



**RECORDIT**  
**Final conference**  
**Brussels, December 20th. 2001**

**WP6**  
**Costs and prices -**  
**imbalances and inefficiencies**



## **The purpose of work package 6**

- **Identify current costs of operators**
- **Identify and calculate real costs of intermodal and all road transports**
- **Compare these two sets of costs, and see if the external costs are being covered by the payment of taxes and charges**
- **Compare current costs with market prices**
- **Explain imbalances between costs and prices**

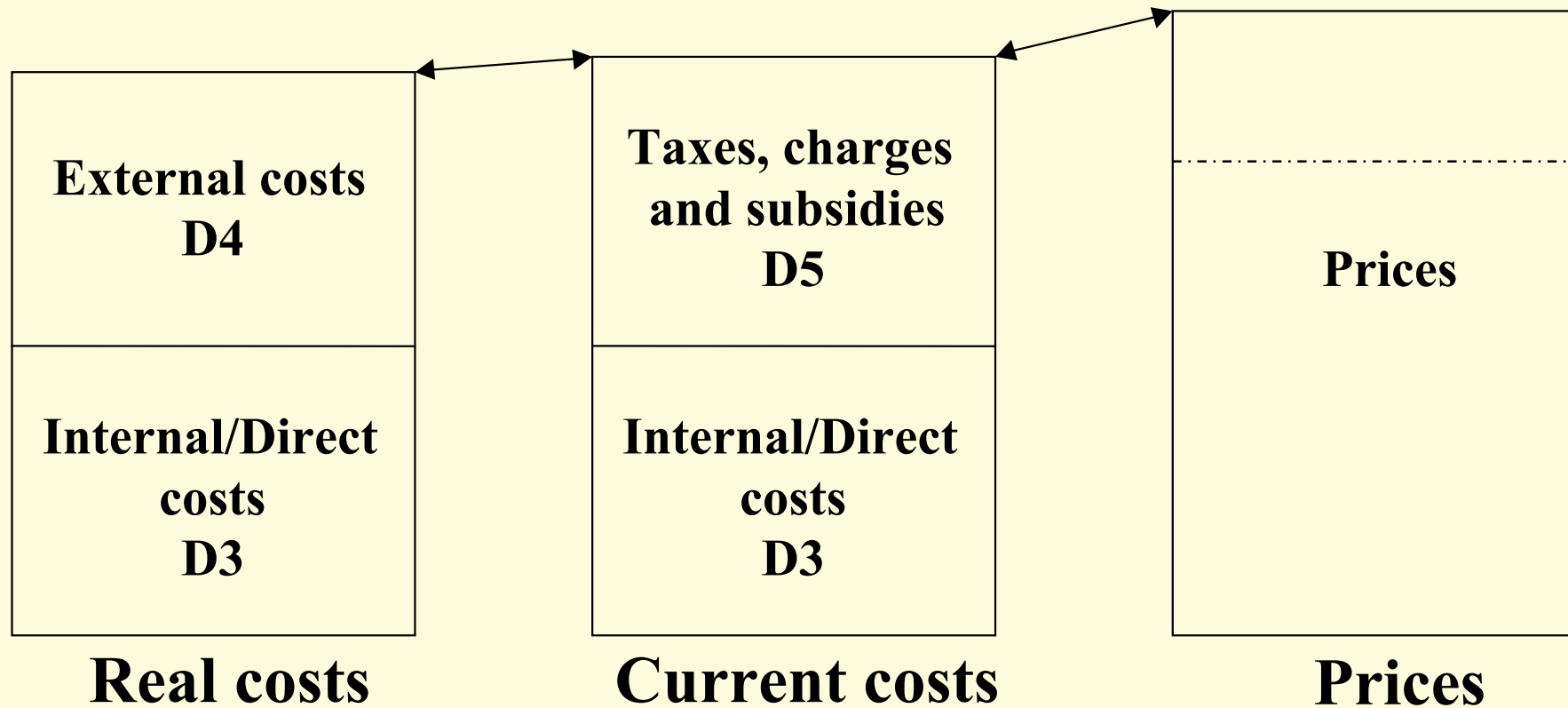


## **The methodology of work package 6**

- **Identify all relevant cost elements derived in the former work packages**
- **Establish consistent and comparable cost structures for both current costs and real costs**
- **Calculate and explain the link between taxes and charges and external costs**
- **Go behind the prices by adopting a sensitivity analysis on costs**



