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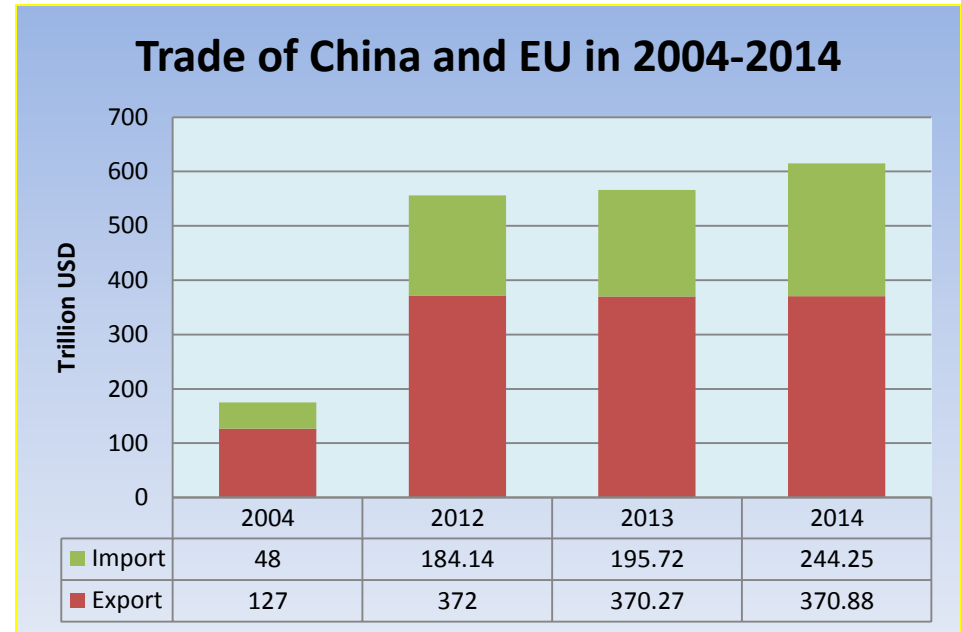
The Eurasian Rail Link

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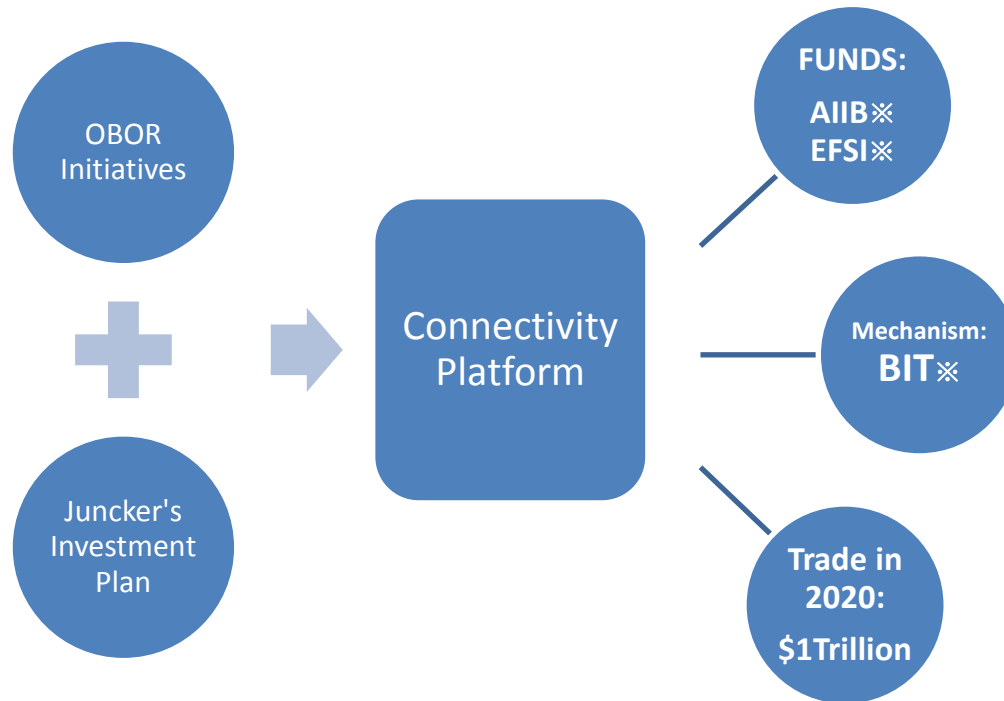
Expanding trade scale Between China and EU

- In 1975 the trade between China and EU only US\$2.45 billion.
- In 2014 the trade volume is US\$615.14 billion, 19% of China's global trade volume.



