

The background of the image is a blurred photograph of a shipping yard. It shows numerous colorful shipping containers stacked in rows. The colors include various shades of blue, red, yellow, and white. The containers are arranged in a way that creates a sense of depth and perspective, though they are out of focus.

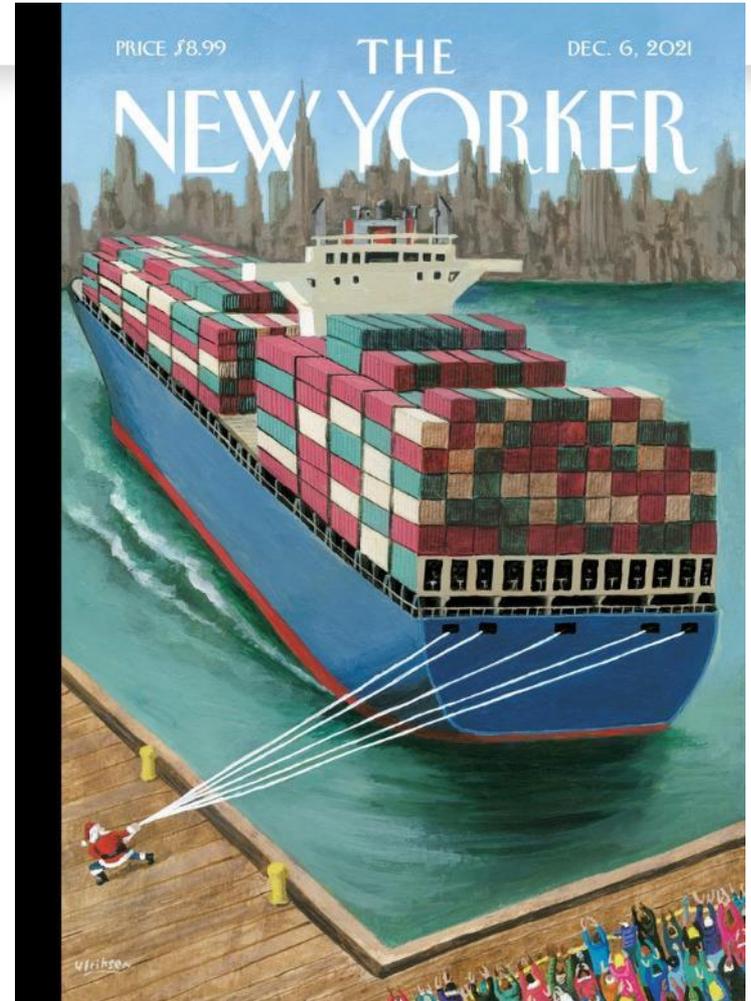
EUROPEAN SILK ROAD SUMMIT

7 - 8 DECEMBER 2021

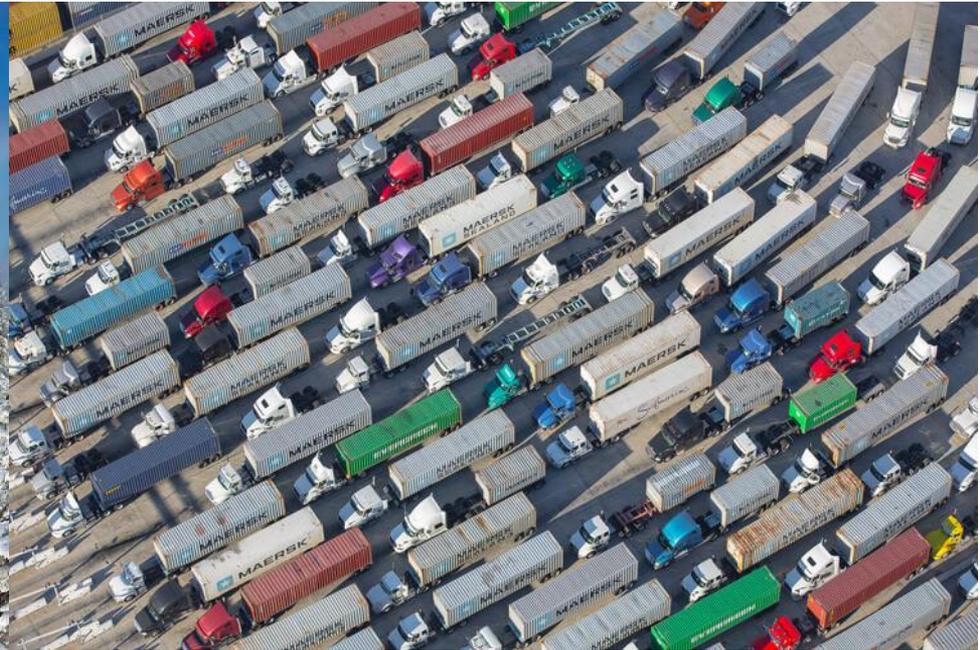
AMSTERDAM

Setting the Scene

- Also the conference season 2021 was different than we had all hoped for...
- But who is going to save the Christmas season? what role did rail transport play in these times of global supply chain disruption?
- For the next fifteen minutes: looking back, looking ahead and what to watch for during this conference!



