Introduction of One Belt One Road Initiatives and China-Euro Block Train

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One Belt and One Road

One Belt And One Road (OBOR), is short name for “the silk road economic belt and the 21 century marine silk road”, which are respectively forwarded by China president Xi Jinping on September and October in 2013. OBOR is a strategic plan.

Four principles; openness and cooperation; harmony and inclusiveness; market operation; and mutual benefits.

Five priorities; policy coordination; routes connectivity, unimpeded trade, financial integration; and people-to-people bonds.
One Belt and One Road
China-Euro Block Train

Means the container block train that depart from China finally arrive at Europe, which is fixed departure terminal, fixed arrival terminal, fixed departure time, fixed arrival time and fixed routs.
Overview: China Railway

On March 14, 2013, China railway reforms made significant headway, the Ministry of Railway (MOR) implemented the separation of Government and enterprise function, then China Railway Corporation (CRC) was established.

In 2014, China's railway mileage has surpassed the 112,000 kilometers, high-speed rail over 15,000 kilometers, ranked first in the world.

2014, CRC had opened three corridors in West, Central and East for China-Europe block train, and scheduled the train running line in 1200 kilometers per day. In 2014, the total block train exceed 400 trains.
Three phases of China-Euro block train

- Phase 1: Demonstration Block Train (before 2011)
- Phase 2: Developing (2011~2013)
- Phase 3: Thriving (after 2013)
Hohhot- Frankfurt (Duisburg) block train

March 1st, 2005, operating the demonstration block train, total distance 9814 kilometers, total time 15 days

- 2005年3月1日，开行了从呼和浩特到法兰克福的国际集装箱列车。全程9814公里，运输时间15天。
Beijing-Hamburg demonstration block train

On January 8, 2008, one train departed from Beijing Dahongmen terminal. In the opening ceremony, the participated ministers and chiefs commonly press the start button, who are from China railway, Ulan Bator Railway Bureau, Russian Railway corporation, Belarus railway bureau, Poland national railway corporation and DB.

The block train ran via Mongolia, Russia, Belarus, and Poland, finally arrived at Hamburg on January 22nd, total distance 9,929 km, total running time 12 days 21 hours.
Beijing-Hamburg demonstration block train

Train through Brest station.
Beijing-Hamburg demonstration block train

Arrival ceremony – Eurogate terminal.
Phase 1

Wulumuqi-Riga-Hamburg demonstration block train

乌鲁木齐—里加—汉堡国际集装箱示范列车

Riga station (up)
Riga Port (right)
Phase 1

Wulumuqi-Riga-Hamburg demonstration block train

乌鲁木齐—里加—汉堡国际集装箱示范列车

Visit Riga center station
Phase 2 (2011—2013)

7 block trains from China to Europe

7条货运班列从中国驶向欧洲
Phase 2

China-Euro Train-YuXinOu

中欧班列-渝新欧班列
Phase 2

China-Euro Train-YuXinOu
Phase 2

中欧班列-蓉欧快铁
Chian-Euro Block Train(CEBT)-Chendu-Poland Train
中欧班列-蓉欧快铁
Chian-Euro Block Train(CEBT)-Chendu-Poland Train

Phase 2
中欧班列-郑欧班列
Chian-Euro Block Train (CEBT) - Zhengzhou-Hamburg Train

1. 郑州 Zhengzhou– 汉堡 Hamburg 16天（16days）
2. 郑州 Zhengzhou – 阿拉木图 Almaty 6天（6days）
3. 郑州 Zhengzhou – 莫斯科 Moscow 11天（11days）
4. 郑州 Zhengzhou – 克莱佩达 Klaipeda 13天（13days）
Phase 2

China-Euro Block Train (CEBT) - Suzhou-Warsaw Train
中欧班列-汉新欧班列
Chian-Euro Block Train(CEBT)-Wuhan-Poland Train
Phase 3, thriving
(after 2013)

The strength of the block train:

- Huge supported by China Railway Corporation
- High efficient at Border crossing
- High speed: total 15~18 days
Phase 3, thriving

- Huge supported by China Railway Corporation
- Three efficient corridors and five border stations
- Discount in Price: wb:0.6$/40'km, EB:0.5$ all in
- Increase the train speed to 1300Km per day, improve the running quality
Phase 3, thriving

Three efficient corridors

1. West: Exited from Alashankou, or Horgos, via Kazakhstan, Russia….
2. Central: exited from Erlianhot, via Mongolia, Russia,…
3. East: exited from Manzhouli or Suifenhe, via Russia,…

Five border stations

1. Alashankou/Dostky, neighbor with Kazakhstan
2. Horgos/ Arden Corey, Kazakhstan
3. Erlianhot/zamen uude, Mongolia
4. Manzhouli/Zabaikalsk, Russia
5. Suifenhe/Gro Diego Cobo, Russia,…
Three Corridors:

1. Lianyungang-Alashankou-Kazakhstan-Europe
2. Tinajin-Erljanhot-Mongolia-Russia-Europe
3. Yingkou/Herbin-Manzhouli-Russian-Europe
Phase 3, thriving

