

Railfreight Summit 2019: Emerging markets and the shift to the East



Introduction

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- Focus on seaports and hinterland logistics
- Member of the Intermodal Links team within Ecorys



Today's topic: emerging markets

1. Economic overview of the region: main development & drivers
2. Logistics networks in the region
3. Strategic considerations & future developments

Should we still say 'emerging market'?

FINANCIAL TIMES

fastFT Poland

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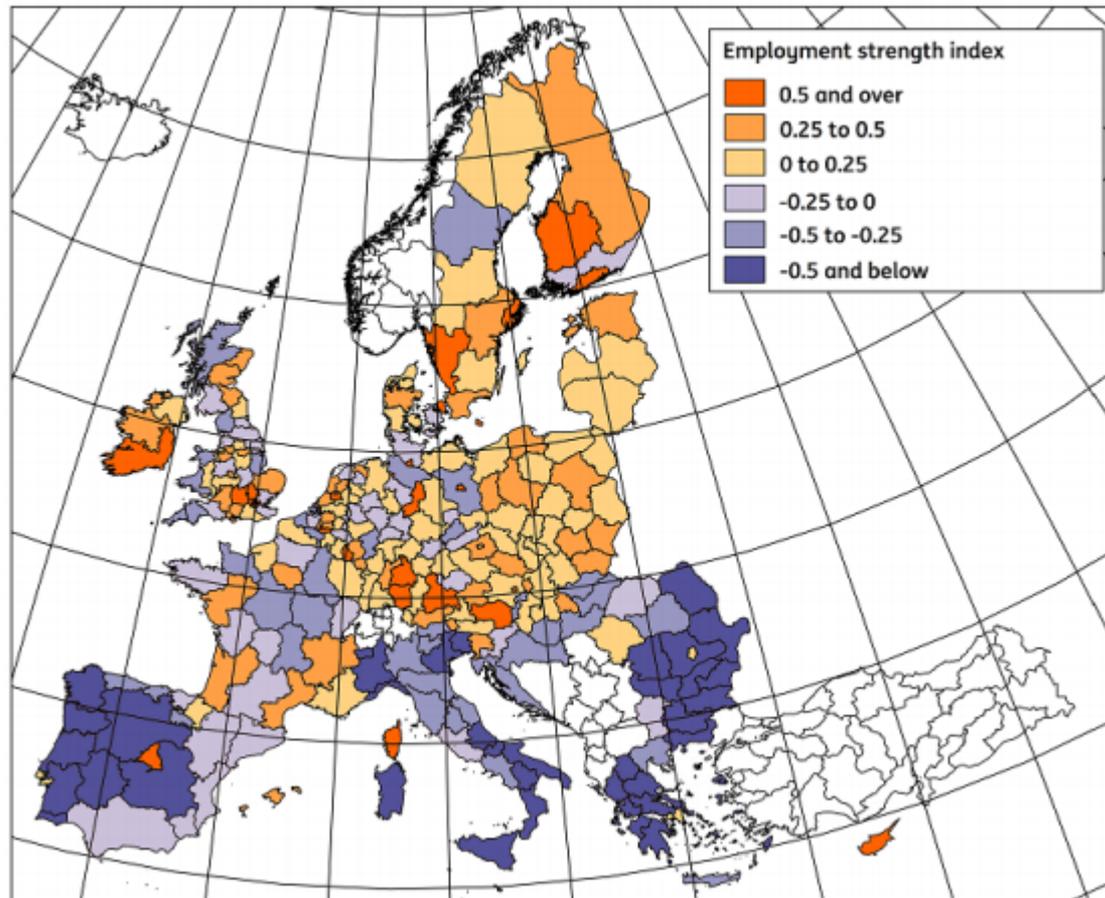
Poland upgraded to developed market status by FTSE Russell

Katie Martin SEPTEMBER 24, 2018



Poland hit a milestone on Monday with its promotion to 'developed market' status in indices run by FTSE Russell, becoming the first country in Europe to make the step and the first country in the world to be awarded such an upgrade in almost a decade.

