

# The Reconfiguration of the China-EU Railfreight

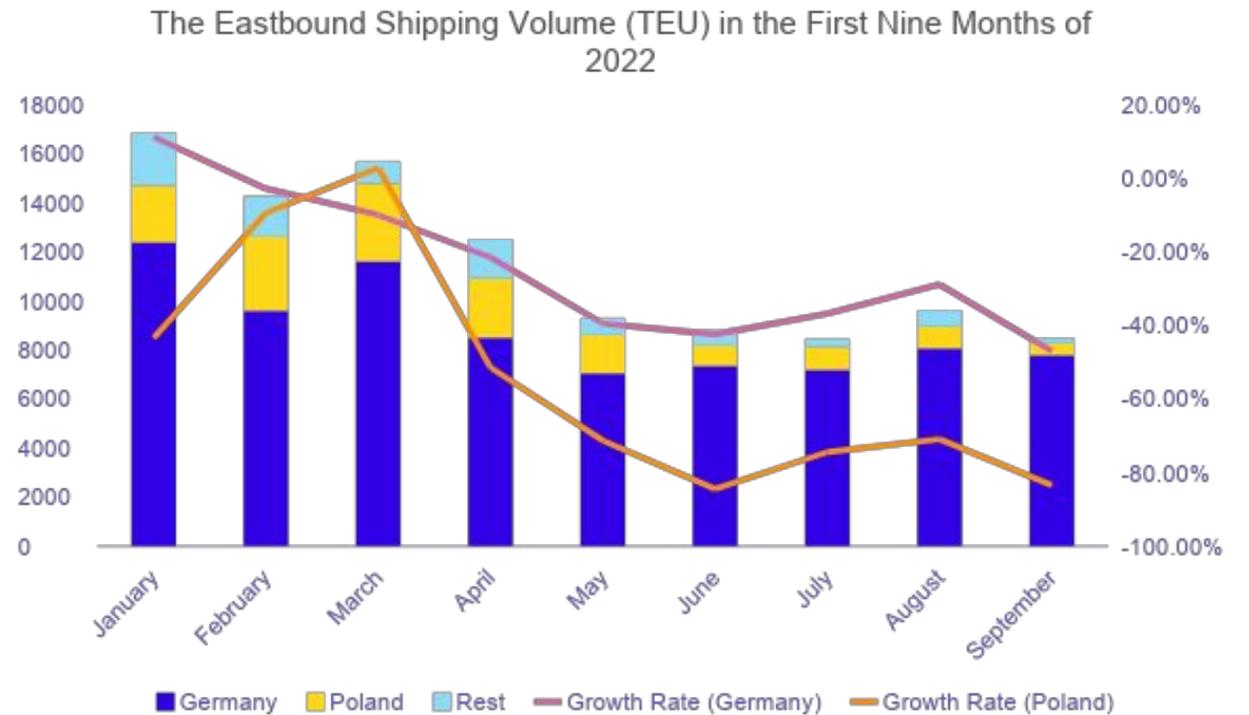
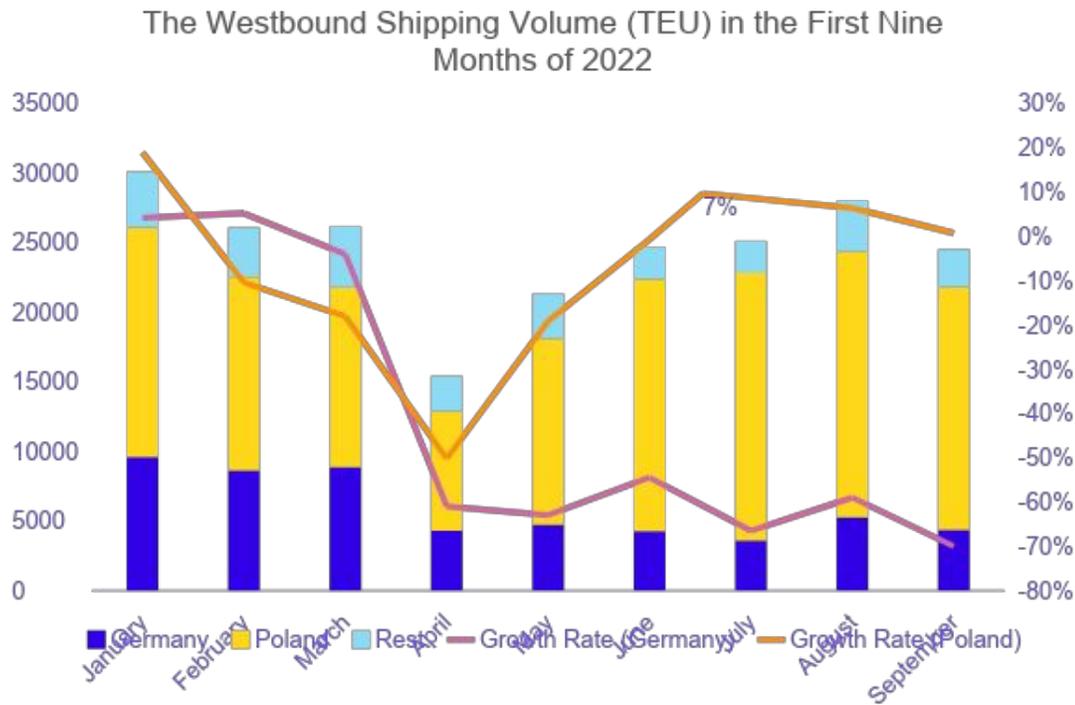
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# Overview of the Rail Freight Flow via Trans-Siberian Route