## Cost comparison within work package 6



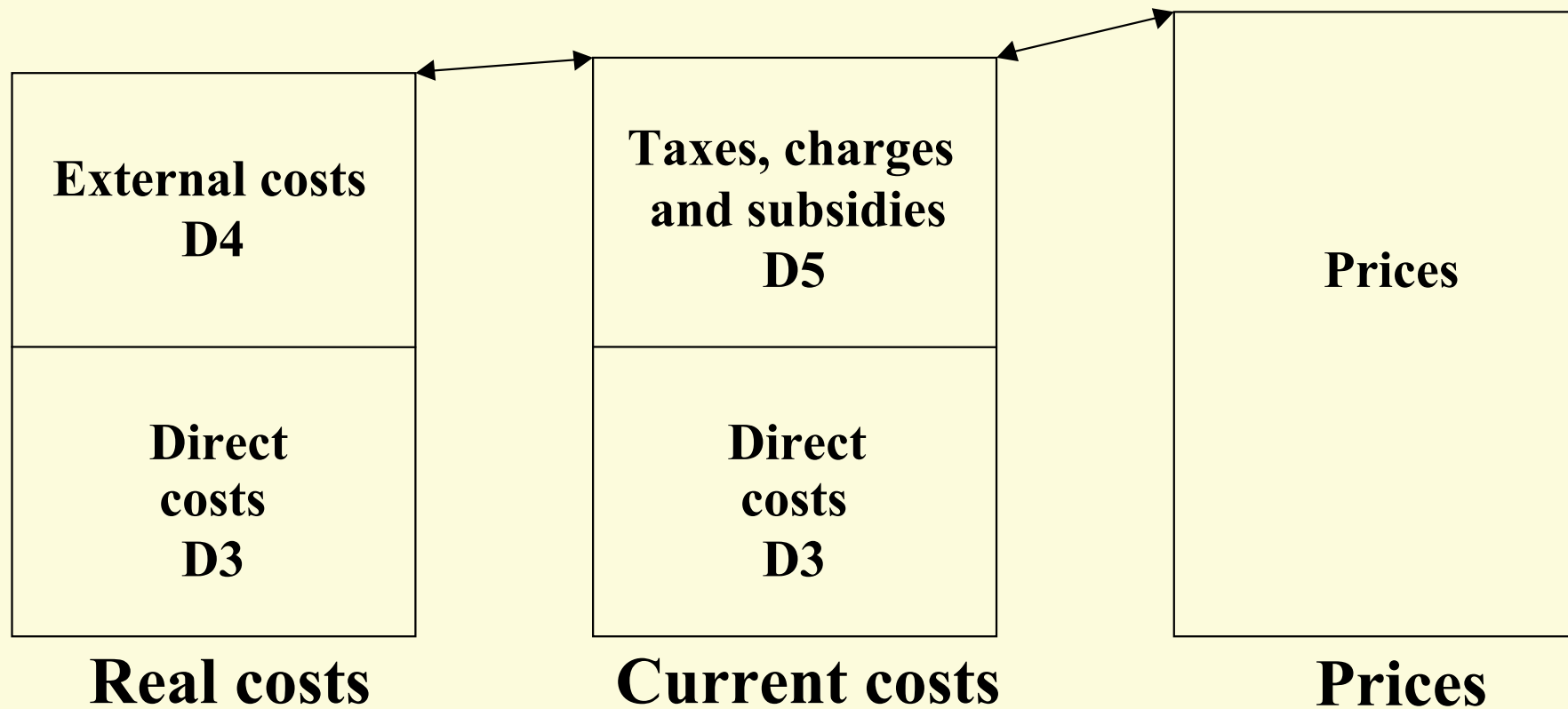