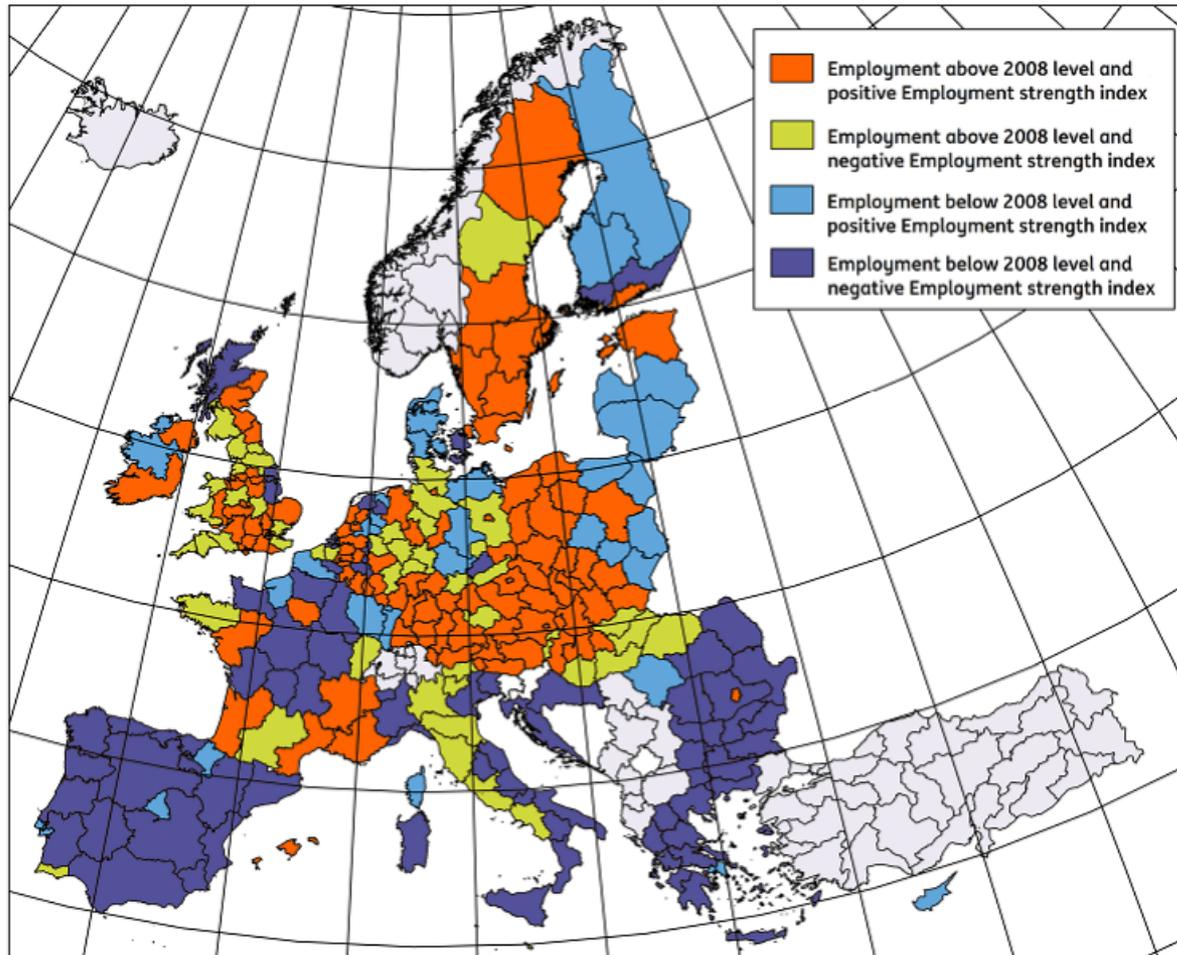
Central Europe is becoming a part of the European economic core



Source: ING (2019) Divided Europe study

Positive economic results and outlook for Central Europe

Economic stagnation in southern european regions



Source: ING Research

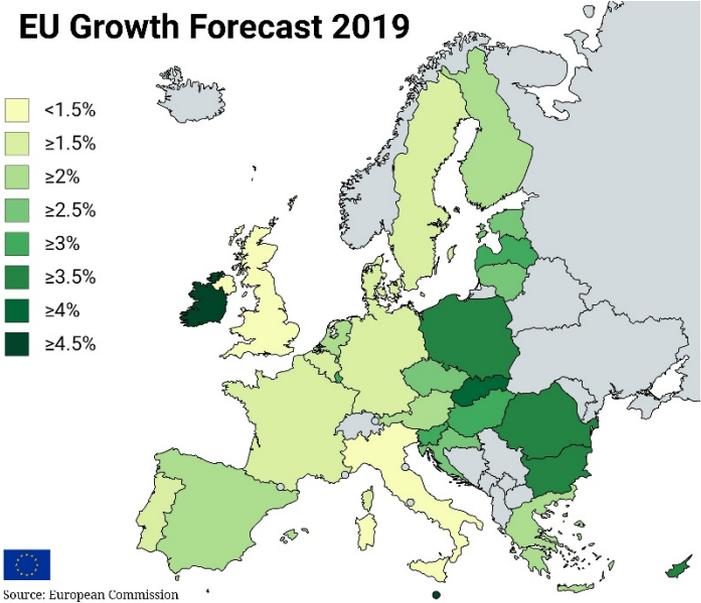
Some factors for succes

- Access to (digital) infrastructure
- Nearby larger metropolitan areas
- Spending on R&D
- Performance and expectations for the Polish economy:

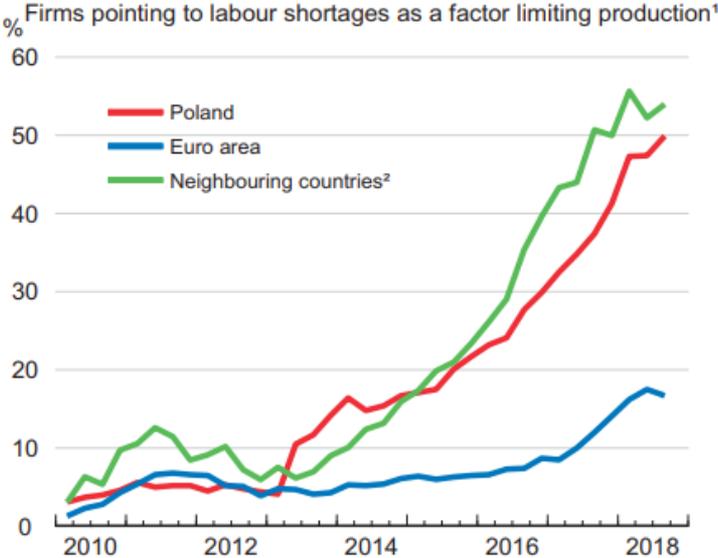
Indicators	2017	2018	2019	2020
GDP growth (% , yoy)	4,8	5,1	4,2	3,6
Inflation (% , yoy)	1,6	1,2	1,8	2,5
Unemployment (%)	4,9	3,9	3,8	3,5

Strong economic growth and low unemployment leads to constraints

EU Growth Forecast 2019

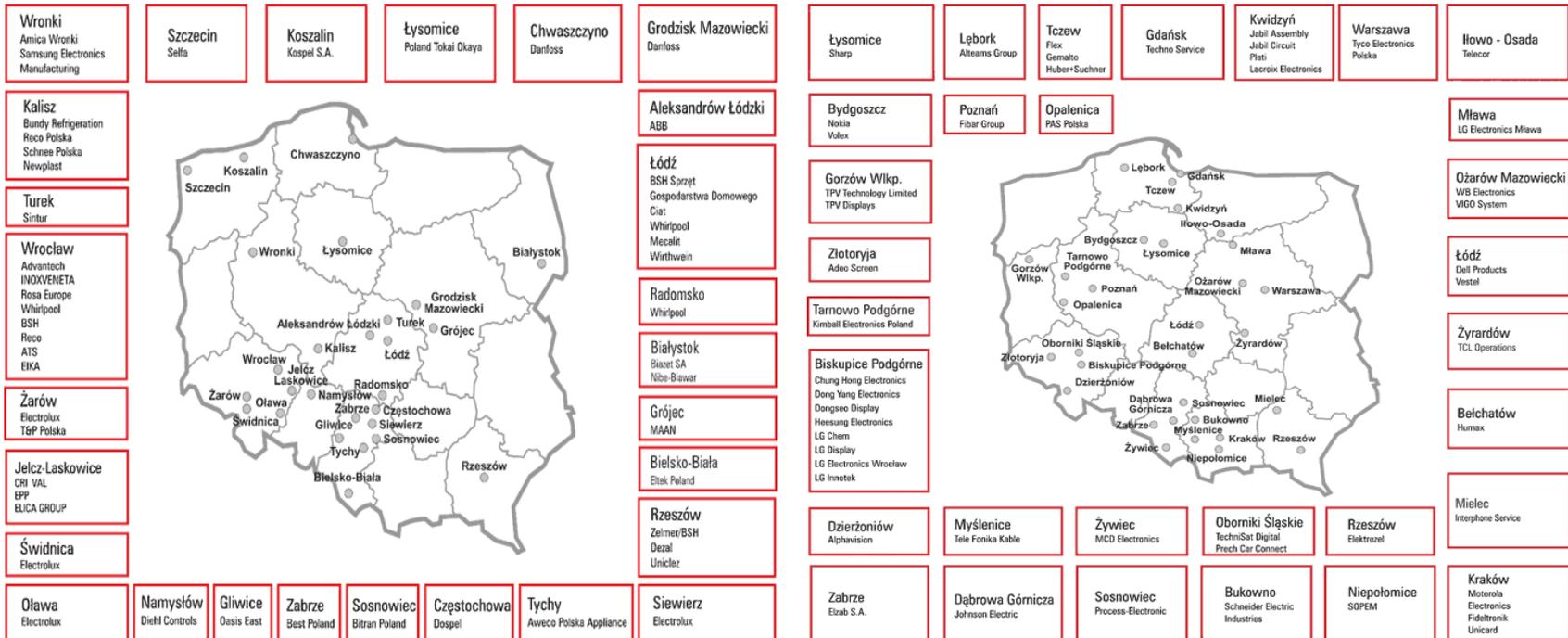


Capacity constraints are increasingly binding



Both production and consumption generate large demand for logistics services

Example of production of whitegoods and electronics



Combining manufacturing and distribution



Source: Cushman & Wakefield (2019)

