ECORYS

Answering tomorrow's challenges today

Session Poland and the New Silk Road

Some personal observations to foster the discussion

Poland & The New Silk Road in five observations; number 1
Declining volumes due to the war defenitly, but not on all relations

- The situation is summed up very good in one quote from a recent ERAI/UTLC report:

"Over the past year, 681,2k TEU traveled along the Eurasian railway route, which is 1.6% less than in 2021. At the same time, the volume of China — Europe — China transit traffic decreased by 35%: from 627,8k to 410,6k TEU. Stability in the overall container flow was achieved due to the development of other transit segments in the EAEU."

- Might this lead to lesser attention for investments and new services in Europe beyond the Russian border? The Chinese perspective on this seems to be very important

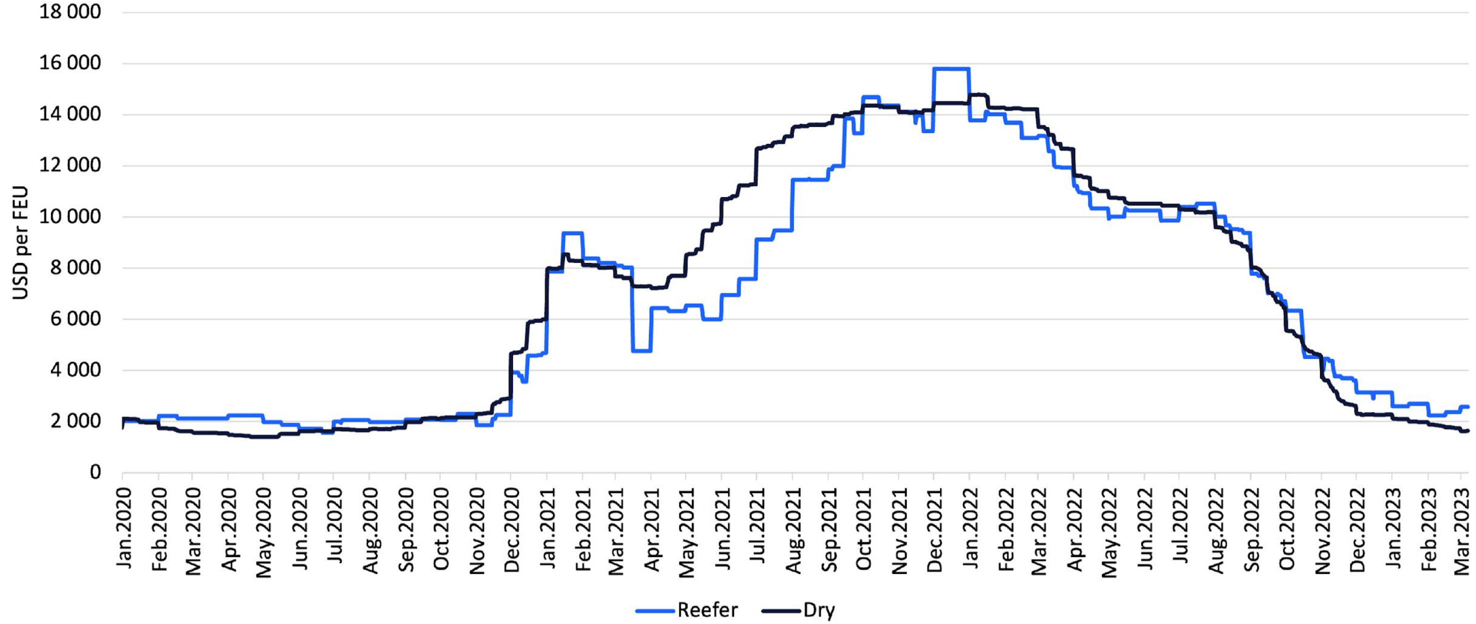
Beining© N509FZ

On Thursday 16 March, the first freight train departed between the Chinese capital Beijing and that of Russia – Moscow. It marked the start of a new service of the China-Europe Railway Express, connecting the capitals of the befriended countries.

