

Annual Report 2017





Content

- 3 Editorial
- 4 The CIT
- 8 Transport law and transport policy
- 12 International passenger traffic
- 16 International freight traffic
- 20 Use of infrastructure
- 24 Multimodality
- 28 Domestic matters
- 32 Income statement and balance sheet
- 34 Appendix to the Annual Accounts

Editorial

Jean-Luc Dufournaud
Chairman of the CIT



The CIT had a successful year in 2017. We were able to publish a range of new or updated CIT products for freight, passenger and multimodal transport. The Annual Report 2017 gives you an overview of this work.

New products mean that our members have something tangible to work with – even if these days, it will most likely be the digital version on their computer or the CIT website. Because nowadays, most new CIT products are digital, just as the future will be digital – and multimodal. At CIT, we do not intend to miss out on these developments. Rather, we will support and anticipate them.

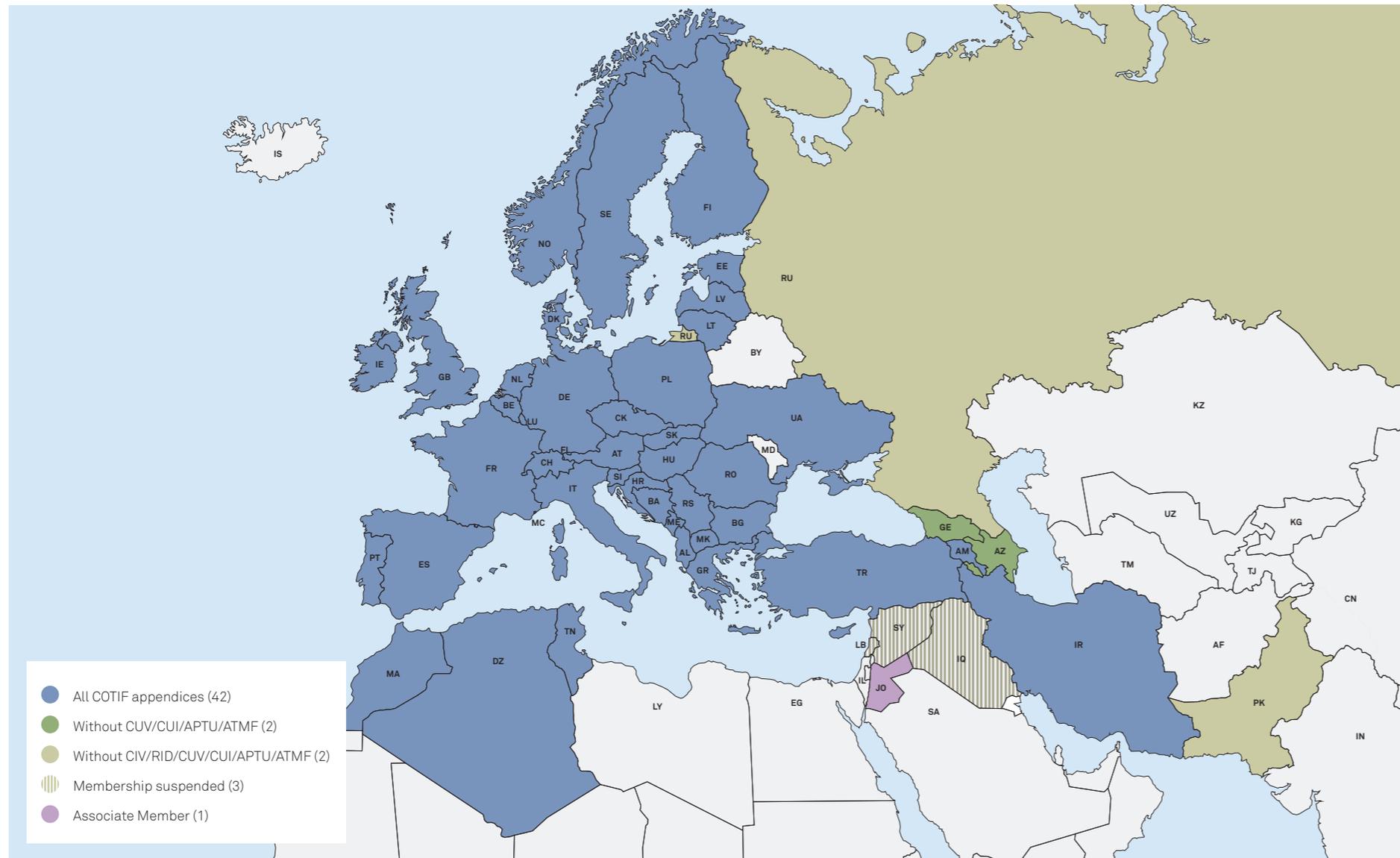
Two features characterise the digital world, in transport as in other areas: the availability of vast quantities of data and the virtually endless ways of connecting this data. The number of technologies, market actors and business models is booming. This innovation is also causing a shift in priorities and perspectives – away from individual transport modes and products, and towards customer needs. Customers now have much greater scope to do what they want – namely getting from A to B as cheaply, easily and comfortably as possible – and to choose how they do so. All these options and combinations thereof are what the digital transport world is now made of, and they increasingly result in multimodal solutions. Against this backdrop and in such a market, anyone wanting to stay relevant must be able to think and act digitally and multimodally. And that is precisely where CIT's support for its members comes in.

What do transport and logistics customers expect from the digital revolution? A German study showed that what they want above all else is an end to the reams of paperwork produced every time they place an order or by consignment notes, carriage documents and customs formalities. In other words: the demand for digital products is there. But I believe that our customers want more besides: they want legal certainty. In the digital world too, they want their rights protected in the event of major delays or damage, for example. CIT members also want clarity in terms of legal relationships, between themselves and their customers of course, but also between themselves and other players such as infrastructure managers or other carriers working upstream or downstream of them in the transport chain. CIT's pursuit of legal and contractual certainty in international transport is thus eminently justified.

I would like to thank all those who helped CIT in its work in 2017 for their valuable contribution. We shall strive to continue offering our members first-rate support in 2018 too, and I for one am looking forward to it!

The CIT

Geographical scope of COTIF and its appendices
(situation as of 25 July 2017)



The International Rail Transport Committee (CIT) is the centre of legal expertise for railway undertakings and shipping companies. Its principal focus is on the implementation and continuing development of a unified body of regional and international transport law (COTIF and EU law). Furthermore, CIT is actively involved in simplifying rail transport services between Europe and Asia. CIT provides its members with legal services, up-to-date information and practical support.

Highlights at a glance

Members

The CIT is an association of railway undertakings and shipping companies that operate international passenger and/or freight transport services. 128 organisations are full members of CIT, and a further 80 companies are indirectly affiliated through 7 associate organisations. The CIT is an association under Swiss law (Art. 60 et seq. of the Swiss Civil Code) with its headquarters in Bern.