Very strong growth in Gdansk over the last decade

Top 15 container ports in Europe in 2018

Total container throughput in 1000 TEU

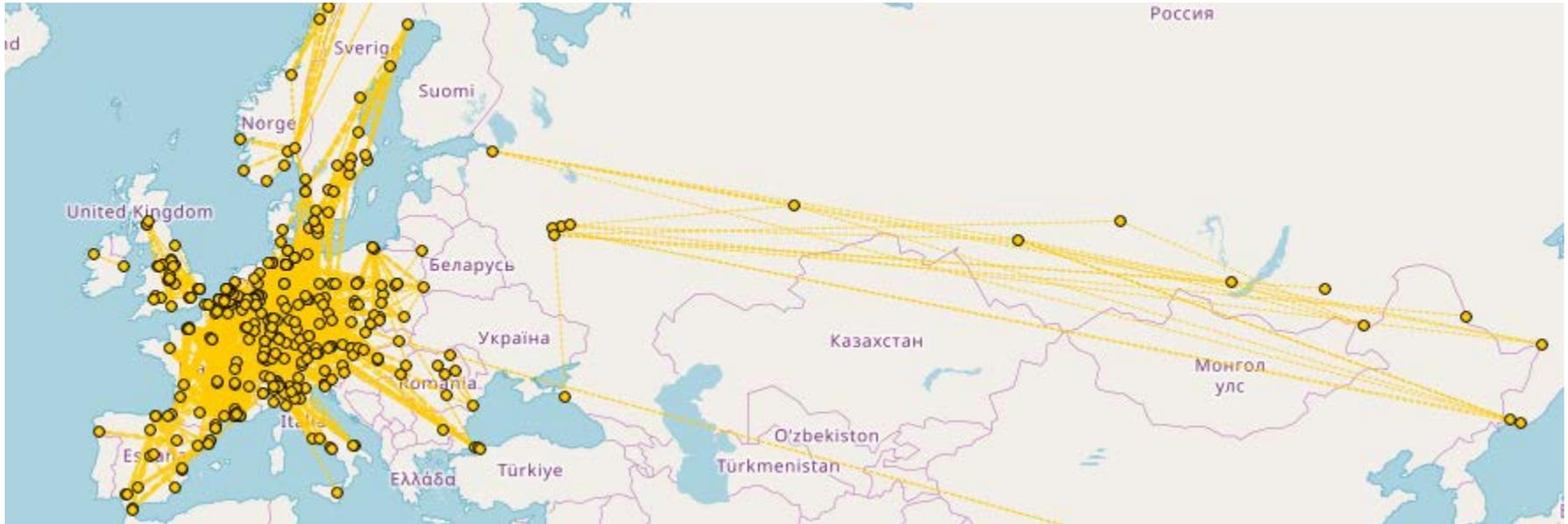
Rank 2018	Rank 2017	Rank 2007	Port	2018	Growth 2017/2018	Growth 2007/2018
1	1	1	Rotterdam (NL)	14,513	5.7%	34.5%
2	2	3	Antwerp (BE)	11,100	6.2%	35.8%
3	3	2	Hamburg (DE)	8,730	-1.0%	-11.7%
4	4	4	Bremerhaven (DE)	5,467	-1.3%	11.8%
5	5	8	Valencia (ES)	5,104	5.6%	67.7%
6	8	-	Piraeus (EL)	4,908	20.9%	257.5%
7	6	6	Algeciras (ES)	4,772	8.9%	39.5%
8	7	7	Felixstowe (UK)	4,161	-> Figure 2017	
9	10	10	Barcelona (ES)	3,423	15.3%	31.1%
10	9	12	Marsaxlokk (MT)	3,310	5.1%	74.2%
11	11	9	Le Havre (FR)	2,884	0.0%	9.3%
12	12	14	Genoa (IT)	2,609	-0.5%	40.7%
13	13	5	Gioia Tauro (IT)	2,301	-6.0%	-33.2%
14	14	13	Southampton (UK)	1,995	-> Figure 2017	
15	-	-	Gdansk (PL)	1,949	23.8%	1911.4%
TOP 15				77,227	4.8%	26.0%
TOP 3				34,343	4.1%	19.0%



Theo Notteboom
21 February 2019

PortEconomics

Intermodal Links 'Rail' network



The Intermodal Links database includes (March 2019):

- 70 intermodal transport operators with rail services
- 364 rail connected intermodal/ro-ro terminals
- > 4,200 direct terminal-terminal connections
- > 13,000 weekly departures by rail

