement of important organisations, which cannot or will not become members.

A broad membership is of course very important. An initial cooperation in a more open form of association may be a good start-up platform for the founding members. In order to facilitate the start, the membership could be organized around a limited number of focus themes, which at a later stage can be widened to encompass the whole scope of the corridor. Given the need to integrate non-EU stakeholders it will be important the engage these as associated members.

The members of the EEIG elect a Management Board (consisting of some of the members), which directly or through an appointed managing director supervises the activities decided by the members.



A small secretariat is necessary to coordinate and support the work, which to a large extent will have to be carried out by the members themselves. Additional groups of organisations with an interest in the development of the corridor may also be identified, but the membership should be limited to organisations with immediate interests in the corridor, be they business or regional development.

It is to be expected that some of the business partners in the corridor which are members of the EEIG may enter into joint business ventures as the corridor develops, which would perhaps change the membership structure (i.e. a joint company replaces two previous member companies), but would not necessarily change the scope of work of the EEIG.

Figure 24: The Corridor EEIG

10.3 The EEIG Member Assembly

The EEIG Member Assembly consists of a mix of public and private organisations in EU and Non EU member states. They should formalize their working rules (meetings, etc.) and designate a chair member representative for a specific period to coordinate its activities.

The main tasks of the Assembly are:

- To organize the High Level Policy Board
- To define the general objectives of the freight corridor, their supervision in cooperation with High Level Policy Group.
- To appoint the Management Board and its chairperson
- To approve the annual financial statements and the budget for the next year together with a development plan for the next three years.

10.4 The Management Board

The Management Board shall govern the organization by establishing policies and goals based on the framework adopted by the Member Assembly and adopt its own rules of procedure. Its main tasks are to:

- select, appoint, support and review the performance of the Managing Director;
- appoint the Thematic Advisory Groups
- ensure the availability of adequate financial resources;
- ensure effective follow up and control of the activities
- approve annual budgets;
- account to the Member Assembly for the organization's performance;
- set the salaries and compensation of company management

10.5 The secretariat

The Management Board can appoint a permanent organisation to support the implementation of the corridor. It is suggested that this permanent organisation is staffed by full-time, dedicated people, located at one place, eventually in the premises of one of the members.

11 FINANCIAL CONSIDERATIONS

11.1 Budgetary framework

The activity of the EEIG will be based on an annual budget. Membership share of initial payments, losses and eventual profits will be regulated in the membership agreement. The budget, based on a plan for the activities to undertake during the year and confirmed by the Management Board, will indicate what contributions are expected from different members and from third parties, in cash or in kind and the estimated cost for the realization of the activities.

Cost and revenues for the management of the information broker and the performance monitoring system should be part of the budget as well as the one-stop-shop. The information broker should be outsourced to an external professional body for better control of the economic risks. The one-stop-shop may be outsourced to one of the rail partners under conditions to be negotiated. The performance monitoring system is a kernel activity of the EEIG, but it will hardly provide any income and so appear less attractive to the business members. However, it is very important for building the "green freight transport corridor" label..

The budget should be reassessed quarterly in combination with a normal business review of the financial statements.

In comparison with an association based on membership fees, the EEIG offers a more firm basis to work from, although it will be more complicated to get all the members to commit themselves and require some serious monitoring of the activities. On the other hand, at least to the business partners, these are normal proceeding in any business undertaking and would emphasize the seriousness to promote the corridor and also clearly indicate the risk they are running.

A strict budget and activity plan is of course also possible in an association, but in practice it tends to be less stringent, especially as the collection of the forecast membership fees for the business year have a tendency to be late or default completely.

11.2 Funding options

A minimum budget for setting up the EEIG partnership may amount to 0,5-0,8 million EUR. The amount would cover the costs of a managing director and a secretariat of 1-2 persons with resources for travel, budget preparations, project acquisition and negotiations as well as some external support for at least three years. The amount strongly depends on the location of the secretariat and the conditions for its staffing (salary levels, free office space etc.). A smaller start-up capital could be envisaged provided a major project with external (EU) funding running for 2-3 years.