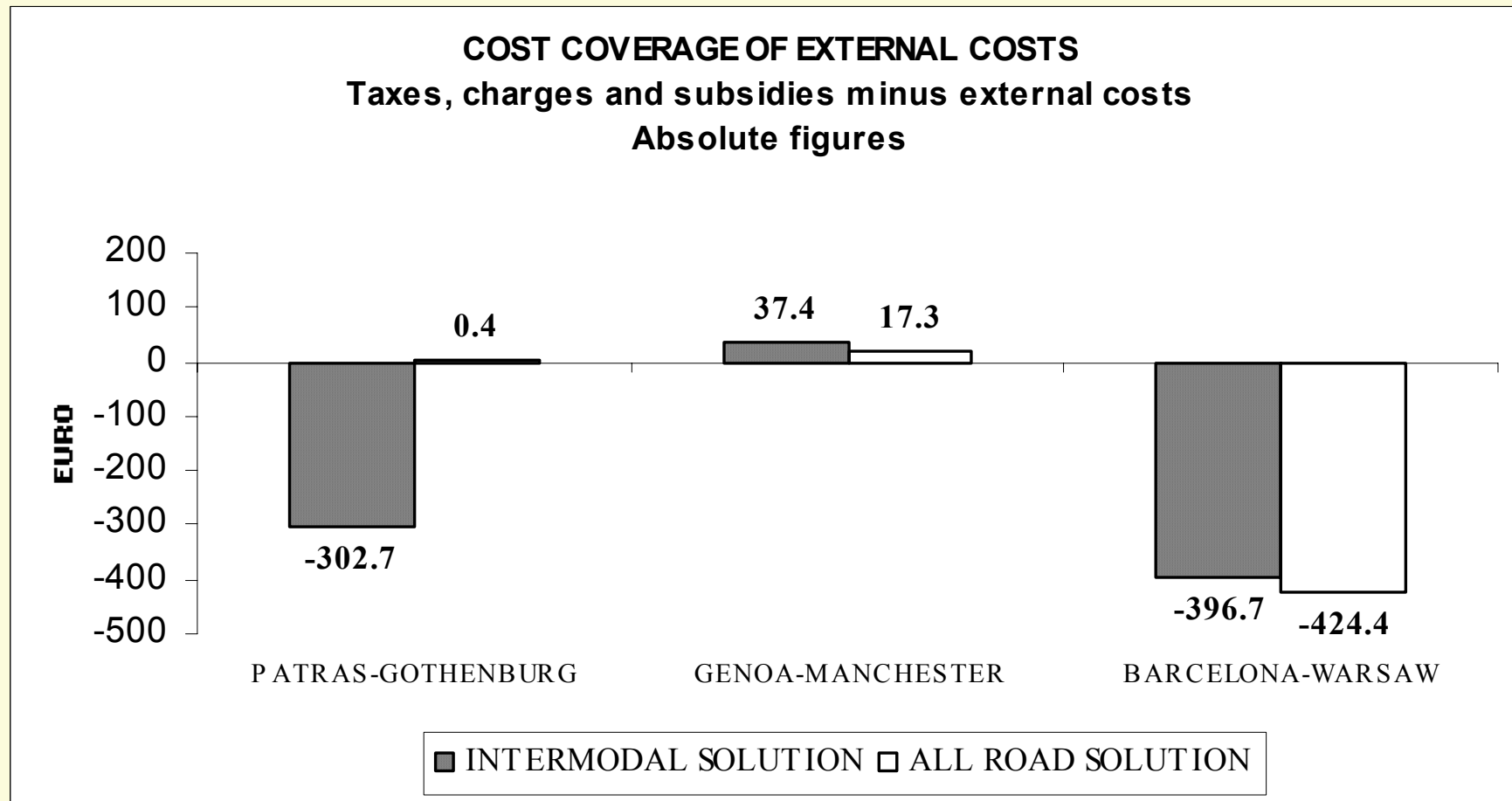
## **Two different categories of double appearances of figures exist:**