Huge supported by China Railway Corporation

- Three efficient corridors and five border stations
- Discount in Price: wb:0.6$/40’km, EB:0.5$ all in
- Increase the train speed to 1300Km per day, improve the running quality
Phase 3, thriving

- high efficient at Border crossing

  - Block train arrive at border station in the morning
  - One window of customs and inspection
  - Guarantee transfer block train to Kazakhstan in one day

Now: longest border crossing time less than 12 hours
Before: average 20 hours, maximum 48 hours
Phase 3, thriving

- High speed: total 15~18 days

China Railway Corporation (CRC) draw fixed time table in which the travel speed exceed 1300Km per day, and also focus on the block train running quality, take measures to guarantee the running on time. For example, the Chongqing-Alashankou block train schedule time is as follow:

<table>
<thead>
<tr>
<th>Routs</th>
<th>Depart time</th>
<th>Arrival time</th>
<th>total</th>
<th>distance</th>
<th>speed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing-Alashankou</td>
<td>9:40</td>
<td>02:56</td>
<td>65hour</td>
<td>3831Km</td>
<td>1400km/day</td>
</tr>
</tbody>
</table>
Weakness and Problems

1. Higher cost of the whole journey

Compared with the deep sea, the block train’s whole freight is higher, like a 40-foot container, the whole cost of block trains (Chongqing-Duisburg) is near to $7000, while the shipping-line take only about $4000.
2. Complex procedure of making Documents

Compared with the deep sea, the block train’s waybills were made according with the containers, viz.: one train has 50 containers, we must make 50 waybills;

In addition, waybill need to be re-make in the transfer station.

For example: in 2008, we ever had made over 2000 pieces of paper for the Beijing-Hamburger train!
Weakness and Problems

3. Can’t use bill of lading/letter of credit

Compared with the deep sea, the block train can’t use the bill of lading/letter of credit to collect the cargoes’ money, while uses the waybill and TT (telegraphic transfer) which produce a little barrier to promote the trade through the block train. And also it is hard to handle the LCL cargoes.
Difference between W/B and (B/L)

- Money flow
- Cargo flow

Money flow

Bank

Cargo flow

Railway

Shipment

Bank

Shipment

Money flow

L/C

W/B or B/L
Suggestion: how to improve competitiveness

1. Balance the equipment

Besides the high tariff of the railway transport itself, one of the main reasons of higher container cost on a block train is the cargo volume unbalance between China and Europe, the volume from China to Europe is much larger than from Europe to China, then the return of the surplus empty container back to China expense much money, moreover, empty running platform increase the cost too, So the best way to decrease the whole cost is open more and more return block trains from Europe to China.
Suggestion: how to improve competitiveness

2. Establishing “a combine model of trunk Dedicated train ,branch feeder”

Legend:
- Branch feeder or distribute, by truck, rail or ship;
- trunk block train. Minimum No. of 40’containe: 41
- Distribution center.
- Places Cargoes originate in or destination
3. Develop the LCL services

I suggest that FIATA lead the role, together with UIC, OSJD, WCO and other international commission to study the document and process of opening LCL services in the China-Europe block train, likes:

1) Is it feasible to use B/L and L/C in the block train?
2) What’s the operation process?
3) How to coordinate with customs?
4) How to meet the customs supervision demands in the distribution center?
Conclusion

1. One belt one road initiatives is a strategic plan which benefits all countries along the traditional silk road;

2. China-Euro block train is one of most important elements of the Belt and Road initiatives, which showing more and more competitive with “high speed and high security,” is becoming a useful complement to the traditional maritime transport corridors. Along with the coordinated efforts of the countries along the railway sector, I believe that China-Euro block train will become the iron trade and transport corridors between Asia and Europe!
Chinese-Russian Rail-Container International Forwarder (CRRC) is the joint venture established with two million USD by CRIMT and JSC TransContainer and is headquartered in Beijing.
Profile of Shareholders

- **CRIMT**
  - (equity participation 51%)
  - CRIMT is the wholly-owned subsidiary of China Railway Container Transport Co., Ltd (CRCT) and the enterprise directly under China Railway Corporation. Its predecessor – China Railway International Forwarder Co., Ltd (CRIF) was founded in 1996 and is among the batch of Chinese enterprises engaged in international freight forwarder business at the earliest.
  - CRIMT has 18 branch companies, more than 10,000 self-owned containers (CRJU) and offices in three countries, and is equipped with well-enhanced operating network.
  - Annual Revenue and gross profit reached RMB 4.5 billion yuan and RMB 120 million yuan.

- **JSC TransContainer**
  - (equity participation 49%)
  - TransContainer is the subsidiary of Russian Railway Co., Ltd and is mainly engaged in container operation and transport, and enjoys near 50% of share in Russia’s domestic container transport market.
  - It has 24,376 flatcars, 59,116 containers, 47 container handling stations. It has established 147 offices in Russia, 8 representative offices, 3 joint ventures, 3 subsidiaries, 28 agent points in 24 countries.
  - Revenue and net profit hit 36.4 billion ruble (1.18 billion USD) and 5.15 billion ruble (167 million USD) in 2012.
Thank You!

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