The members should bring in the founding capital before the operations start. It will hardly be possible to find twenty members willing to pay 15-25.000 EUR each, so some members will have to pay more than others, which then would also be reflected in their voting rights. Some major investors have to be looked for. Given that the regions, the ports and the rail infrastructure owners are the major beneficiaries they should be approached to cover the bulk of the initial capital, which will lower the threshold for recruiting additional members.

Different constellations of members are expected to contribute to the budget of specific projects, which has to be negotiated separately with the interested parties. This will allow for a mix of participating organisations, be they small or big, based on the need to achieve a common result.

It will also be easier to allocate losses separated from the costs to be shared for common activities, e.g. information or the monitoring system.

The proposed two-step approach separating the costs for setting up the EEIG from the negotiation of the financing of the different projects aligns the activities of the partnership with common business procedures and simplifies the interaction with the members of the EEIG and external parties.

Administrative costs should be retrieved as overhead on the project activities. However, this would not be feasible for activities like the green monitoring system, which clearly requires continuous support. On the other hand it is a most interesting topic for R&D, which may open good possibilities for external financing.

In general revenues from commercial activities are going to be scarce. The information broker is an exception and maybe also the one-stop-shop, but the revenues can only be expected to cover the respective service and will not give any surplus for other activities of the partnership.

Projects' budgets will have to be composed of contributions from the partners involved, members and non-members, commercial and public, enhanced with support from EU programmes, if possible. They offer an obvious source for funding especially with the green freight transport corridor label.

With respect to the EWTC-case, it is a drawback that the corridor is not a part of the European core network, but it connects to the Helsinki-Valetta corridor in Malmö and to the Baltic-Adriatic corridor in Kaunas. The connection Klaipeda-Kaunas-Vilnius-Minsk-Kiev is identical with the Helsinki corridor nr IX. It may be argued that both as a feeder to the core network and as one of the designated links to Belarus and Ukraine, the EWTC-corridor would qualify for some support of infrastructure investments.

It would also be logical to apply for MoS funding of the link Klaipeda-Sassnitz, and consider EU R&D framework support for the implementation of the monitoring system, which obviously demands development of both theory (R&D) and practice (TEN-T).

Other sources of income could be generated by conferences with a fee for attendance or even some consultancy work for members or non-members.

12 CONCLUSIONS

12.1 Pioneering work in the EWTC

EU concepts for corridor management are difficult to apply on the EWTC corridor. It is only partly a part of the European Core Network, which excludes the nomination of a corridor manager appointed by the EU. The rail links are not part of the nine rail freight corridors and the two central links are maritime roro-connections, which are basically business undertakings. The corridor also includes links outside the European Union, which complicates management and funding.

Furthermore, there is not a generally accepted definition of a green freight transport corridor and of its operational characteristics. The EWTC II project is making pioneering work to find a comprehensive and realistic response all these challenges.

12.2 Favouring the EEIG

After reviewing the formal prerequisites for corridor management in the EU, discussing a practical business model and considering the governance options, the report concludes that the wide remit of a governance model for a green transport corridor makes it difficult to propose one specific approach for organizing the management, especially for a corridor with the characteristics of the EWTC. A challenging mix of policy and business demands is to be satisfied at the same time as the economic prospects are rather unclear.

The report proposes that the format of an EEIG, a European Economic Interest Grouping, would be the most favourable option. But the condition is that there is a firm commitment from all stakeholders, the national and regional authorities, the major infrastructure owners (rail, road, ports) and the major transport operators (roro- and rail-operators, ports and other terminals, major forwarders).

The reasons for favouring an EEIG are that it offers the stability of a business undertaking combined with simple rules for membership and for designing of voting rights. The EEIG can also do business in its own right. Several options for organizing the management corresponding to the activities are available, but the joint liability speaks for structuring budget work and financial follow-up according to normal business procedures which are well-known to the commercial partners. The EEIG is subject to European and not national legislation, which emphasizes its neutrality with regard to national interests. The EEIG can also apply for European funding.