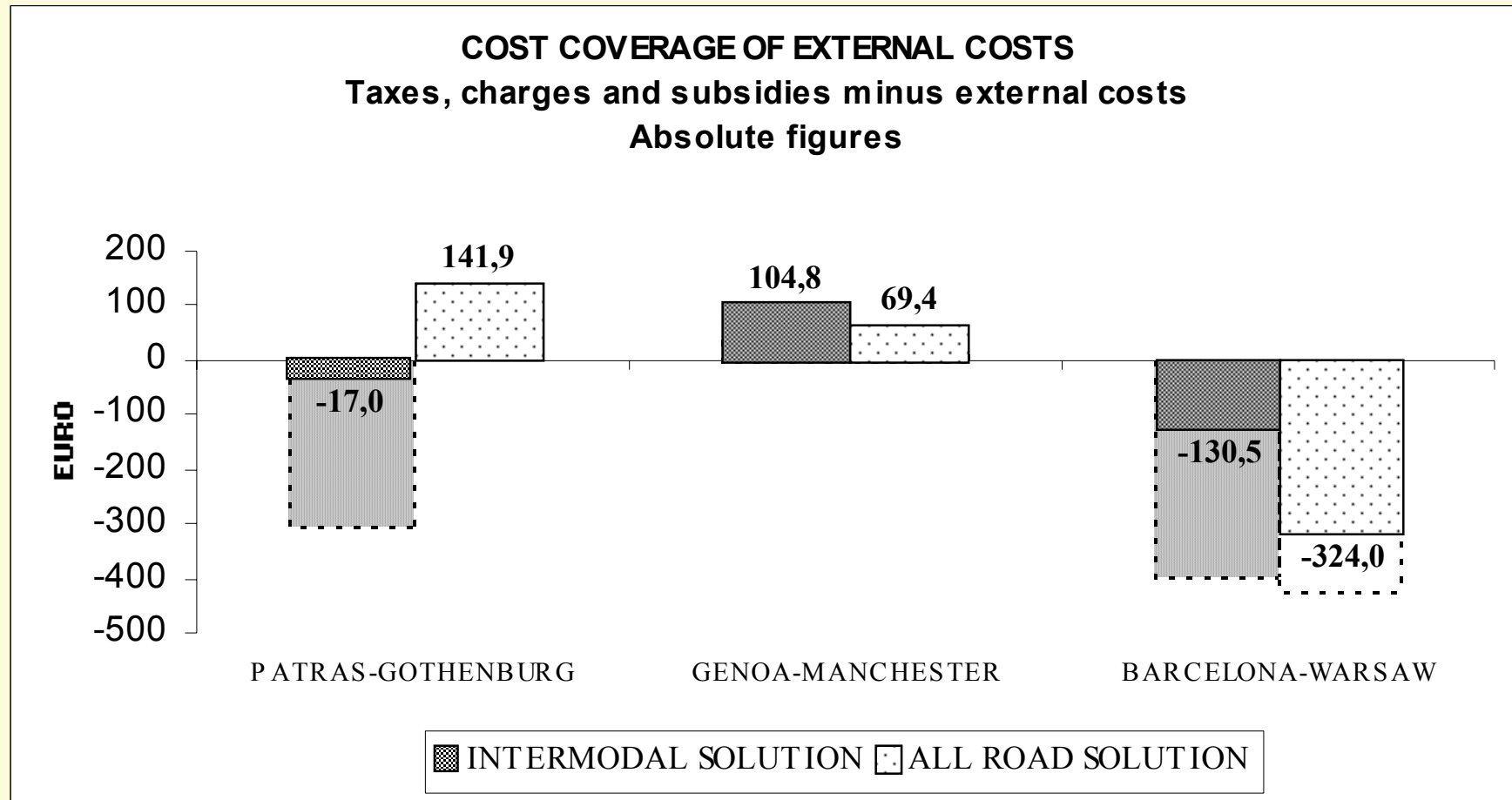
- 1. Taxes and charges are “internalised” in the internal costs.**
- 2. The same tax or charge appears in connection to both internal costs and taxes and charges.**