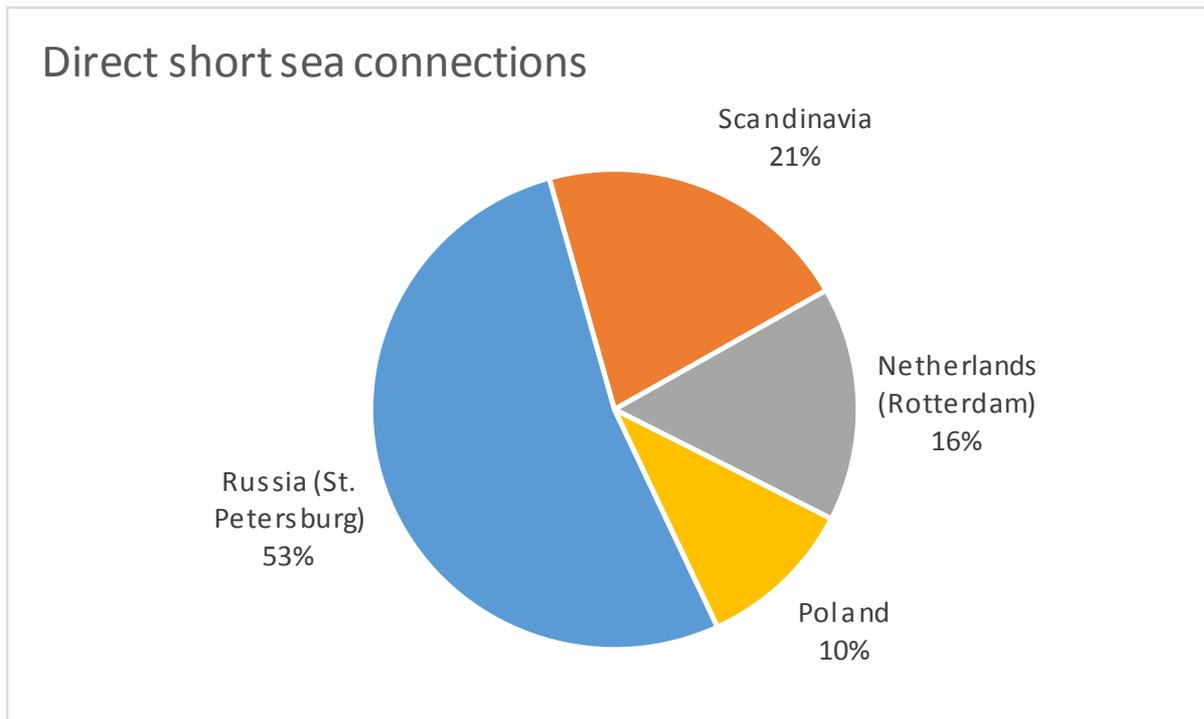
Poland well connected to Europe

- Growing intermodal network out of Poland
- Strong combination of short-sea / RoRo and rail connections
- Future developments in road traffic (Maut, congestion, rising driver wages?)



Direct Short Sea connections DCT Gdansk

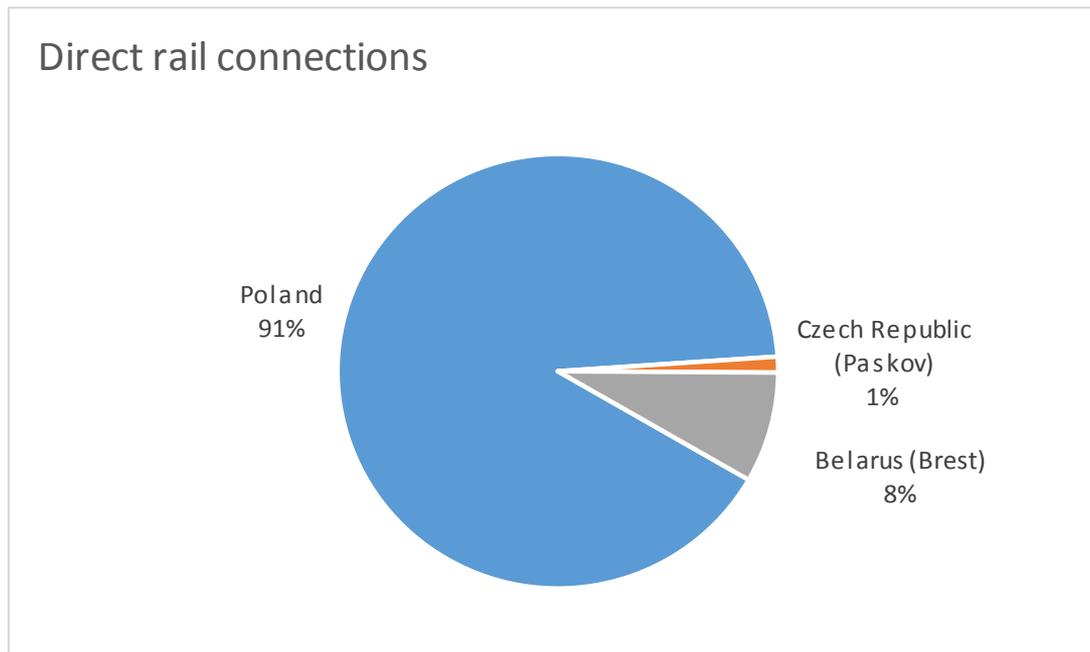
Share based on number of weekly departures (2019)