Tasks

The CIT implements international railway transport law at the level of the railway undertakings. To that end, it prepares and updates the documents and tools for international rail transport and standardises the contractual relationships between customers, carriers and infrastructure managers. The CIT represents the interests of rail carriers vis-à-vis legislators and authorities and provides factually correct and timely information, training and legal advice for its members. In so doing, the CIT considers current and forthcoming developments in international passenger and freight transport, including, for example, digitisation

Operation

The annual General Assembly decides on the strategic objectives, approves the budget and accounts, and elects the executive bodies. The Executive Committee directs the operations and administration. The CIV (passenger traffic), CIM (freight transport) and CUI (use of infrastructure) Committees, as well as the Multimodality Committee, are the specialist bodies. Their decisions are prepared by working groups and expert groups. The General Secretariat conducts operational business.

Network

The CIT has outstanding connections with institutions and authorities within the transport sector in Europe, Asia and North Africa. It practises an intensive exchange of expertise with the official bodies and expert groups of the EU, OTIF, OSJD, UNECE in Geneva, as well as with various railway, road and shipping associations, thereby promoting its members' interests.

Funding

The association's costs are borne by its members, with each member paying a membership fee proportional to the level of its international passenger and/or freight transport volume. Each full member has one vote, regardless of the amount of membership fee paid.



The CIT: always in step with the times

The CIT is there for its members, offering them a wide range of services, events and training programmes. This provides CIT members' experts with the latest information and practical guidance, as well as offering them the opportunity to share experience.

Passenger and freight claims conferences

The annual conferences of passenger and freight claims services supply CIT members with continuous education and a forum for discussion. The Freight Claims Conference took place in Bern on 11 May 2017. Experts from various railways presented their latest insights and experience in handling questions of damage and liability. The Passenger Claims Conference was organised jointly with UIC and was held in Frankfurt on 28 September 2017 at the invitation of Deutsche Bahn. It focused on the revision of the Rail PRR and on complex cases of delay and compensation. Both events featured workshops focusing on case studies and generating a lively discussion. Participants also supplied valuable feedback on CIT products.

Top-up training: made-to-measure solutions

In 2016, the CIT decided to develop a "continuous education & training" product in the field of international transport law. The stand-out feature of this was that such training would be brought to members where they are and would be tailored to their specific needs. In 2017, the CIT General Secretariat rolled out the first modules, taking as its impetus a seminar for

the Belgian railways (SNCB) in Brussels: CIT products and the latest developments in EU passenger rights formed the core of the module. Then on 10 and 11 October 2017, representatives of passenger and freight operators from Romania, Poland, Russia, Slovakia, Ukraine and Serbia attended a workshop in Bucharest. This focused on the latest CIT products and developments in international transport law. And on 28 November 2017, experts from the Swiss railways (SBB) attended a CIT seminar in Bern devoted to the rights of international passengers.

Staying up to date

The CIT aims to keep its members up to speed on events. For that reason, the CIT General Secretariat continuously updates members on fresh developments, provides guidance in various forms, and elaborates on recent opinions and court rulings pertaining to international transport law in each issue of CIT Info. In addition, in autumn 2017, CIT sent its members an electronic survey asking for their views on CIT products. Once the responses have been evaluated, members will be informed of the outcomes during 2018.

Next Freight Claims Conference: 24 May 2018.

Next Passenger Claims Conference: 19 September 2018.

Suggestions for continuous education?

Please let us know – the CIT General Secretariat will be glad to work with you to design a module tailored to your needs and deliver it in a location of your choice!

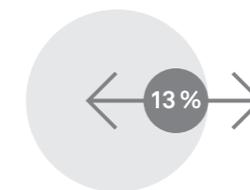
The example of Switzerland: overall, around 80% of firms fund continuous education & training for their employees, a figure that rises to almost 100% for companies with over 250 employees.

Source: Swiss Federal Office of Statistics - BFS.

Transport law and transport policy



Both passenger and freight traffic continue to grow across the world. And since international transport policy does not stand still for a second, international transport law continues to develop and evolve apace. The CIT keeps abreast of these developments and exerts its influence to ensure its members' voices are heard. The CIT pays particular attention to the mega-trends shaping the transport landscape of tomorrow: further liberalisation, ever-deeper digitalisation, and the growing importance of traffic between Asia and Europe.



Transport is important.
In the EU, households spend an average of 13% of their income on transport (2015), equating to 2,000 Euro per capita.

Source: Eurostat 2017

Highlights at a glance

China and the harmonised CIM/SMGS consignment note

Two separate legal regimes, CIM and SMGS, govern Europe on the one hand and Russia and other parts of Asia on the other. The CIT and OSJD are striving to facilitate border crossings between the two systems. The harmonised CIM/SMGS consignment note is an important tool in this regard, and one which is increasingly being used. At Russian railways (RZD), for example, use of the instrument in containerised traffic grew by 41% between 2015 and 2016. As of 1 May 2017, China authorised the use of the harmonised CIM/SMGS consignment note at all railway border crossings with Russia, Mongolia, and Kazakhstan. This will greatly facilitate the import and export of goods between Europe and China, benefiting many CIT members.

Expanding parcel traffic between China and Europe

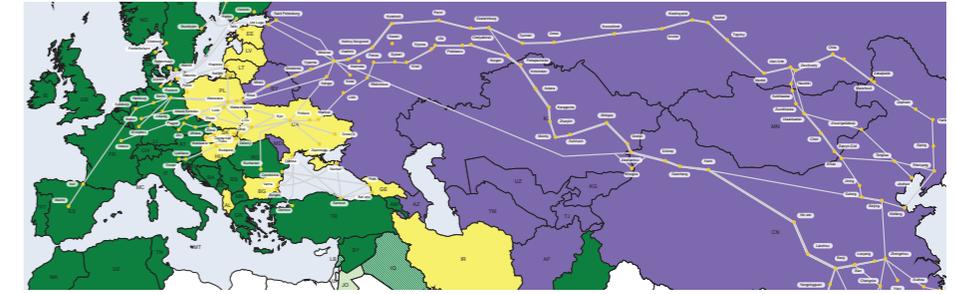
Despite being much faster than sea shipping and cheaper than air freight, rail has a market share of only 1% of all freight transport between China and Europe. Increasing postal and parcel traffic by rail could bolster railway's market position, especially given booming online trade. This is the aim of the Universal Postal Union (UPU), CIT and CCTT (Coordinating Council on Trans-Siberian Transportation). The three organisations signed a Memorandum of Understanding and conducted initial pilot runs in 2016, following which further trials took place in summer 2017 to trial the carriage by rail of parcel post from China to Europe. The use of the harmonised CIM/SMGS consignment note to do so proved successful, and the organisations involved are now drawing up guidelines for the conveyance of postal shipments by rail.

COTIF revision – CIT steps up

The revision procedure for the COTIF and its appendices is long and complex. In particular, regular amendments to the COTIF are made necessary by ongoing developments in EU law. The changes made are of great importance for railways and CIT members, since they implement COTIF law. OTIF is looking for ways of simplifying the revision procedure and more swiftly bringing new provisions into force, and in May 2017, set up a working group to examine the matter. The CIT has responded to the options proposed: overall, we welcome attempts to simplify the revision procedure, but adequate timescales and legal certainty must be maintained in order for railway undertakings to successfully incorporate changes into their daily business. The CIT also continues to take part in work revising the appendices to COTIF, specifically the CUI (see page 23 hereafter). The OTIF Revision Committee met from 26 February to 2 March 2018. We will report on this during the next reporting period.