- Due to economy downturn from both EU and China, in Jan-May, 2015, the trade of China and EU decreased 7.1%.
- However, the new cooperation plan will stimulate trade and investment between China and EU.

EU-CHINA Trade Prospect in 2015-2020



According to “China-EU 2020 Strategic Agenda for Cooperation”, the trade is expected to increase up to *1 Trillion USD* by 2020.

In **OBOR** initiatives, China will put in 52.4Billion USD for overseas investment.

In **Juncker’s investment plan**, EU will invest 315 Billion EURO in 3 years to boost EU economy.

※AIIB: Asian Infrastructure Investment Bank ※EFSI: European Fund for Strategic Investments

※EU-China BIT: EU-China bilateral investment treaty is still in negotiation and expected to sign by 2015

Cargo Transport Options for China-EU trade

- 95% of trade in goods are transported by marine route.
- Less than 5% of products are transported by rail route
 - 75% by [Siberian land bridge](#)
 - 25% by [New Eurasian Land Bridge](#)

Eurasian Rail Market Scale in 2015-2020

year	Eurasian Block Train	Trade by Eurasian railway* (\$Billion)	EU-China Trade (\$Billion)	Trade proportion by Eurasian rail
2013	72	1.136	566.2	0.20%
2014	308	4.862	615.14	0.79%
2015 forecast	500	7.893	615.14	1.28%
2020 target	1000	15.786	1000	1.58%

In 2014 the average cargo value of 1 block train is \$15.78 Million.

Estimation of Trade amount by Eurasian railway in 2015 and 2020 are calculated as cargo value \$15.78 Million per train.

● **By 2020**, the cargoes using Eurasian rail corridor will be up to \$ 15.786 billion, which equals to about **100 Billion RMB**.

● The growth of Eurasian rail market will exceed the EU-China trade growth speed, and changes the traditional trade contract terms.

Comparative Advantages of Eurasian Rail Transport

- High reliability

The rail corridor is much safer than marine route either through the Suez Canal or Cape of Good Hope. Also there is low risks of congestion, attack, and weather influence on transport in rail route.

- High energy efficiency

- Fast delivery

The average transit time for current China-Europe block train is **12-16** days, **1/3** of marine transport time.

Comparative Advantages of China-Europe Rail Transport

Take cargo from **Chengdu** to **Poland** for example



Marine option:
45 days, \$5500/40'

Rail option:
12 days, \$8500/40'

Air option:
7 days

Performance of “China-Europe freight trains”



Train frequency & lines fast increasing



Central & Western regions highlighting



More diversified and market-oriented



Effectiveness on freight cost down

Train frequency & routes fast increasing

- In 2014, **308** China-Europe block trains were successfully operated, with cargo volume **26070FEU** which increased **285%** compared with previous year.
- The block train schedule for 2015 is **500** trains, and for 2020 is **1000** trains.
- Eastbound block train transport is gradually organized.