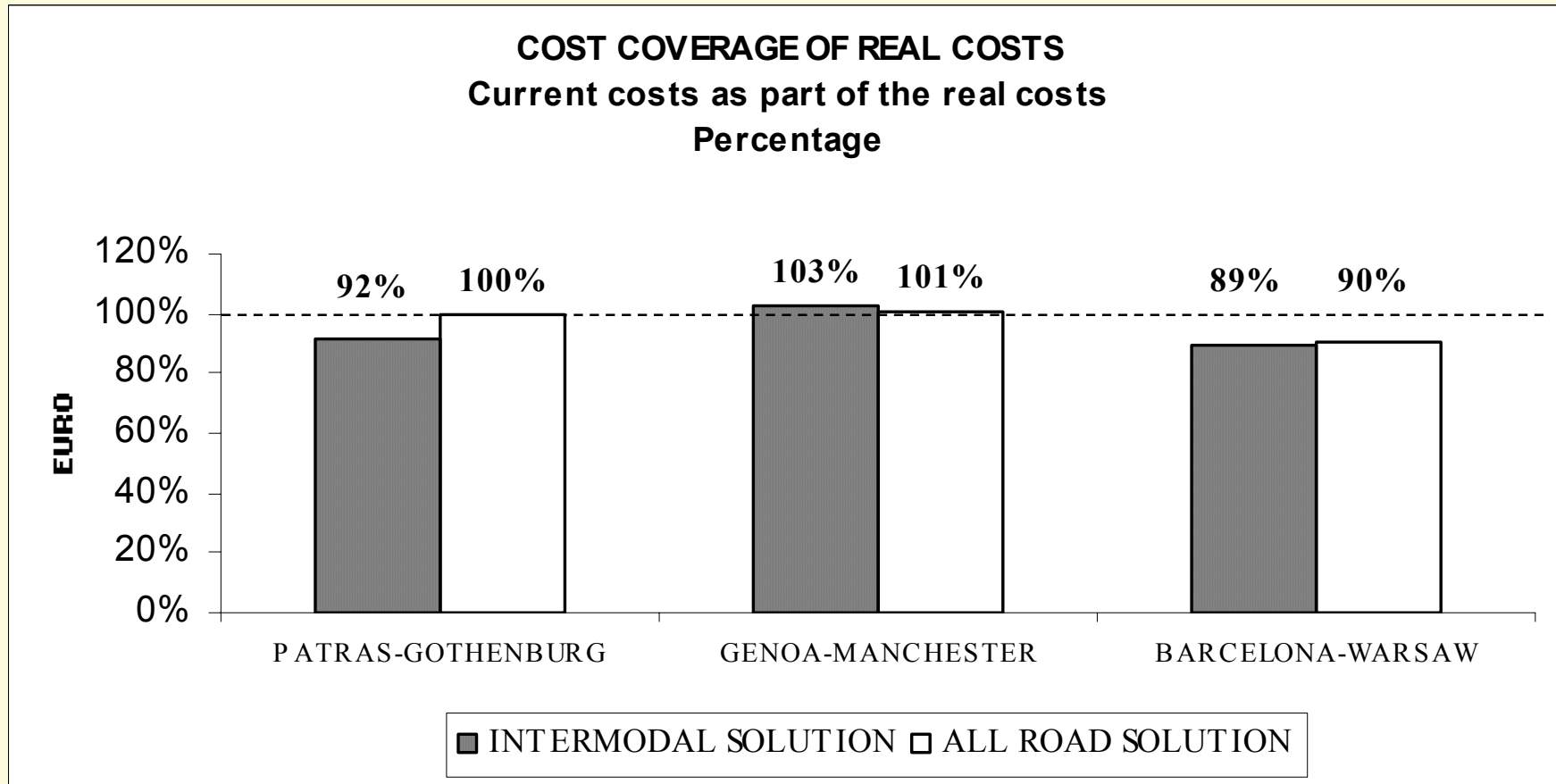


## Cost comparison within work package 6