Looking back: rail as a supply chain saviour in 2021?



Volume developments over 2021

- As always: hard to construct a coherent picture. One has to combine sources like ERAI, RZD and China Railway Express to catch the bulk of the volumes (and routes)

Volumes	Growth (compared to year before)	Notes	Source
459.000 TEU	+30%	Jan-Sep 2021, volume on routes via KZ	ERAI
782.000 TEU	+40%	Jan-Sep 2021, total transit volume via RU (note: partly includes the volumes via KZ)	RZD

- This means that an annual volume above 1 million TEU between China and Europe (both directions) is fairly likely. RZD reported the final figure for 2020 as 560.000 TEU (2019: 347.000 TEU)

Fixed rates remained quite stable; different situation on spot market?



- Source: ERAI Index1520.com; price for 1 FEU transportation along all routes of **PR China - EU Border** transport corridor, forwarded by JSC UTLC ERA

But does the graph tell us the whole picture? No!

- Several reports of spot rates for rail also reached USD 18.000 per feu around September
- ERAI index shown in last picture is not door to door and does not include the extra costs because of equipment scarcity
- Equipment scarcity worsened by China Railways ban of exporting China Railways equipment (i.e. containers) abroad
- Delays and bottlenecks also an issue for rail: extra pressure by capacity constraints in both sea freight and air freight

Ocean carriers adding –permanent- rail services to their portfolio

- Maersk AE & EA19 Asia-Europe service: first half of 2021 total transport volume 6200 TEU;
- Total transit delivery time of AE19 is 25-30 days; four times / weekly
- MSC offers same type of product via Taiga Service,
- In volumes not a game changer but interesting to see (short) sea – rail solutions now being offered not only temporarily on this route



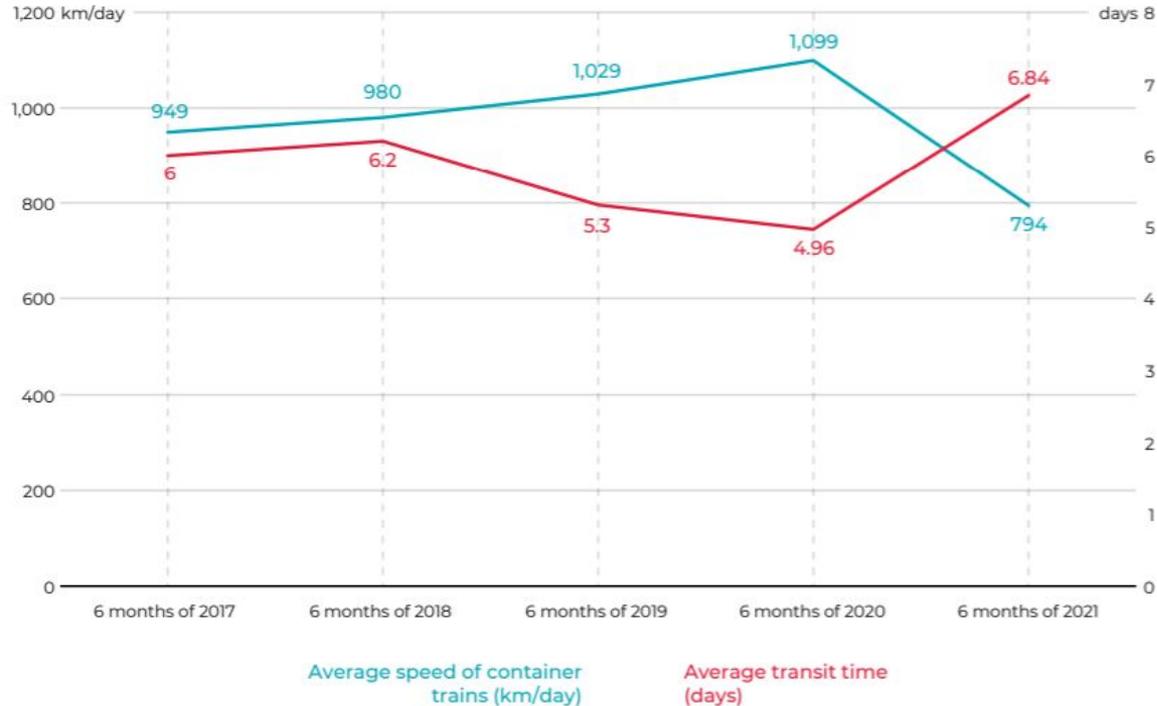
Victim of it's own success?