On 18 January 2017, the first container train from Yiwu (China) to Barking (London) arrived at its destination. The new 12,000 km link runs through the Channel Tunnel and is part of the “One Belt – One Road” initiative. On 17 April 2017, the inaugural container train in the opposite direction departed England for China.



Planning for tomorrow, today: standardisation and digitalisation

The media, business leaders and sociologists often talk of the “mega-trends” shaping modern societies. Examples of these in the transport sector are increasing liberalisation, digitalisation and growing transport volumes between Europe and Asia. In order to support CIT members in navigating these complex developments and strengthen their market position, the CIT promotes cooperation and standardisation in areas where these are beneficial.

Coopetition and competition

Liberalisation in the railways increases competition between railways but also between rail and other transport modes, in particular air and road. In order to stay in the game on intramodal competition and meet customer expectations, it can often be to the railways' advantage to cooperate, for example by using standardised consignment notes for freight or by adopting harmonised processes for ticketing or the implementation of passenger rights in passenger traffic. In 2017, the CIT emerged as a driving force for such standardisation, for example in implementing EU rules on passenger rights (PRR).

Support for digitalisation

Given the strides being made by digitalisation, the CIT strives to support its members in this process and offer a platform for continuous education & training. For instance, the overarching theme of the CIT Berner Tage on 1 - 2 March 2018 will be “the effects of digitalisation on transport law”. Furthermore, CIT intends

for all its products to be available in digital format - if they are not already - by 2019. In the freight sector, some major progress was made in this regard during 2017 (see the section on international freight traffic). Greater digitalisation and “big data” bring with them an increased need for data protection. Here too, the CIT is stepping up its work rate (see the section on international passenger traffic).

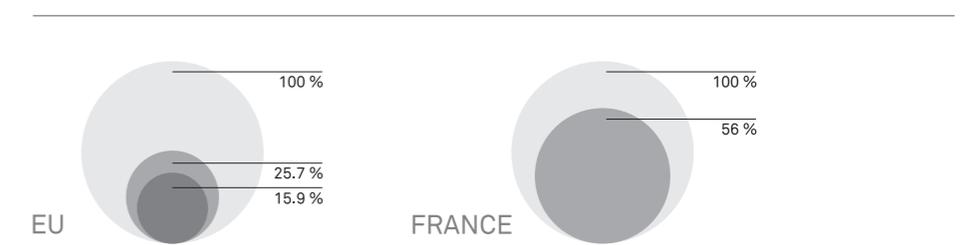
Boosting Asia – Europe traffic

The trade in goods between Europe and China is growing. The Chinese economy continues to grow strongly, and e-commerce with Europe is booming. As part of this development, China intends to expand transport links via the old “Silk Roads”, creating new markets and new opportunities for rail. It is therefore all the more important to remove the barriers thrown up by different legal regimes. In 2017, the CIT and OSJD further enhanced the harmonised CIM/SMGS consignment note and agreed the technical specifications for the electronic version. These are set to be published in early 2019 once the final adjustments are made.

International passenger traffic



The world grows ever smaller as people travel across borders and continents. In this context, international passenger traffic is increasingly important. Passengers have a choice of various transport modes, wish to take full advantage of electronic product offerings, are not afraid to assert their rights, and expect their personal data to be properly taken care of. Any business that responds to passengers' wants and needs will improve its position, and CIT helps create the conditions for that to happen.



High speed makes up a quarter of all journeys. In 2015, high speed rail represented 25.7% of all passenger rail journeys in the EU (measured in passenger kilometres), up from a mere 15.9% in 2000. In 2015, Europe's star performer was France with a score of over 56%.

Source: Eurostat 2017

Highlights at a glance

PRR revision

In autumn 2017, the European Commission began a far-reaching overhaul of the Regulation on Rail Passengers' Rights and Obligations (PRR). While passenger rights are to be further enhanced, a clause is also set to be included whereby acts of God (e.g. extreme weather events) may constitute grounds for relief from liability for delays. CIT has discussed the proposed revision in the CIV Working Group and expressed its views via the official CER position paper, which was submitted to the European institutions in December 2017. CIT will continue to support CER in the further course of the revision.

Updating CIT products

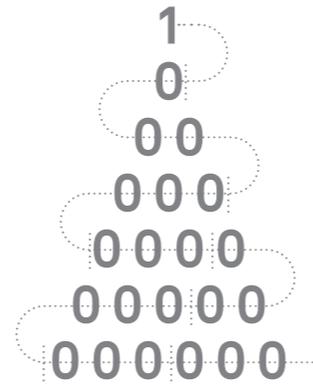
In summer 2017, the CIV Committee validated a range of updates to various CIT products, which entered into force during 2017. Inter alia, the AIV Agreement and the Manual for International Rail Tickets (MIRT) were amended in the light of new data protection rules. The provisions of the General Conditions of Carriage for Rail Passengers (GCC-CIV/PRR) pertaining to jurisdiction were also clarified.

Further updates to MIRT

In late 2017, UIC and CIT finalised the revision of two UIC leaflets, which contain new standards for electronic tickets (e.g. on smartphones) and new barcodes. These changes, together with a new chapter on the security features of international tickets (Security in Paper, Security in Data or Security in System), will be included in a further addition to the MIRT. The CIV Committee is set to endorse the amended version of the manual in June 2018, meaning it will enter into force at the same time as the new UIC leaflets.

Revision of TAP TSI

In spring 2017, the European Union Agency for Railways began the revision of TAP TSI (Telematics Regulation for Passengers), which will be of major significance for CIT members. Amongst the items up for discussion are, for example, new ticketing methods, minimum connection times, and the rights and duties of station managers. CIT collaborates closely with CER to bring workable suggestions to the table and uphold the interests of its members.



Digital data to grow tenfold by 2025. Global data volumes are set to increase from approx. 16 zettabytes in 2016 to around 160 zettabytes in 2025, meaning there will be 230 times as many digital data items as there are grains of sand on all the world's beaches. A zettabyte is a 1 followed by 21 zeroes.

Source: www.statistica.de, www.welt.de

CIV Committee from 1.1.2018

Enrico Trapazzo, Chair
succeeds Carmen Filipescu



CIV Working Group

Isabelle Saintilan, Chair



Data protection – supporting members in a complex field

When it comes to handling travellers' personal data, ongoing digitalisation throws up a range of new challenges. In this context, the EU passed a new General Data Protection Regulation (GDPR) in 2016, which will apply as of 25 May 2018. CIT members have to design data protection strategies which comply with both the GDPR and any particularities of national law. The European Commission has also proposed a new Regulation on Privacy and Electronic Communications (lex specialis to the GDPR), which could affect railway undertakings, e.g. for online ticket sales. The CIT intends to support its members in implementing these new regulations.