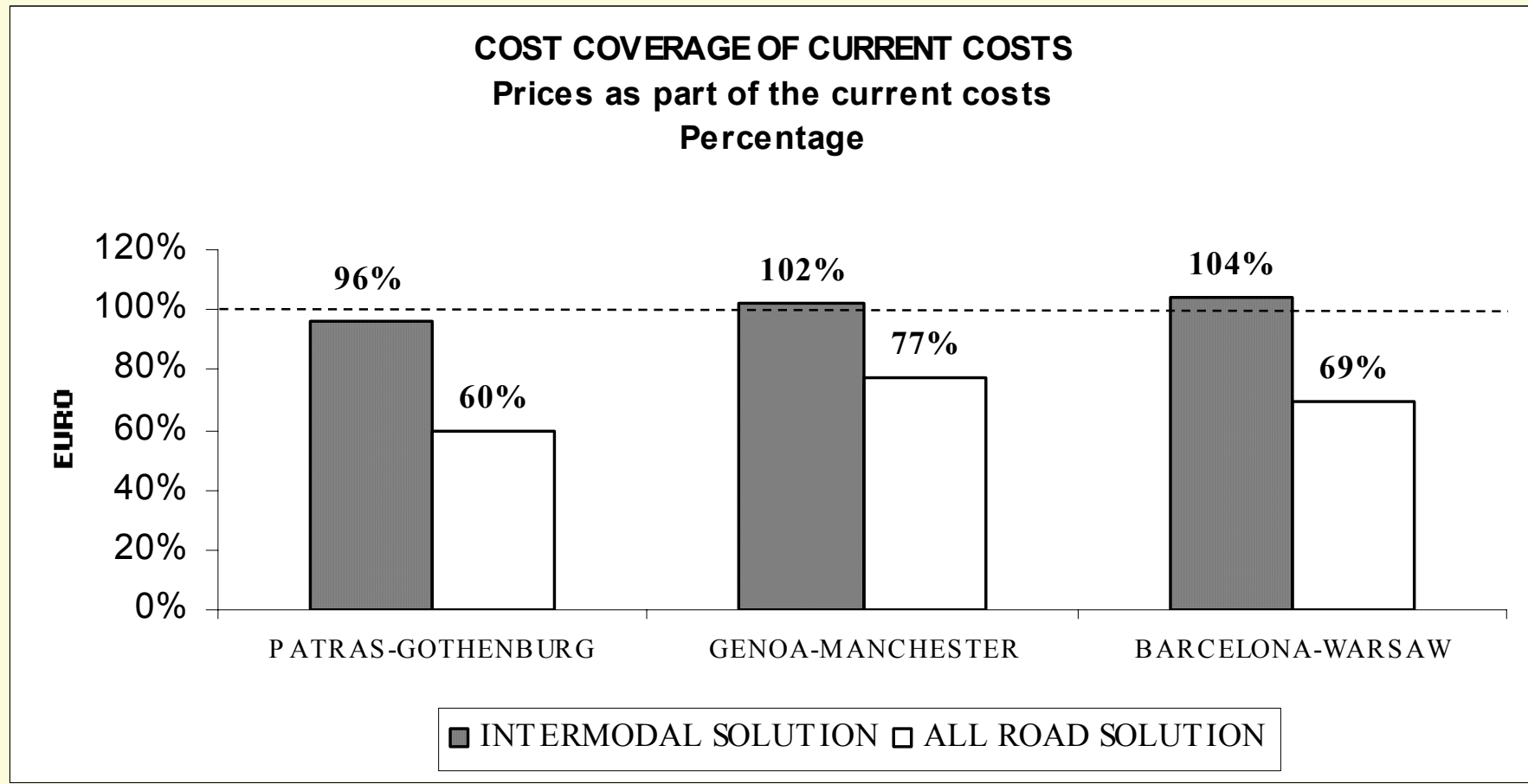
## **Overall results of the comparison of real costs vs. current costs:**