- Congestion again the name of the game in 2021: Equipment scarcity coming in as extra challenge in 2021.
- New routes and border crossing points as a way to bypass heavy congestion: to be discussed in detail the next two days
- Congestion (and equipment scarcity?) out of temporary restrictions because of Covid-cases; ongoing concern

ERA1 analysis of speed and transit time as proof

SPEED AND TRANSIT TIME

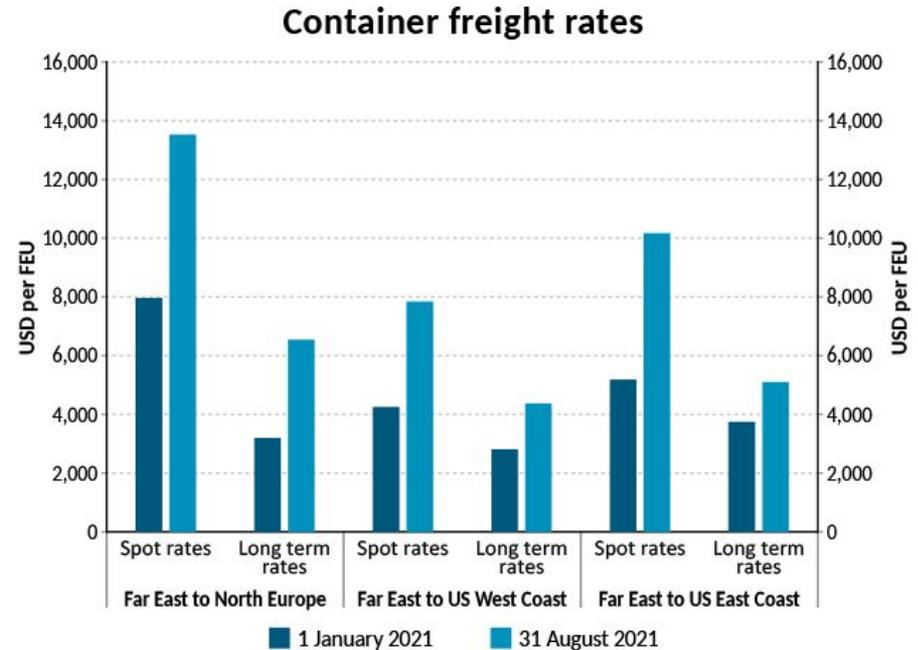


Looking ahead

1. Easing in ocean tariffs not foreseen in the short run
2. Switching and integrating roles in the logistics value chain
3. Macroeconomic turmoil ahead because of rising inflation, high energy prices?
4. Geo-political tensions: relation between 'the West' and 'the East' getting cooler (to be discussed in depth tomorrow)
5. EU Global Gateway Initiative: what is in there for rail?

Will 2022 be as extreme as 2021?

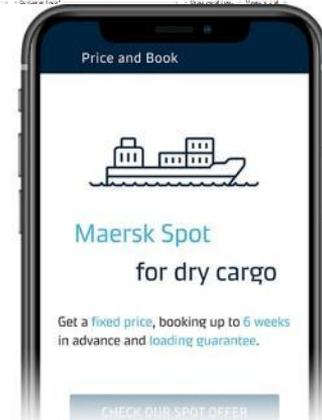
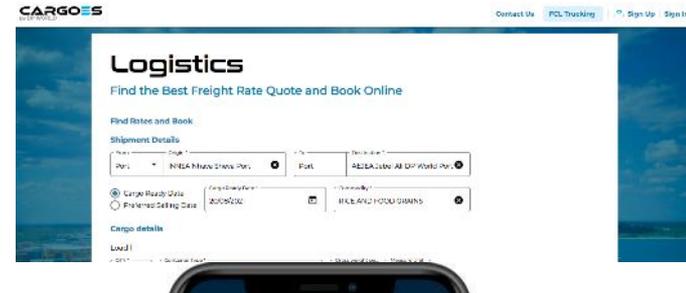
- None of the major market observers foresees a major decline in rates.
- Drewry now expects a likely 6% growth in 2022 of average spot and contract rates (so less extreme than the picture on the right for 2021)
- Effect of Omikron and other possible new covid variants?