## A Route of Two Tales

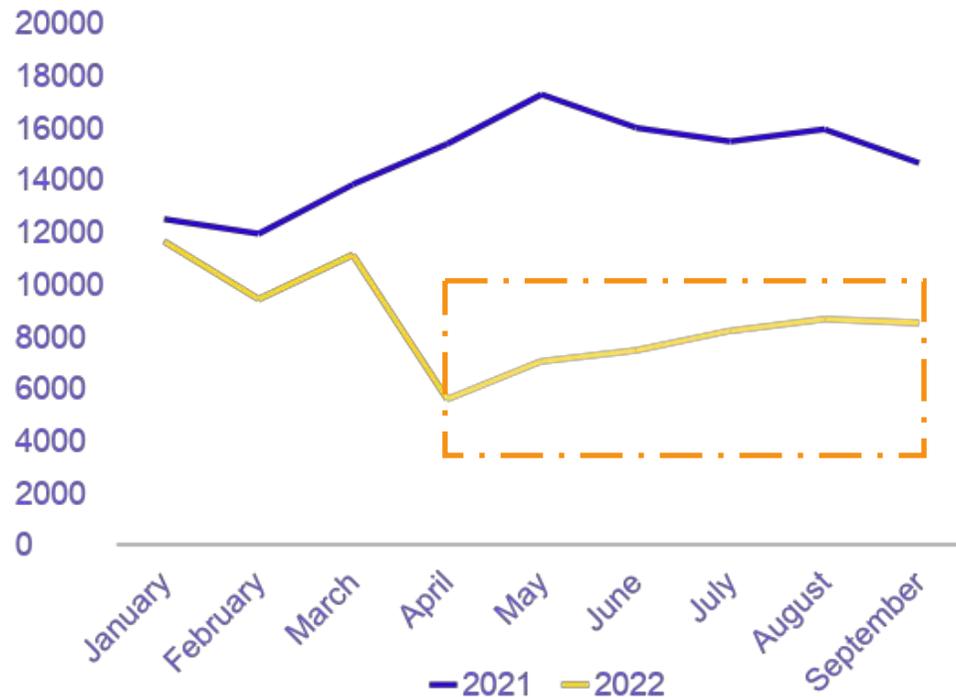
In the first three quarters of 2022, the rail freight shipping (TEU) between China and the EU has decreased 25% in Westbound and 36% in Eastbound.