- Most important carriers: OOCL, Sealand, Unifeeder

Direct Rail connections DCT Gdansk

Share based on number of weekly departures (2019)



Most important rail operators:

- PCC Intermodal
- Loconi
- Erontrans
- ostSped
- Spedcont
- Karpiel
- Rail Cargo Group

> 90% related to domestic hubs, most important are:

- Kutno with further connections to Duisburg, Antwerp, Rotterdam, Hamburg
- Katy Wroclawskie with further connections to Rotterdam/Moerdijk

Direct connection Paskov (CZ) with further connections to Koper

Where do large rail operators grow (2017-2019)?



- Austria: Vienna
- Belgium: Zeebrugge
- Germany: Duisburg, Cologne
- Poland: Gadki
- Scandinavia: Copenhagen, Malmö



- Austria: Wels
- Germany: Duisburg, Dortmund, Hamburg, Karlsruhe, Ludwigshafen, Rostock
- Poland: Katowice, Katy Wroclawskie
- Slovenia: Koper



- Austria: Vienna, Wels, Wolfurt, Salzburg, Linz
- Netherlands: Rotterdam
- Slovenia: Koper
- Turkey: Istanbul



PKP Cargo wants more connections with Duisburg



- With Milano the best rail connected hub in Europe
- Direct rail connections with 13 other countries
- Top 4 are Netherlands, Italy, Poland, Sweden
- New direct connections with Poland (Gadki, Pruszków) provided by HUPAC since 8th March 2019.
- DCT Gdansk also has direct connections with Gadki



Continental shuttles interesting market

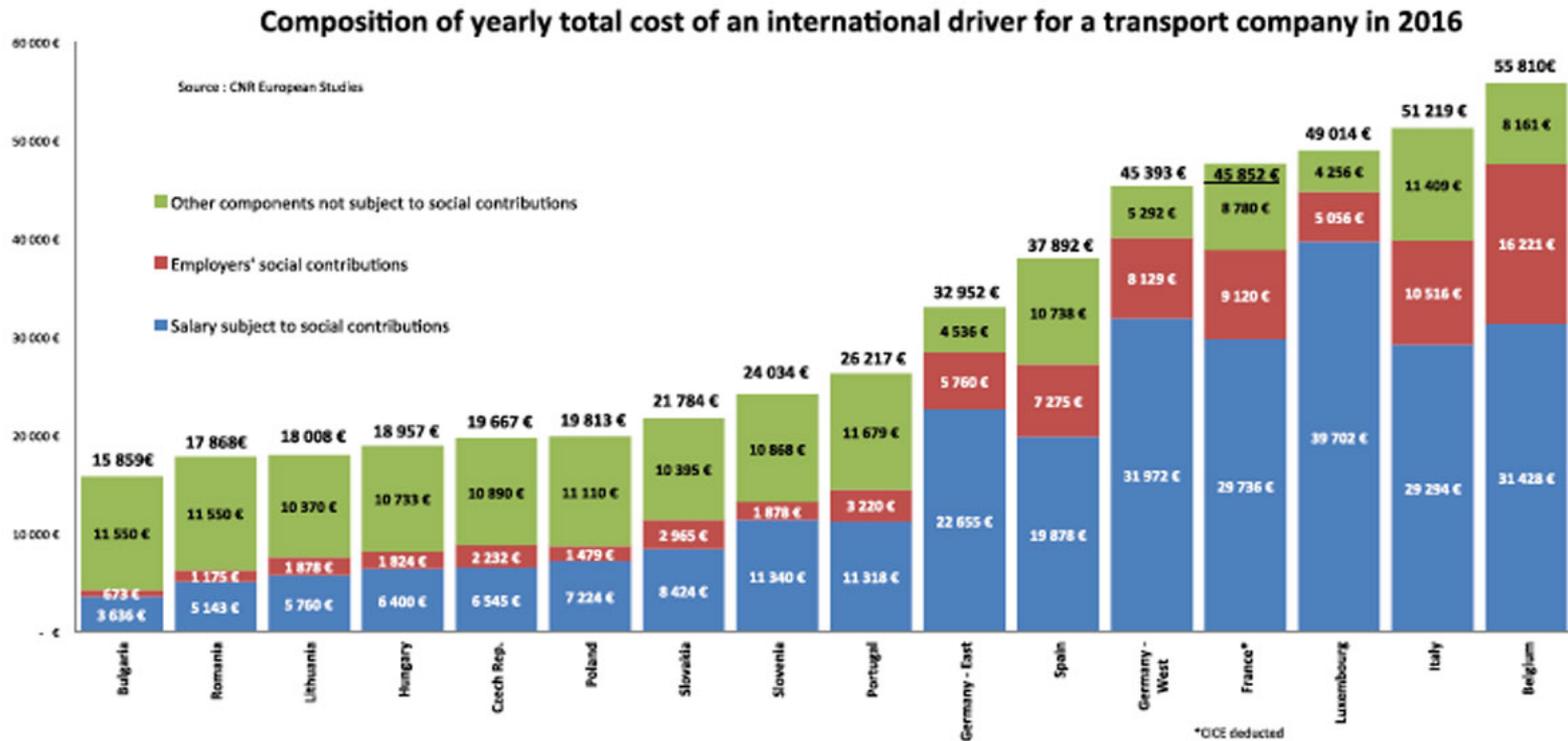
CEE – UK container flows intermodal via Dutch seaports is a growth market