Inaugural CIT workshop on data protection

On 21 June 2017, CIT invited its members' data protection, IT and legal experts to attend an inaugural workshop on data protection in Bern. During the workshop, which was also attended by UIC and CER representatives, participants examined and discussed the impact of the new EU data protection rules, as well as real-life cases and best practice for resolving these. The next data protection workshop is planned for early 2019 and will offer members a forum at which to share experience of the practical application of the GDPR.

New CIT Group of Experts on Data Protection

On 22 June, the CIV Committee also officially created the new CIT Group of Experts on Data Protection. The group comprises technical and legal experts

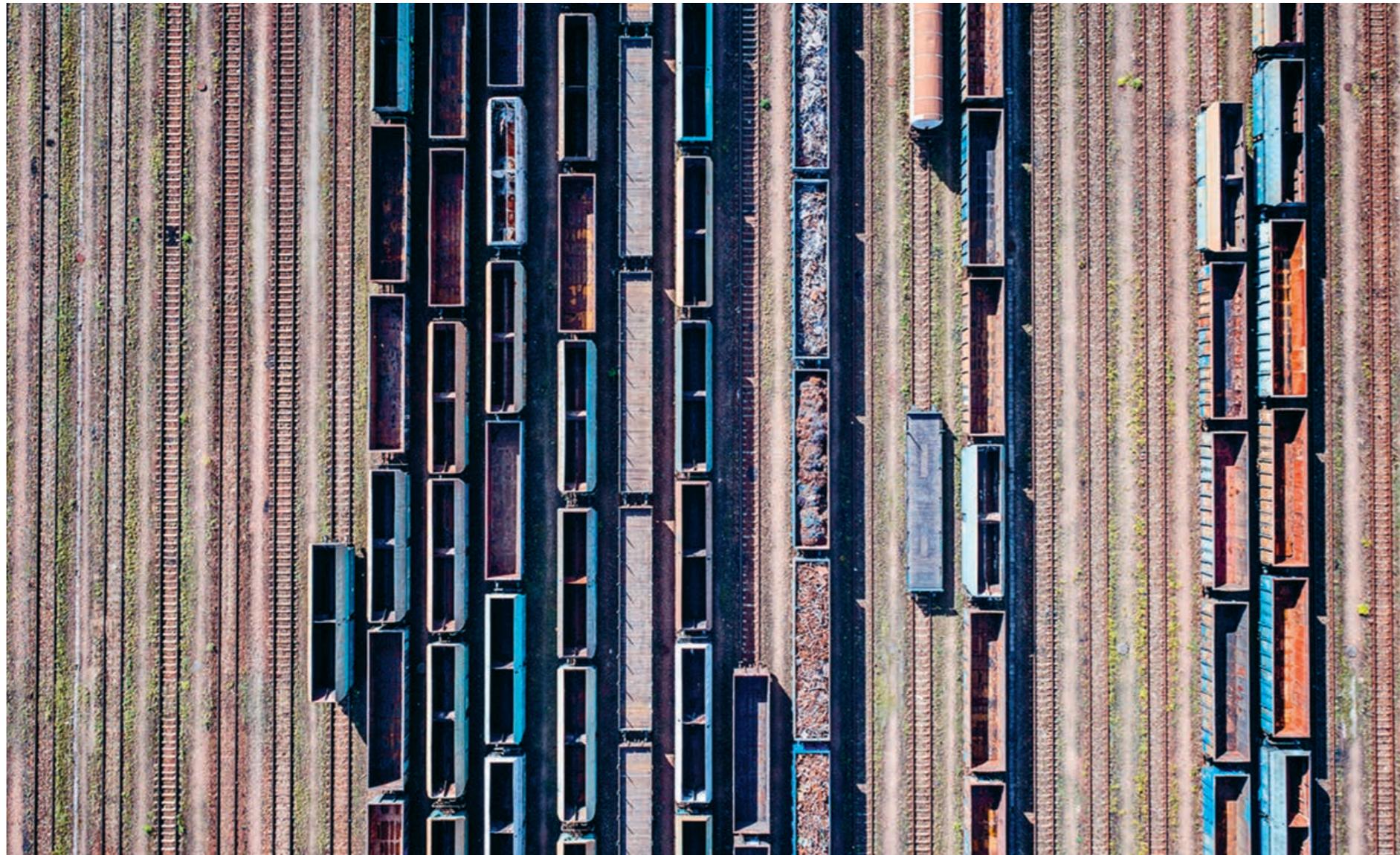
and will support the CIT General Secretariat and CIT members in implementing the GDPR and tackling complex data protection issues.

CIT Guidelines

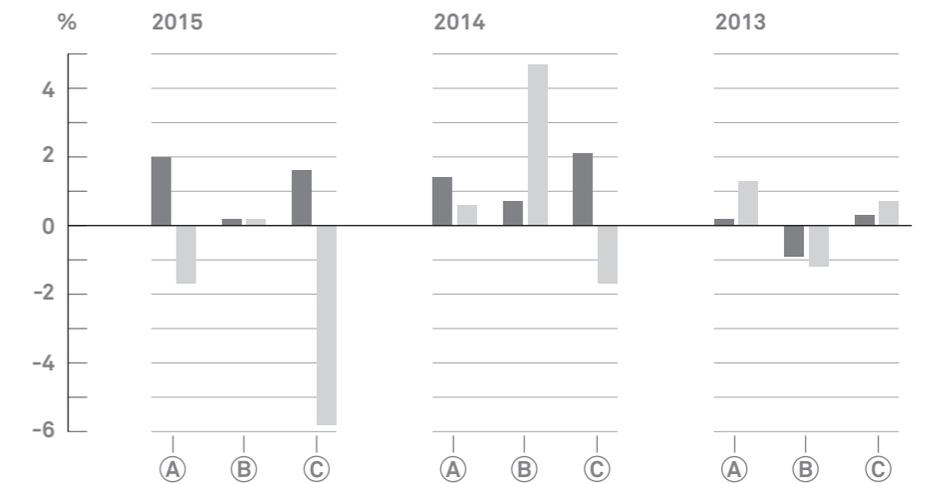
On 1 October 2017, the CIT published a set of Guidelines on Protection of Privacy and Processing of Personal Data. The guidelines use the same terminology and principles as the EU regulation and offer CIT members recommendations which may be of use as guidance when preparing internal and public privacy policies, as well as various customer forms.

CIT will also develop a standard data processing agreement for use between data controllers and data processors. This will set out the obligations of both parties, in particular concerning confidentiality, quality, liability, and intellectual property. The standard agreement is set to be finalised by June 2018.

International freight traffic



International cross-border rail freight does not have it easy: differing legal regimes, a partial lack of technical interoperability, and infrastructure bottlenecks often prove a hindrance. The CIT wishes to strengthen the position of freight railways, and actively supports the current trend towards digitalisation and standardisation. Amongst other achievements in 2017, four freight and wagon manuals were published in digital format.