- **Only half of the analysed transport chains, distributed on 2 corridors, present full cost coverage of real costs.**
- **All road solutions present significantly higher figures with respect to all costs involved, i.e. direct costs, external costs and taxes and charges, compared to the corresponding intermodal solutions.**



## Current costs versus prices

- **Why current costs ?**
- **Costs are well described - prices are not**
- **The actual price depends on:**
  - **Transport assignment**
  - **Customer relationship**
  - **Possibility of return load**
  - **Frequency of transport**
  - **Nationality of company**
  - **Etc, etc**





## **Imbalances comparing prices and costs**

- **Cost coverage on intermodal transports**
- **Non cost coverage on all road transports**
- **Possible explanation (the all road case)**
  - **Are the prices correct- and the only ones ?**
  - **Low Italian prices compared with high Scandinavian prices**
  - **Possible cost reductions: KM/Year, empty run factor, fuel costs, depreciation and ( driving time, speeding, overload etc)**



## Hypothesis on prices

**The price of an intermodal transport could be seen as the “guiding line” for both intermodal and all road due to:**

- **The buyer makes his choice based upon differences in quality and the price on the market**
- **The quality of an intermodal transport are usually lower than all road with respect to: Speed/time consumption, door to door qualities, frequency, track and trace and....**



**SENSITIVITY ANALYSIS OF INTERNAL COSTS  
IN SELECTED CORRIDORS**  
Euro per LU transported (total figures)

CORRIDOR	PATRAS- GOTHENBURG	GENOA- MANCHESTER	BARCELONA- WARSAW
CALCULATION			
D3 / 120.000 / 0.85	4850	2773	3431
D3 / 160.000 / 0.85	4311	2424	2948
D3 / 200.000 / 0.85	3988	2249	2658
D3 / 120.000 / 1.00	4191	2474	2765
TetraPlan / 120.000	4179	2319	3102
TetraPlan / 160.000	3967	2204	2918
TetraPlan / 200.000	3839	2135	2808
Prognos (a)	4205	2352	2842

(a) Different amount of kilometres



SENSITIVITY ANALYSIS OF INTERNAL COSTS  
IN SELECTED CORRIDORS  
Euro per LU transported per kilometres (total figures)

CORRIDOR COST ITEM	PATRAS- GOTHENBURG	GENOA- MANCHESTER	BARCELONA- WARSAW	COSTS OF TETRAPLAN
SALARY	0.371	0.421	0.270	0.383 (a)
	<i>0.315</i>	<i>0.358</i>	<i>0.229</i>	
FUEL	0.336	0.391	0.267	0.204 (b)
	<i>0.286</i>	<i>0.332</i>	<i>0.227</i>	
DEPRE- CIATION	0.225	0.203	0.211	0.102 (c)
	<i>0.191</i>	<i>0.172</i>	<i>0.179</i>	
OVERHEAD	0.073	0.066	0.105	0.054 (d)
	<i>0.062</i>	<i>0.056</i>	<i>0.090</i>	

Smaller figures in Italics are calculated leaving out the “occupation factor” of 0,85.



## **Conclusions of the sensitivity analysis.**

**The internal costs appear to be too high, which could be due to the following:**

- 1. The amount of performing kilometres (120.000 per annum) are insufficient.**
- 2. The use of an "Occupation factor" (of 0.85).**
- 3. Initially reported figures are too high.**



## **The overall conclusions are:**

- **The analysed all road solutions perform better in covering real costs compared to corresponding intermodal solutions.**
- **The prices of intermodal solutions are significantly higher compared to corresponding all road solutions.**
- **The intermodal solutions cover current costs much better than all road solutions, which all give deficits.**
- **It is very difficult to obtain prices.**
- **It appears that the calculated level of internal costs for road are approximately 10-20 % too high.**