A new railway connection between the port of Moerdijk in the Netherlands and Wroclaw in Poland has been established. The journey takes 30 hours from terminal to terminal. From Moerdijk, cargo can be forwarded to Immingham or Thamesport in the UK. This was announced by Schavemaker Logistics and Transport, who operates the service.

What will happen with the cost of road transport?

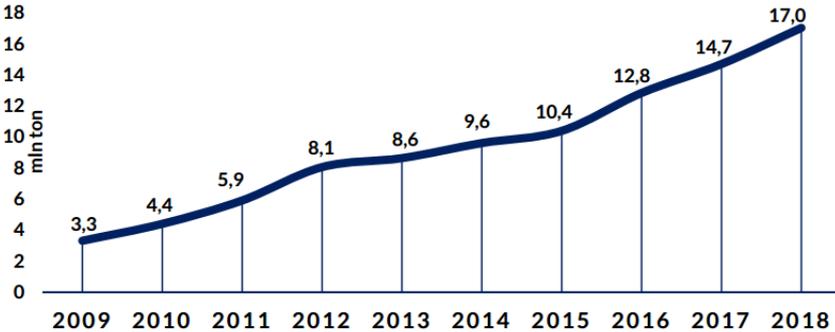
Road Haulage and the future EU Mobility Package?



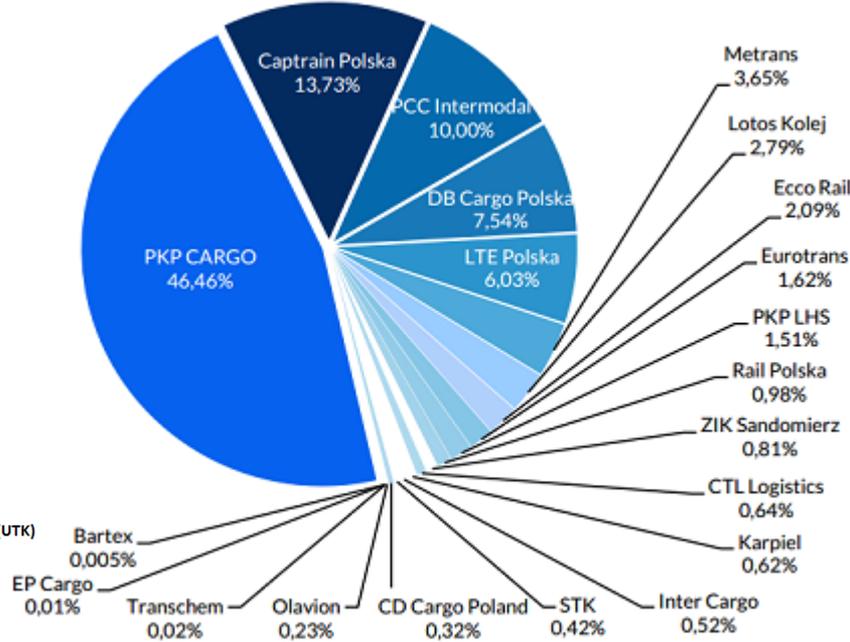
Intermodal offerings already a succes?

Growing marketshare and vivid market

Intermodal rail freight traffic in Poland, 2009-2018 years



Source: The Office of Rail Transport (UTK)



Future developments (from a logistics point of view, 1 of 2)

- Link between TEN-T and BRI programme; inclusion of rail links in TEN-T, how to include the Amber Road / Rail Baltica?
- How to fix congestion (on borders)?
- Railway north of Pireaus: built by Chinese?