ECORYS
Answering tomorrow's challenges today

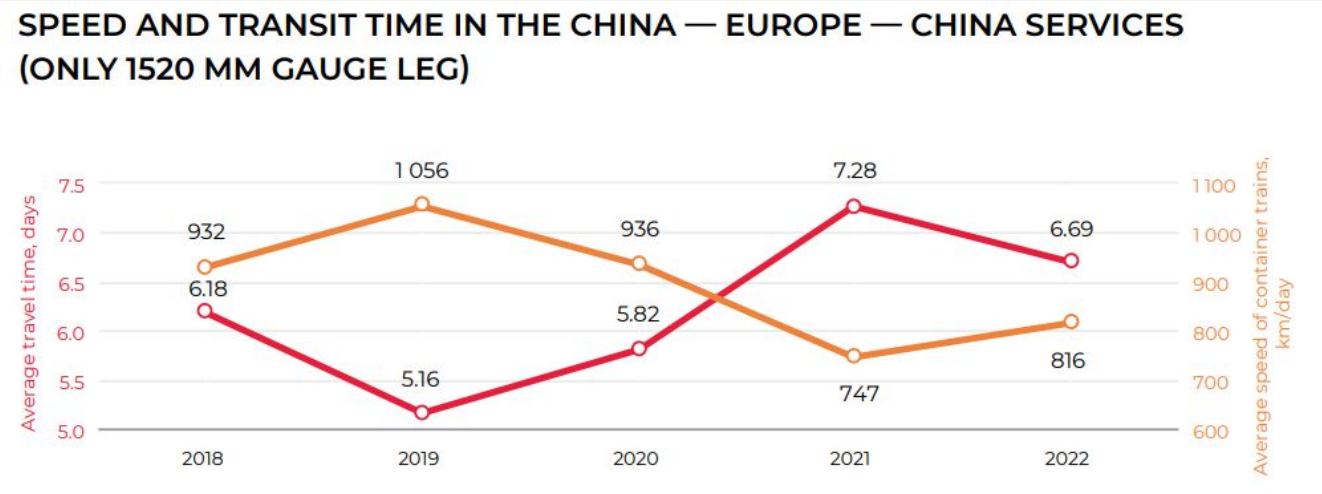
Poland & The New Silk Road in five observations; number 2
Ocean is once again the main competitor of rail

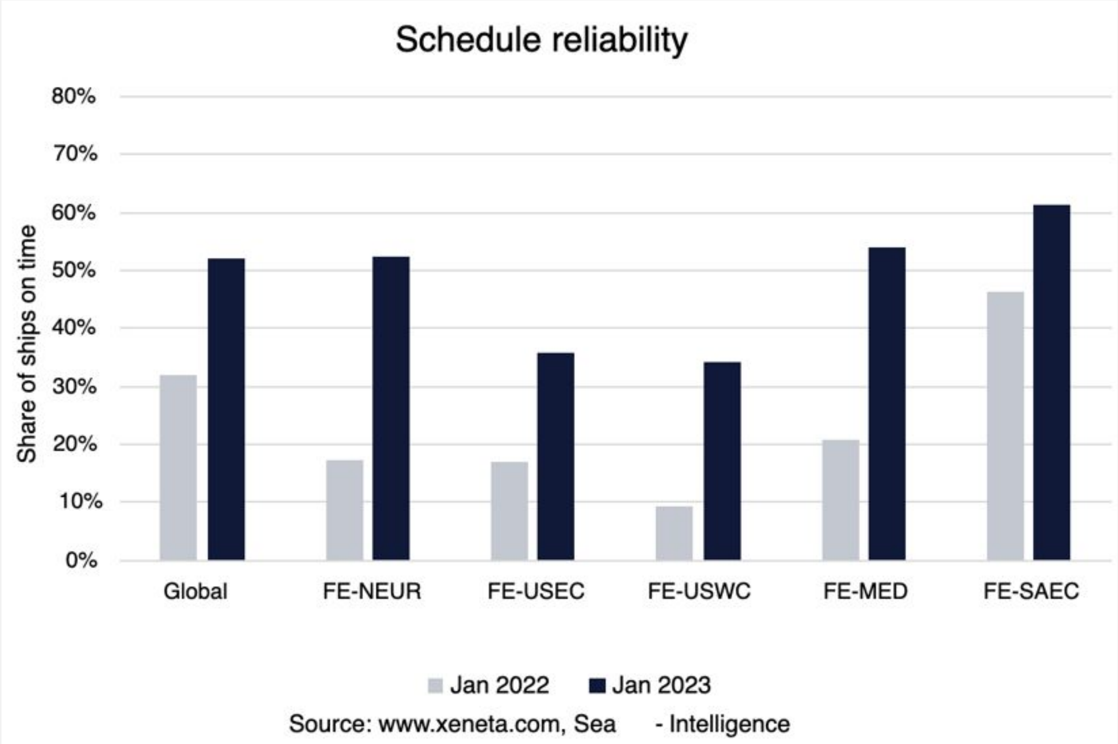
- The China-Europe railway product profited heavy from the unreliability and extreme high prices in ocean freight in the wake of the Covid pandemic
- But as we see a rapid decline in ocean rates and –for the moment- a rise in reliability the competition is back on
- For comparison: Rail rates were recently quoted around USD7000 for 40ft Xian-Duisburg



Source: www.xeneta.com

Poland & The New Silk Road in five observations; number 3
How to benefit from the short transit times when ocean is also improving?





Poland & The New Silk Road in five observations; number 4
Rethinking the value proposition: for which goods segments and on which relations is China-Europe rail the perfect answer?

- The war and EU-sanctions have led to a loss of shippers that use the rail product
- Safety remains an issue; no major incidents reported but shippers are cautious
- The sanctions have led to stricter customs procedures; list of dual-use goods is very long
- So: for which segments is rail still the perfect intermediate option between air and ocean?

Poland & The New Silk Road in five observations; number 5
The renewed need for a hub-and-spoke network

- Just as in the airline business (or in many intermodal transport networks) thinner lines make the case for a hub and spoke network
- Chinese restrictions on minimum volumes per train might be another trigger
- If the current situation remains there would and should be a discussion on possible “new” hubs: next to the borders of 1435mm or in the heart of the hinterland?