■ EU and ■ Russia: change on previous year in % (basis: transport services in t/km):
 (A) Gross national product (B) rail freight (C) road haulage

Source: Key Transport Statistics (OECD)

Highlights at a glance

New South Caucasus Rail Corridor

The new Baku-Tbilisi-Kars rail link opened in late October 2017, linking Azerbaijan with Turkey via Georgia. The corridor is the latest step towards the creation of an unbroken rail connection between China and Europe. CIM/SMGS consignment notes accompanied the goods carried by the first train between Kazakhstan and Turkey, and were also used for the customs formalities along the way. CIT products will be used along the whole length of the corridor.

“Purchase/sale” model of carriage

More and more international freight movements are performed as substitute carriage (Art. 27 CIM), with the “purchase/sale” model making up a large share. Following an in-depth analysis, CIT experts have concluded that this model is not innovative from a legal point of view and that no new CIT products are therefore needed. The CIM Working Group will continue its analysis and examine whether there is a need to update specific CIT products, e.g. the General Terms and Conditions for “Sub-Contracted Carriage” or “Provision of Services”, and whether it is worth producing a standard purchase/sale contract.

Digital versions take precedence

The four freight and wagon manuals (GTM-CIT, GLV-CIM, GTW-CIT, GLW-CUV) were reissued in digital format on 1 January 2017. These versions are now available on the CIT website. CIT members should consider these digital, protected versions the applicable versions. If necessary, CIT members can print their own copies. Previous editions of the manuals remain available on the website under “Earlier versions”.

Group of Experts on Seals

The Group of Experts on Seals met in Bern on 1 March 2017 and discussed simplifying the checklist for the application of seals to wagons, as well as UIC Leaflet 426. The group also worked on a new website, to cover all issues relating to customs seals. These will be regular items on the group's agenda at future meetings. The Group of Experts is chaired by Ms Fabienne Vaisson (SNCF Logistics).



EU, China and Russia: freight market share by mode in 2015, expressed in %

(basis: tonne kilometres)

| | Road | Rail | Pipeline | Water+ |
|--------|------|------|----------|--------|
| EU-28 | 49.0 | 11.9 | 3.3 | 35.8 |
| China | 32.5 | 13.3 | 2.6 | 51.6 |
| Russia | 4.6 | 45.4 | 48.0 | 2.0 |

+ inland waterway and short-sea shipping.

Source: EU statistics 2017

CIM Committee from 1.1.2018

Jean-Luc Dufournaud, Chair



CIM Working Group from 1.1.2018

Cristian Cuenca, Chair



The CIT goes digital in support of rail freight

The CIT aims to leverage the benefits of IT and the internet to simplify processes and boost freight railways' productivity. In future, all CIT products will therefore be published electronically. The first four manuals published using the new system cover freight traffic (GTM-CIT, GLV-CIM) and the use of wagons (GTW-CIT, GLW-CUV), and entered into force on 1 January 2017 (see highlights, left).

Electronic consignment note and wagon note

Enhancing the electronic CIM consignment note and the electronic CUV wagon note are two of CIT's priority freight workstreams. The latest updates also entered into force on 1 January 2017 with the new digital manuals. Work on developing the technical specifications for the joint CIM/SMGS consignment note is well advanced; once finalised, the specifications are likely to be published alongside the new CIM/SMGS manual on 1 January 2019.

Judicial recognition of digital carriage documents

In view of increasing digitalisation in the freight sector, CIT is striving to ensure that digital transport documents are recognised as having evidentiary value by courts and other bodies, for example as proof of the existence of a contract of carriage. CIT produced a report containing the legal analysis supporting this argument, which was submitted to the relevant parties at OTIF and the EU on 16 June 2017. The report has been incorporated into the EU's

Digital Transport and Logistics Forum (DTLTF), which promotes the use of electronic carriage documents and supports the European Commission's political decision-making. On 27 February 2018, CIT also presented the report to the OTIF Revision Committee.

Electronic formal report

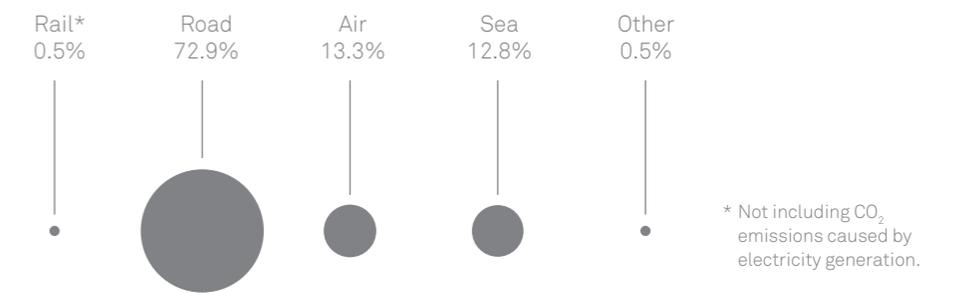
Using paperless instruments for the recording of loss and damage would also massively simplify freight processes, a matter also addressed by the aforementioned CIT report. In future, the CIT wishes to link the electronic formal report (CIT20) with the electronic CIM consignment note. To enable this, legal and functional specifications need to be defined, among other things. The CIM Working Group continued work on this in late November 2017 and will submit proposals to the CIM Committee for a decision during 2018.

Use of infrastructure



Where environmental and climate policy is concerned, rail's credentials are impeccable. In order to make even better use of rail's potential, the interface between infrastructure and operations needs to be further simplified. From this point of view, the European freight corridors offer an ideal window of opportunity to design and apply simple, standardised procedures for the use of infrastructure wherever possible, both on the corridors themselves and on the network as a whole. The CIT actively collaborates with its partners to push for standardised contractual and commercial foundations.

Rail, the greenest mode of transport.
Transport-sector CO₂ emissions in the EU (28) in 2015 were broken down as follows:



Transport (all modes) accounts for 31% of all CO₂ emissions.

Source: Eurostat 2017

Highlights at a glance

European freight corridors

In Europe, an EU regulation has created nine international rail freight corridors, the purpose of which is to help significantly boost efficiency in the freight sector. However, complicated and varied rules for the operation and use of these corridors have proven a hindrance to achieving this aim, and ten broadly-focused priority projects have emerged across Europe to reduce such obstacles. The CUI Committee keeps a close eye on these activities.

Good news on the E-GTC-I front

The transparent, uniform liability rules in the General Terms and Conditions for the Use of Railway Infrastructure (E-GTC-I) have the potential to significantly boost efficiency in the rail freight sector. UIC, CER and CIT are therefore pushing hard across the board for the E-GTC-I to be applied more widely, specifically on the rail freight corridors. Attention is presently focusing on European Freight Corridor 1 (Rhine-Alpine). We are pleased to report that, during 2017, SBB Infrastruktur and BLS Infrastruktur incorporated large parts of the E-GTC-I into their general terms and conditions.