Future developments (from a logistics point of view, 2 of 2)

- Will Chinese FDI in CEE countries, and then specially Poland really take off? Investments in production might lead to extra logistical activity
- Role of Chinese e-commerce companies; will they “conquer” Europe from the East? Poland could then serve as key hub.

Linklaters

Linklaters advises SDIC Zhonglu Fruit Juice on the acquisition of Appal Group



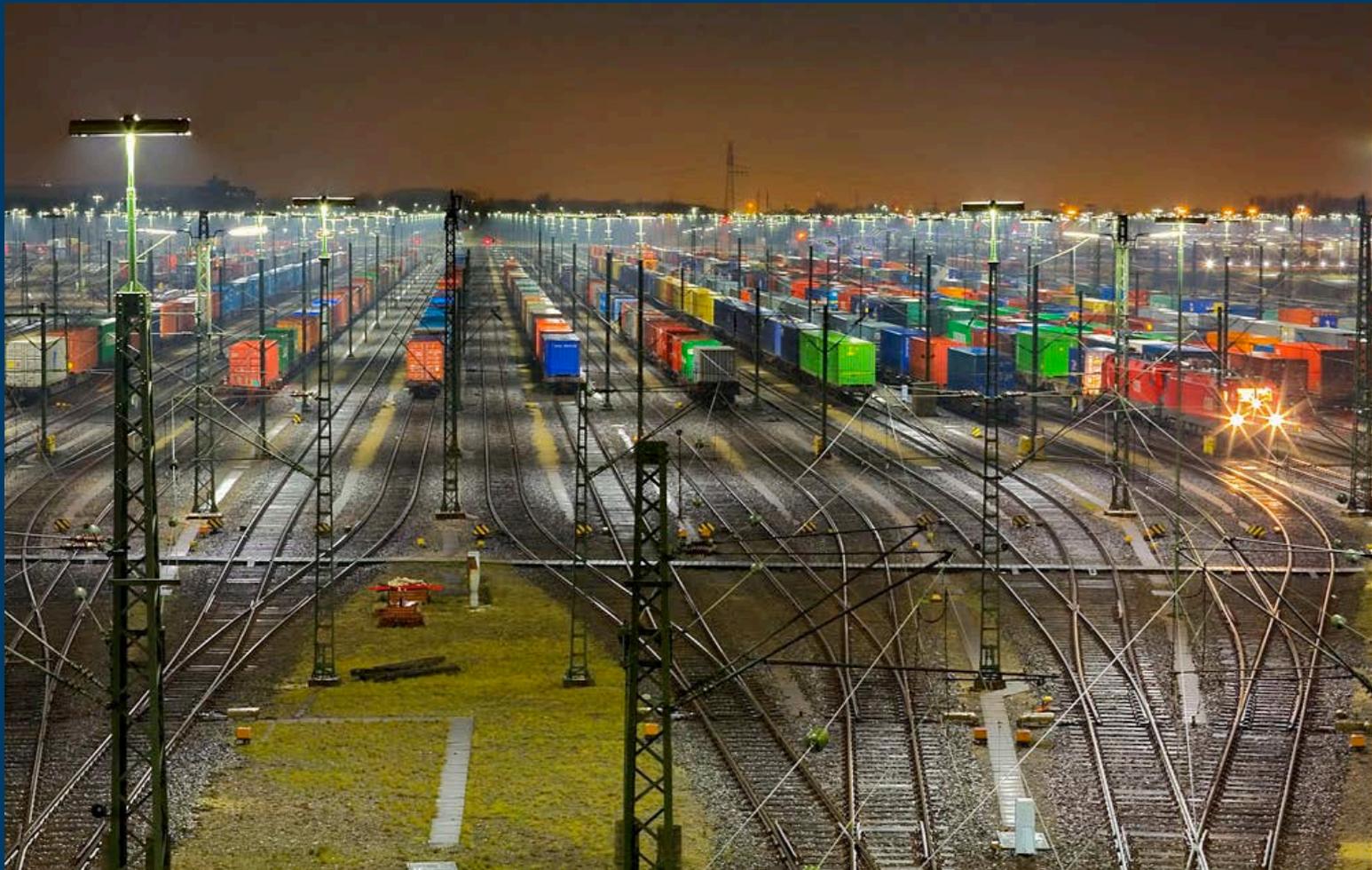
China E-Commerce Channels

B2C STANDALONE eSHOP	B2C PLATFORMS	B2C ONLINE MULTI-BRAND RETAILERS	B2C PRIVATE SALES SHOPPING CLUBS	C2C MARKET-PLACES

Conclusions

- Central Europe very well positioned for most developments taking place in production networks and distribution networks for consumption
- Poland already very well linked with the European fore- and hinterland.
- We have to see how rising wages will influence the position of both production networks in CEE and (as a derivative) the road haulage sector
- Linkage of TEN-T & BRI programmes: chances for future infrastructure and economic investments

Thank you for your attention!



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