Source: BIMCO, Xeneta

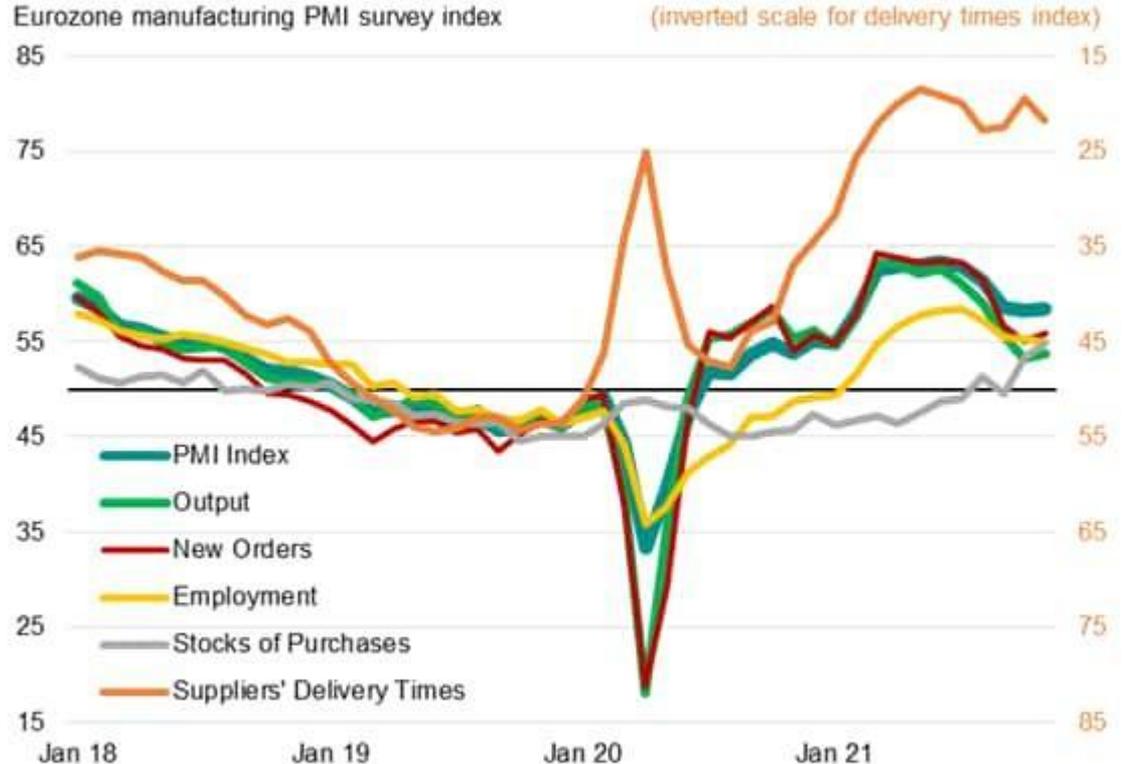
Switching and integrating roles in the logistics value chain

- 2021 saw the launch of more initiatives where parties in the logistics value chain moved in a vertical direction
- Maersk wants to play the role of forwarder more prominent, terminal operator DP World wants to offer door-to-door services and LSPs chartering own vessels, e.g.:
 - EShipping Gateways, a joint-venture between OOCL Logistics and JD Logistics offered sailings on several 2500+ TEU vessels between Asia and Europe
- CMA CGM rapidly expanded its fleet of dedicated freighters with orders at Airbus
- Deep sea carriers investing once again in terminals to have better control over the chain (e.g. CMA CGM in Long Beach)



Macroeconomic turmoil?

- A quick look at the december 2021 Eurozone PMI index shows the difficult situation in supply chains
- Long lead times, falling output: catalyst for price increases, hence inflation?
- Development energy prices in 2022 (oil and gas)



The Global Gateway initiative: the EU answer to BRI?



#GLOBALGATEWAY #TEAMEUROPE



- Our world depends on people, economies and countries being connected to one another. Global Gateway is Europe's strategy to better connect the world. We will support smart, sustainable investments in quality infrastructure, in line with the EU's values and standards. We will promote equal partnerships, and forge new alliances, without creating dependencies.

PRESIDENT OF THE EUROPEAN COMMISSION, **URSULA VON DER LEYEN**

Global Gateway on the ground

The EU will provide additional € 4.6 billion to enhance **sustainable transport connections**, in line with the green and digital transformation. Having successfully extended the EU's Trans-European Transport Network (TEN-T) to the Western Balkans, Turkey, and the Eastern Partnership region, the EU will continue to work towards completing the jointly agreed priority infrastructure and will engage actively with partners on the adoption of the Trans-Mediterranean Transport Network (TMN-T) in the Southern Neighbourhood. The EU will promote the strengthening of connections with adjacent strategic corridors in Sub-Saharan Africa and Central Asia, advance the regulatory environment and promote EU and international standards.

My main topics to follow these two days:

- Has rail indeed proven to be a viable, reliable and cost attractive alternative in times of supply chain disruption?
- What can we say about the different routes and border crossing: when will the congestion debate finally be over?
- Geopolitical clouds on the horizon?

Enjoy the conference!

Contact, Questions?:
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