Standard contract for the use of infrastructure

The use of railway infrastructure is governed by contracts. On the European freight corridors, a string of domestic contracts apply, which may differ significantly from one another. This was confirmed by a 2017 CIT analysis of Freight Corridor 1. This situation conceals a range of complex, fundamental legal issues. The differences in the domestic contracts are not a source of added value; on the contrary, they hinder the efficient conduct of the freight business. The CIT is therefore striving to develop a European Standard Contract for the Use of railway Infrastructure (E-SCU-I). To this end, CIT intends in the near future to begin negotiations with RNE (Rail Net Europe), which is currently comparing the contracts in force along Freight Corridor 3 (Scandinavia – Mediterranean).



European Rail Freight Corridors
© RailNetEurope

Example of a Freight Corridor (Rhine-Alpine): The corridor is 4,900 km long, and links 6 seaports, 10 inland ports and around 100 intermodal terminals. The Rhine-Alpine Corridor has the highest freight volumes of all the European Freight Corridors.

Source: DB Netz

CUI Committee

Adriaan Hagdorn, Chair



Alberto Gallo, Vice-Chair from 1.1.2018



Infrastructure and operators need to work in symbiosis

For railways to be efficient and productive, infrastructure and operators have to work together in harmony. This requires particularly sustained efforts from CIT, since infrastructure managers set the terms of use for their networks but are not themselves CIT members. Our efforts are focused on the European freight corridors and the use of CIT products (e.g. E-GTC-I, see left-hand side). With CER, the CIT also works to defend the interests of rail carriers in the development of European law.

CUI Uniform Rules apply across western Europe

The Uniform Rules concerning the Contract of Use of Infrastructure in International Rail Traffic (CUI - Appendix E to COTIF - can make a significant contribution to the efficient operation of railway traffic.

Involvement in the revision of the CUI Uniform Rules

In 2014, the OTIF Secretary-General created a working group tasked with preparing a revised version of the CUI Uniform Rules. The OTIF Revision Committee and General Assembly will vote on the proposed revision during 2018. The proposals under discussion include amendments to Articles 1, 3 and 8 of the CUI UR. The CIT is working hard to ensure that railway undertakings' voices are heard on this matter.

CIT position clearly stated

From the CIT point of view, the planned revision (as it stood in 2017) would be to the disadvantage of railway undertakings. The revision alters the scope of application of the CUI UR since the term "international railway traffic" has been redefined and redrawn more narrowly (Art. 3). This will reduce, inter alia, rail carriers' scope for seeking recourse against the infrastructure manager in the event of pecuniary loss. In this context, in 2017 the CIT General Secretariat and CUI Committee together drew up a position paper clearly setting out the critical points in the revision from a carrier perspective.

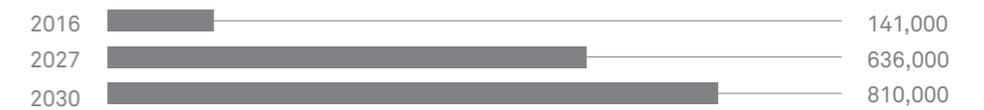
With the help of the paper, the CIT General Secretariat and CIT members are lobbying the European Commission and the Member States hard; this will be critical to the outcome of the revision during 2018.

Multimodality



International passenger and freight customers do not think in categories, either about transport modes or about national borders. They simply want to go from A to B at the optimum price-performance ratio. Multimodal transport is increasingly a solution to this need, and the CIT works to ensure that the interfaces between modes can be navigated as simply and efficiently as possible and with maximum legal certainty. In 2017, CIT reissued or updated various supporting documents, and further CIT products are in the works.

Predicted Asia-Europe rail traffic, 2016 – 2027 – 2030 in TEU
(twenty-foot equivalent unit):



Rail's market share is set to grow from 1.2% (2016) to 2.5% (2027). Border crossings and customs formalities, inter alia, offer potential efficiency gains. The increase in rail freight will primarily be due to growth in rail traffic overall, as well as to modal shift from maritime to rail.

Source: Silk Road Development & Interconnection with RFCs, UIC/Roland Berger

Highlights at a glance

Multimodality gains heft

Both passenger journeys involving multiple transport modes and multimodal freight movements are becoming ever-more important. Customers expect to be able to combine all these modes – air, sea, road and rail – simply and straightforwardly to form a single continuous journey or movement. The CIT is in step with this trend, and in 2017 therefore stepped up the pace of work in the Multimodality Committee and Working Group, as well as collaborating more closely with passenger and freight working bodies. A host of new CIT products were published as a result (see below and right-hand side).

Air vs rail

Many passengers use both train and plane in the course of their journey. In 2017, the CIT produced a comparative table providing an at-a-glance overview of passenger rights in rail and air transport. The document is a practical tool which sets out the legal provisions of COTIF/CIV, the Montreal Convention (for air traffic), and the relevant EU regulations.

Rail-sea GTC and boilerplate contract

The rail-sea GTC and boilerplate contract have been in force since 2015 and 2016 respectively. They serve to facilitate traffic at the interface between rail and maritime transport. Appendix 1 to the rail-sea GTC for intermodal traffic contains a list of CIM sea routes or inland waterways on which the GTC apply. The list is updated annually; the last such update was by circular letter of December 2017.

Defining pilot routes

Since the rail-sea GTC and boilerplate contract are new, the CIT wishes to raise awareness of them amongst its members. To this end, CIT intends to identify suitable pilot routes on which to test the instruments. Various railways began preparations for these trials during 2017. The CIT multimodality working bodies intend to decide on the organisational arrangements for the pilot routes during 2018. In order to raise awareness of the rail-sea GTC more broadly, the CIT is also increasingly working with UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific).



Forecasts assume strong growth in both passenger and freight traffic, a development which will affect multimodal transport in particular.



Valuable new CIT products for rail-road cooperation

Freight customers and passengers alike wish to benefit from the advantages multimodal transport chains offer. In order to facilitate cooperation between different legal regimes, the CIT provides support tools in the shape of boilerplate contracts (e.g. for multimodal freight movements), checklists, comparative tables, and new products. In the field of combined road-rail transport, we collaborate closely with the IRU (World Road Transport Organisation).

Checklist for road-rail framework contract

In 2017, work also focused on the ongoing development of a checklist for a road-rail framework contract. The amendments and clarifications proposed to date by the various CIT and IRU working groups involved have been discussed and examined. OSJD has also said it is interested in collaborating and will be involved. The first workable draft of the checklist is to be discussed by the responsible bodies at CIT and IRU during 2018.

For the checklist to be usable by all involved on both rail and road sides, CIT and IRU members need to carefully check the provisions thereof and incorporate them into their own internal documents (the “opting-in” procedure).

Guidelines and comparative table

In early 2017, the CIT and IRU jointly published guidelines to the various legal regimes existing under the three agreements (CMR-CIM-SMGS). The document gives an overview of the various provisions applying in Europe and Asia (Russia/China) and has been released both electronically and as a brochure. The centrepiece of the document is a comparative table of international transport law for the carriage of freight by road and rail, accompanied by a summary of the key findings of the comparison and maps showing the scope of application of CMR, CIM and SMGS. Such documents make managing the different legal requirements applying to combined road-rail transport much easier.

