



Press release from Cargo sous terrain AG

Basel, 28 September 2018

## Decisive step forward for Cargo sous terrain

**Today's announcement by the Swiss Federal Council brings Cargo sous terrain (CST) closer to the implementation of its digitized freight service system. The public consultation to be launched by the Federal Government is the first step towards the CST Law. Parallel to the public consultation, CST is continuously working on its project development. A new investment plan recently approved by the Administrative Board will both secure the Swiss majority in the shareholder base as well as the financing of the project.**

Cargo sous terrain (CST) AG has expressed its delight at the Swiss government's announcement that the consultation process for the CST legislation is now set to begin. This legislation is one of the essential requirements for establishing the new integrated logistics system. The proposed law will put a framework in place for the construction, beginning in 2025, of underground CST tunnels and overground hubs, plus the collaboration that is set to take place between the cantons and municipalities involved. At the same time, it will provide the market-based investors with planning security and legal certainty. As soon as the CST Law comes into force – a decision by the Swiss Parliament is expected for 2020 –, the planning and construction permit phase for the first stage between Härkingen-Niederbipp and Zürich will begin. The first stage is set to open in 2030.

In November 2016, the Swiss government had specified a number of conditions to support the project on its legislative path. This included evidence of support for the project from the cantons involved in it, and of CHF 100 million in financing for the construction permit phase. The broad base of shareholders is proof of the commitment amongst retailers, shippers and logistics companies who are supporting CST financially and conceptually. As it has done previously, CST will be working closely with cantons situated along the first section of the integrated logistics system, so that any issues can be resolved well ahead of the point at which the project is scheduled for implementation. This will mean actions such as linking hubs to the existing transport network and coordinating with those responsible for canton-level land use planning. In practice, this discussion takes place through a working group, involving the Cantonal Construction, Planning and Environment Directors' Conference and specialist departments from the cantons in question (Aargau, Bern, Solothurn and Zurich).

### Swiss companies hold majority in CST shareholder base

Once all the capital committed for the construction permit phase has been released, Swiss partners, led by Mobiliar, are foreseen to hold 55% of the shares. Other important Swiss shareholders will be Coop, Migros-Genossenschafts-Bund, Die Schweizerische Post, Swisscom, Zürcher Kantonalbank, Credit Suisse, Antrimon Group/Gotthard 3 Mechatronic Solutions, and Helvetia Versicherungen. International investors such as European investment developer Meridiem and Dagong from China will be part of the broad base of shareholders who bring expertise and experience to the transformative project. The aim of Dagong's minority interest is the export



promotion of CST's promising Swiss technology to China. Thus, CST will retain its characteristic as a Swiss company once the construction permit phase starts in 2020. It is estimated that total costs for constructing the first section of the project, stretching from Härkingen-Niederbipp to Zurich, will reach CHF 3 billion, including software, hubs, and vehicles both underground and overground (for city logistics).

Besides the tunnel network, the city logistics system and the IT platform are the driving forces that will establish CST's position on the market. CST AG intends to accelerate the process of bringing these components to fruition. The reasons behind this are the financial potential inherent in the components and the fact that they will enable the project to be implemented successfully once the CST legislation has come into force. The first section of CST will open in 2030. When the CST integrated logistics system will be fully expanded in 2045, it will serve 10 million people across Switzerland with a network of tunnels spanning 500 kilometres, 80 access points for goods (hubs), plus an efficient local urban distribution system (city logistics). "We are absolutely delighted that the government has decided to launch the public consultation for the CST law. It gives us even more incentive to pursue our aim of providing Switzerland and its urban centres with an efficient and environmentally friendly complete logistics system for the digital age", said Peter Sutterlüti, Chairman of the Administrative Board of CST.

#### **Further information for the media**

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## Infobox 2

### Conditions specified in 2016 by the Swiss government

- The transformation of the CST association into a joint-stock company
- Investments of more than CHF 100 million for the planning and building permit phase
- Proof of a firmly established base amongst dealers, shippers and logistics companies
- Support for the cantons along the first section (BE, SO, AG, ZH)
- Non-discriminatory access to the system
- No government subsidies

### Comprehensive logistics solution with CST from 2030 onwards

By 2045, CST can provide Switzerland with an automated, digitally controlled overall logistics system that will promote the competitiveness of the economy and improve quality of life in the long term. CST will ensure a high security of supply and punctual deliveries of pallets, containers and parcels. The system includes underground transport tunnels between the centres north of the Alps and environmentally friendly distribution in cities and industrial areas (city logistics). The first section of the tunnel system will connect the Härkingen-Niederbipp logistics hub with Zurich from 2030 onwards. In the next few years, CST will develop a city logistics service for Swiss cities which can be operated profitably after the opening of the CST tunnel system. The fully automatic network from Geneva to St. Gallen and from Basel to Lucerne, with an additional branch from Berne to Thun at the full state of development, will serve more than 80 hubs for the loading and unloading of goods for industry and commerce as well as for about 10 million people. At the same time, CST will be the largest warehouse in Switzerland with a surface area of one million square metres below ground.

CST will reduce the number of trucks on existing roads, in particular at road bottlenecks by 40%. Freight traffic in cities will be reduced by up to 30% thanks to the systematic and efficient delivery by electric vehicles that are compatible with urban requirements. The system will be operated entirely with renewable energy. Thanks to end-to-end digitalization, the system will operate in an extremely flexible environment, with dynamic deliveries in small units and guaranteed arrival times for goods.