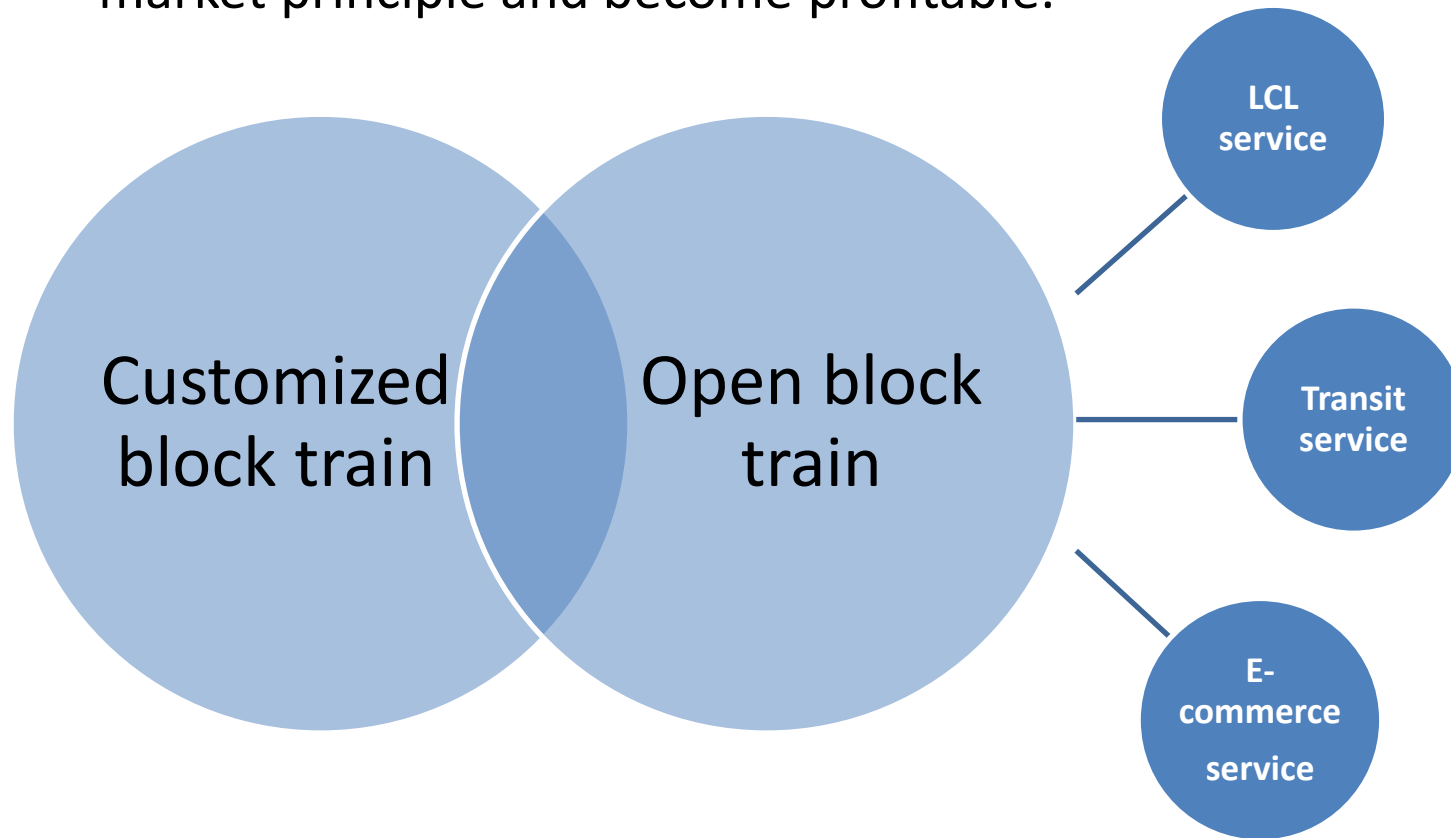
	Eastbound	Westbound	Lines	TOTAL
2014H1	1	76	7	78
2014H2	20	210	19	230
2015H1	50	194	19	244
2015July	24	60	21	84

Central & Western regions highlighting

- The new silk road economic belt initiative (OBOR) speed up part of industries shifting from coastal and eastern cities to middle and western regions of China, especially the labor-intensive industry and resource-based industry.
- To undertake the *intersectional industry shift*, the government of middle and western regions in China is cultivating the market of China-European Corridor. In the cultivating phrase, most are operated with *government grants*.
- Besides Chongqing, Zhengzhou, Wuhan and Chengdu which already stabilized the China-European block train corridor, *Changsha, Hefei, Lanzhou, Kunming* also successfully operated the block train to Europe.

More diversified and market-oriented

- After 2 years' development, the services and products in China-European block train become more diversified and market-oriented. Part of routes have been operating in market principle and become profitable.



Effectiveness on running time

According to China Railway's plan

- Block train will be arranged with **fixed schedule**.
- The train frequency will be **1 train per day in near future**.
- The transport time will be shortened to be around **12 days**.
- For west line (via Kazakhstan-Russia) the cargo detention time in border station are largely shortened. So far, it takes 5 hours to cross Dostyk, 5 hours to cross Brest.
- For middle line (via Mongolia-Russia) the average cargo detention time is up to 30% of total transport time. And 60% of detentions are caused by document problems and Customs inspections.
- **Standard document and unified coordination mechanism** will be build up in near future for whole-course transportation to improve efficiency of customs clearance and reloading to shorten cargo detention time.

How will freight Forwarders play in Eurasian Rail Business?

- ❑ Freight forwarding companies need to study and practice on the fast growing Eurasian rail market and **integrate present resources** to offer brand-new products and solutions for potential customers.
- ❑ Back load from EU to China still in lack, which also lead to high costs of one-way freight. Freight forwarding company should focus on the **back load market exploring** , especially on market of auto import, equipments and machines, chemical products and agricultural products.
- ❑ **Last Mile Solutions**
Freight forwarding company shall deepen cooperation to offer more comprehensive logistics service for Eurasian rail corridor, including multimode transport, LCL and e-commerce logistics services.



The End

Thank You !



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