The guidelines also form a starting-point for further analysis and the development of new work tools. For example, legal uncertainty still surrounds the question of liability during transshipment between HGV and rail wagons for rolling road convoys. The CIT Multimodality Working Group and Committee continuously examine issues such as these.

Overall traffic forecast,
2015 – 2050



Source: OECD, Transport Outlook 2017

Multimodality Committee

Maria Kalimeri, Chair



Multimodality Working Group

Erik Evtimov, Chair



Domestic matters



General Assembly

The General Assembly took place at CIT Headquarters in Bern on 16 November 2017 and was chaired by CIT Chairman Jean-Luc Dufournaud (SNCF). It handled all the statutory items of business and approved the accounts and balance sheet for 2016 as well as the budget for 2018.

The General Assembly also conducted the necessary statutory elections. Alberto Gallo (Trenitalia) was reappointed as a member of the CIT Executive Board for a further four years, whilst Enrico Trapazzo (Trenitalia) and Isabelle Saintilan (SNCF) were elected as the new Chair and Vice-Chair of the CIV Committee respectively, and Alberto Gallo was put forward as new Vice-Chair of the CUI Committee. The General Assembly also renewed Maria Kalimeri (Attica Group) for a further term as Chair of the Multimodality Committee.

The next CIT General Assembly will be held on 15 November 2018 in Bern.

Executive Committee

France Delobbe (SNCB/NMBS) left her company during 2017, and as such has also resigned from the CIT Executive Committee. The General Assembly will appoint a successor on 15 November 2018.

As of 1 January 2018, the Executive Committee is composed as follows:

- Jean-Luc Dufournaud (SNCF), Chair
- Maria Sack (DB), Vice-Chair
- Alberto Gallo (Trenitalia)
- Nevin Kaygisiz (TCDD)
- Platon Guryanov (RZD)
- Gerald Wieser (Rail Cargo Austria AG)
- Maria Urbańska (PKP Cargo S.A.)
- Aikaterini Vitou (TRAINOSE)

The Executive Committee met on 27 April in Bern and 27 September in Locarno, and dealt with all current items of business.

General Secretariat

Day-to-day business, to which the General Secretariat devotes most of its resources, consists essentially of the following:

- updating and enhancing CIT products
- preparing for and holding meetings of the CIT Executive Committee and General Assembly
- preparing for, holding and following up on meetings of the CIV, CIM, CUI and Multimodality Committees and Working Groups, and implementing the decisions taken
- participating in and representing the interests of members at the meetings of organisations both governmental (OTIF, OSJD, EU, UNECE, ECO, etc.) and non-governmental (CER, UIC, CCTT, etc.)
- communications (annual report, CIT Info newsletter, articles in specialist periodicals, etc.)
- individual support for CIT members (legal information, practical advice, training seminars, etc.)

In 2017, in addition to the Secretary General, the General Secretariat employed four lawyers, two railway experts and two secretaries, to a FTE (full-time equivalent) of 790%.

CIT Info

The CIT Info newsletter provides a regular update on all CIT's activities and important developments in the law of international carriage by rail. It continues to be in great demand. There were four editions in 2017.

Groups of experts

Five groups of experts support the CIT's work. They are: PRR, CIM/SMGS, CIV/SMPS, Seals, and Data Protection.

26

circular letters
from CIT to its members



Cesare Brand
Secretary General



Erik Evtimov
Deputy Secretary General



Members

CIT members are railway undertakings from 43 countries across three continents (Europe, Africa, and Asia). CIT has a total of 128 full members and 80 members who are linked via associate organisations. The association's costs are borne by its members, with each member paying a membership fee proportional to the level of its international passenger and/or freight transport volume. Each full member has one vote, regardless of the amount of membership fee paid. Syria's membership of OTIF was provisionally suspended in summer 2016 at the request of the member state in view of the extraordinary situation; the CIT General Assembly decided similarly as regards the Syrian Railways' membership of CIT. The suspension applied throughout 2017.

The following railway undertakings joined CIT in 2017

| Country | Company | Membership status | Date of joining |
|----------|------------------------|-------------------|-----------------|
| Hungary | Hungarian Railway Kft. | Full member | 1.2.2017 |
| Slovakia | Carbo Rail, s.r.o. | Full member | 1.3.2017 |
| Italy | AW Rail srl | Full member | 1.4.2017 |
| Italy | Mercitalia Rail S.r.l. | Full member | 1.8.2017 |



Balance Sheet 2017

The 2017 income statement closed with a surplus of CHF 1,421.

On 6 March 2018, PricewaterhouseCoopers AG examined the financial statements and accounts, and recommended their approval. The auditors' report can be found on page 36 of the 2017 Annual Report.

| | 31.12.2017 | | 31.12.2016 | |
|---|----------------|--------------|----------------|--------------|
| | CHF | % | CHF | % |
| Cash | 372,954 | 58.6 | 525,376 | 83.3 |
| Trade accounts receivable | 347,093 | 54.6 | 174,960 | 27.7 |
| Allowance for doubtful accounts | -143,500 | -22.6 | -137,300 | -21.8 |
| Inventory / Publications | 1 | 0.0 | 1 | 0.0 |
| Accrued income and prepaid expenses | 59,586 | 9.4 | 67,948 | 10.8 |
| Total current assets | 636,135 | 100.0 | 630,985 | 100.0 |
| Property, plant and equipment | 1 | 0.0 | 1 | 0.0 |
| Total fixed assets | 1 | 0.0 | 1 | 0.0 |
| Total assets | 636,136 | 100.0 | 630,986 | 100.0 |
| Trade accounts payable | 20,018 | 3.1 | 27,522 | 4.4 |
| Other current liabilities | 39,533 | 6.2 | 51,169 | 8.1 |
| Accrued expenses and deferred income | 200,263 | 31.5 | 177,394 | 28.1 |
| Total current liabilities | 259,814 | 40.8 | 256,085 | 40.6 |
| Total liabilities | 259,814 | 40.8 | 256,085 | 40.6 |
| Reserves 01.01. | 374,901 | 58.8 | 486,876 | 77.1 |
| Compensation exchange rate 5% reduction of the member subscriptions | 0 | 0.0 | -125,500 | -19.9 |
| Profit for the year | 1,421 | 0.2 | 13,525 | 2.1 |
| Total reserves 31.12. | 376,321 | 59.2 | 374,901 | 59.4 |
| Total liabilities | 636,136 | 100.0 | 630,986 | 100.0 |

To be submitted for approval to the General Assembly on 15 November 2018.