12.3 Starting out as an Association

Any commitment between organizations to cooperate has to be based on trust and a clear assessment of the risks. This is also true for the potential EEIG-partners. They must be given time to get to know each other and to understand what could be their business case and how this may be supported by a cooperation in the actual transport corridor. However, they also have some homework to do regarding their own organization's green profile and what concrete steps they are willing to support in order to improve their own operations and for the corridor as a whole.

If the partners in a corridor do not know each other, which could be especially true for a corridor involving EU and non-EU partners, an association may offer a practical format for organizing the

initial cooperation and provide the initiators with a platform for preparing the more formalized cooperation in an EEIG. This would include exploring costs and benefits of the potential partners and discussing their role in the community. All potential members do not have to present from the start. The initial membership community of the EEIG may be gradually widened. However, the economic conditions have to be clarified from the start, even if they may be revised at a later stage through negotiations in the member community.

12.4 EEIG organisation

The EEIG Member Assembly represents the shareholder's community and is responsible for setting the long term objectives of the partnership, for the economic stability and for setting up and supervising the Management Board. This organization is responsible for the operational activities within the framework of set by the Member Assembly, setting budgets and presenting the financial statements prepared by the Managing Director who has the responsibility of the daily operations. A High Level Policy Board supports the Member Assembly. The Board may be a way to involve organizations, which for some reasons may be reluctant to become members, although they still want to support the cause of the corridor (please refer also to chapter 10 and Figure 24).

12.5 Focusing on financial stability

The financial framework of the EEIG should be transparent and structured according to normal business procedures, which makes it easy for all parties to assess their commitment and the associated risks. Annual budgets and quarterly follow up of the financial situation structure the interaction with the members and gives the management clear guidelines for their work.

The budgeting of the activities is an important tool to ensure a beforehand assessment of the revenues and costs, which then can be discussed and firmed-up into concrete commitments.

In comparison with an association based on membership fees, the EEIG offers a more firm basis to work from, although it will be more complicated to get all members to commit themselves and require some serious monitoring of the activities. A strict budget and activity plan is of course also possible in an association, but in practice it tends to be less stringent, especially as the collection of the forecast membership fees for the business year have a tendency to be late or default completely.

12.6 Funding options

The members should bring in the founding capital before the EEIG starts its operations. It would be necessary to finance a budget which would cover the costs of a managing director and a secretariat of 1-2 persons with resources for travel, budget preparations, project acquisition and negotiations as well as some external support for at least two years. However, it will hardly be possible to find twenty members willing to pay 15-25.000 EUR each, given that a minimum budget for setting up the partnership may amount to 0,5-0,8 million EUR.

This means that some members will have to pay more than others, which would then also be reflected in their voting rights. Some major investors have to be looked for. Given that the regions, the ports and the rail infrastructure owners are the major beneficiaries they should be approached to cover the bulk of the initial capital, which will lower the threshold for recruiting additional members

Different constellations of members are expected to contribute to the budget of specific projects, which has to be negotiated separately with the interested parties. This will allow for a mix of participating organisations and it will also be easier to separate the project budgets from the costs to be shared for common activities, e.g. information or the monitoring system.

The proposed two-step approach separating the costs for setting up the EEIG from the negotiation of the financing of the different projects aligns the activities of the partnership with common business procedures and simplifies the interaction with the members of the EEIG and external parties.

Administrative costs should be retrieved as overhead on the project activities. However, this would not be feasible for activities like the green monitoring system which clearly requires continuous support. On the other hand it is a most interesting topic for R&D, which may open good possibilities for external financing.

In general, revenues from commercial activities are going to be scarce. Projects' budgets will have to be composed of contributions from the partners involved, members and non members, commercial and public, enhanced with support from EU programmes, if possible. They offer an obvious source for funding especially with the green freight transport corridor label. Other sources of income could be generated by conferences with a fee for attendance or even some consultancy work for members or non-members.