Accounts 2017

| | Budget | Result | Result |
|---|-------------------|-------------------|-------------------|
| | 2017 | 01.01.-31.12.2017 | 01.01.-31.12.2016 |
| | CHF | CHF | CHF |
| Member subscriptions | 2,274,500 | 2,105,145 | 2,250,569 |
| Events | 0 | 6,230 | 34,791 |
| Other services | 200 | 535 | 316 |
| Gross revenues | 2,274,700 | 2,111,910 | 2,285,676 |
| - Trade losses | -5,000 | 0 | -165,581 |
| - Change of allowance for doubtful accounts | -40,000 | -6,200 | 111,700 |
| Net revenues | 2,229,700 | 2,105,710 | 2,231,795 |
| - Printing costs | -11,700 | -17,042 | -4,682 |
| - Meeting costs | -86,800 | -105,881 | -99,153 |
| - Costs of events | -75,000 | -41,889 | -89,722 |
| - Public relations | -46,500 | -44,744 | -49,831 |
| - Costs of services | -234,100 | -237,685 | -194,862 |
| Total costs of material and services | -454,100 | -447,242 | -438,250 |
| Gross profit I | 1,775,600 | 1,658,468 | 1,793,545 |
| - Salaries | -1,192,500 | -1,142,927 | -1,241,254 |
| - Social security expenses | -275,000 | -234,310 | -259,953 |
| - Other personnel costs | -48,000 | -31,722 | -31,184 |
| Total personnel costs | -1,515,500 | -1,408,958 | -1,532,391 |
| Gross profit II | 260,100 | 249,510 | 261,153 |
| - Costs of accommodation | -128,000 | -125,577 | -124,929 |
| - Equipment and maintenance costs | -23,000 | -6,417 | -16,348 |
| - Administration and IT | -103,400 | -115,356 | -103,735 |
| Total other operating expenses | -254,400 | -247,350 | -245,013 |
| Operating result before interests | 5,700 | 2,161 | 16,141 |
| + Financial income | 50 | 2,594 | 424 |
| - Financial expense | -5,000 | -2,962 | -9,449 |
| Operating result | 750 | 1,792 | 7,116 |
| + extraordinary income | 0 | 0 | 7,108 |
| - taxes | -750 | -372 | -699 |
| Profit for the year | 0 | 1,421 | 13,525 |

To be submitted for approval to the General Assembly on 15 November 2018.

Appendix to the 2017 and 2016 Annual Accounts

| | 31.12.2017 CHF | 31.12.2016 CHF |
|---|--|---------------------|
| Details of the organisation | | |
| Company | CIT International Rail Transport Committee | |
| Legal status | Association | |
| Registered address | Weltpoststrasse 20, 3015 Bern | |
| Details of the principles adopted to draw up the annual accounts | | |
| These annual accounts have been prepared in accordance with Swiss law and in particular with the provisions of the Swiss Code of Obligations concerning commercial bookkeeping and accountancy (Articles 957 to 962). | | |
| The most important principles adopted for valuation are described below: | | |
| Receivables | | |
| Receivables and other current assets are shown at their nominal value less any individual adjustments of value necessary for economic reasons. | | |
| Range of full time equivalent posts - annual average | | |
| | not above 10 | not above 10 |
| Amounts remaining due under leasing obligations | | |
| Leasing obligations which cannot be terminated within twelve months mature as follows: | | |
| Due within a year | 9,979.20 | 9,979.20 |
| Due in more than a year | 18,295.20 | 28,274.40 |
| These amounts include the payments due under the leasing obligations (including ground rent, costs and VAT) up to the end of the contract or expiry of the notice required for termination. | | |
| The CIT International Rail Transport Committee's lease contract has a limited duration. It runs until 31 December 2021 and has an annual ground rent of CHF 111,456 including additional expenses. | | |
| Liabilities to pension funds | | |
| | 19,196.85 | 22,167.15 |
| Explanatory notes relating to extraordinary or non-recurring items in the income statement or items relating to other periods | | |
| Zürich surplus participation | 0.00 | 4,158.80 |
| Mobilier surplus participation | 0.00 | 2,949.50 |
| Total extraordinary, non-recurring income or income relating to other periods | 0.00 | 7,108.30 |

| | 31.12.2017 CHF | 31.12.2016 CHF |
|---|-------------------|-------------------|
| Significant events occurring after the date of the balance sheet | | |
| Between the date of the balance sheet and its approval by the Executive Committee on 26 April 2018, there were no significant events which could adversely affect the annual accounts or which have to be disclosed. | | |
| Swiss franc/euro exchange rate | | |
| The CIT Executive Committee decided on 17 September 2015 to reimburse 5 % of the membership contribution to members from its reserve fund as compensation for the Swiss franc/euro exchange rate for 2016. This reimbursement amounting in total to CHF 125'500.00 was deducted from the first instalment of the membership contribution. The Swiss franc/euro exchange rate has fluctuated around 1.10 CHF per euro for over a year. The budget reduction approved in 2015 remains in effect for 2017. | | |
| Increase of the profit for the year due to a net release of accruals | | |
| | 40,940.00 | 0.00 |



Report of the statutory auditors on the limited statutory examination to the General Meeting of International Rail Transport Committee (CIT)

Bern

As statutory auditors, we have examined the financial statements of International Rail Transport Committee (CIT), which comprise the balance sheet, income statement and notes (pages 32 to 35), for the year ended 31 December 2017.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of association personnel and analytical procedures as well as detailed tests of association documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

PricewaterhouseCoopers AG

Peter Held
Audit expert
Auditor in charge

Naomi Hürzeler
Audit expert

Bern, 26 April 2018

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Index of abbreviations

| | | |
|---|---|---|
| AIV Agreement concerning the Relationships between Transport Undertakings in respect of International Passenger Traffic by Rail | CUV Uniform Rules concerning Contracts of Use of Vehicles in International Rail Traffic (Appendix D to COTIF) | OSJD Organisation for Cooperation between Railways |
| CCTT Coordinating Council on Trans-Siberian Transportation | E-GTC-I European General Terms and Conditions of Use of Railway Infrastructure | OTIF Intergovernmental Organisation for International Carriage by Rail |
| CER Community of European Railways and Infrastructure Companies | ERFA European Rail Freight Association | PRR (Rail-PRR) Regulation (EC) No 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers' rights and obligations |
| CIM Uniform Rules Concerning the Contract of International Carriage of Goods by Rail (Appendix B to COTIF) | E-SCU-I European Standard Contract of Use for Railway Infrastructure | RNE RailNetEurope |
| CIT International Rail Transport Committee | GCC-CIV/PRR General Conditions of Carriage for Rail Passengers | RU Railway Undertaking |
| CIV Uniform Rules Concerning the Contract of International Carriage of Passengers by Rail (Appendix A to COTIF) | GLV-CIM CIM Consignment Note Manual | SMGS OSJD Convention concerning International Goods Traffic by Rail |
| CMR Convention on the Contract for the International Carriage of Goods by Road | GLW-CUV CUV Wagon Note Manual | SMGS OSJD Convention concerning International Passenger Traffic by Rail |
| COTIF Convention concerning International Carriage by Rail | GTC General Terms and Conditions | UIC International Union of Railways |
| CUI Uniform Rules concerning the Contract of Use of Infrastructure in International Rail Traffic (Appendix E to COTIF) | GTM-CIT CIT Freight Traffic Manual | UPU Universal Postal Union |
| | GTW-CIT CIT Wagon Manual | UNECE United Nations Economic Commission for Europe |
| | IRU International Road Transport Union | UR Uniform Rules |
| | MIRT Manual for International Rail Tickets | |

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Internationales
Eisenbahntransportkomitee

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International Rail
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