# Westbound: Unpacking the Gradual Resumption

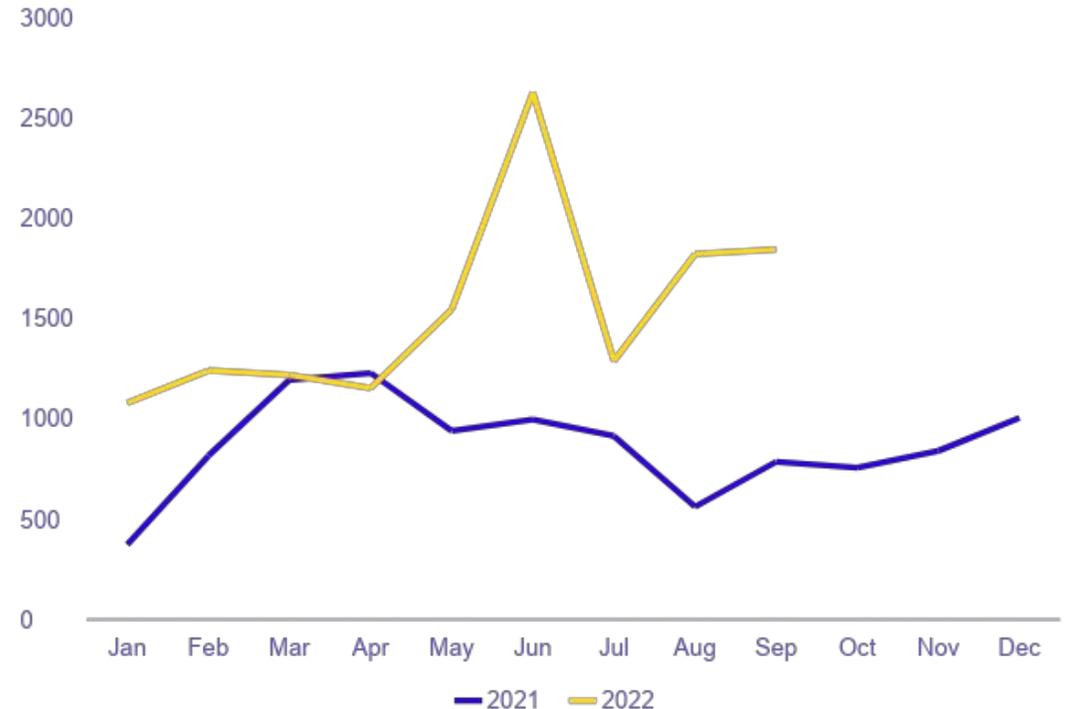
- Established Products turning back to rail following the initial drop: machinery goods;

The Shipping Volume of Machinery Goods in Westbound to the EU (TEU)



- New products turning in: 77% YoY growth of chemical goods shipping via rail freight;

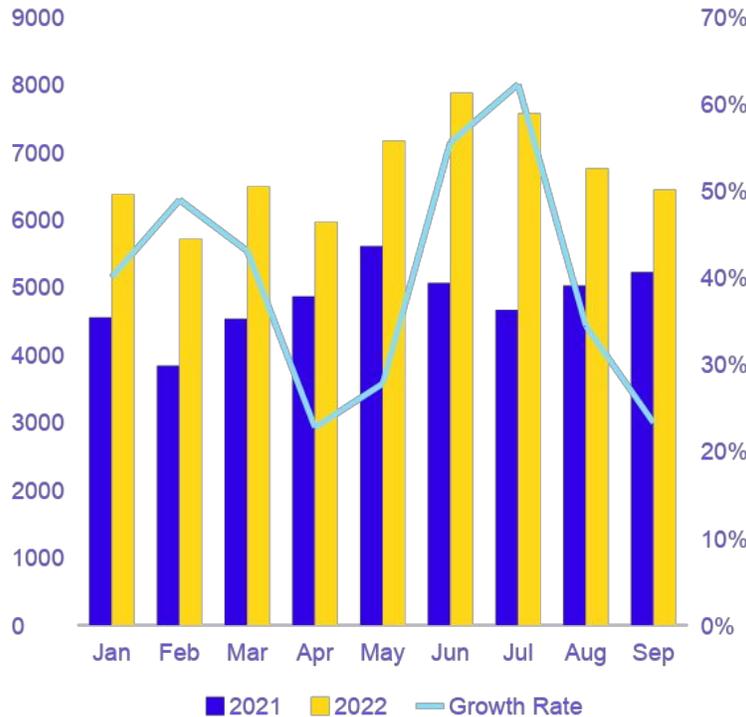
The Shipping Volume of Chemical Products via Rail Freight in Westbound (TEU)



# Westbound: why chemical sector?

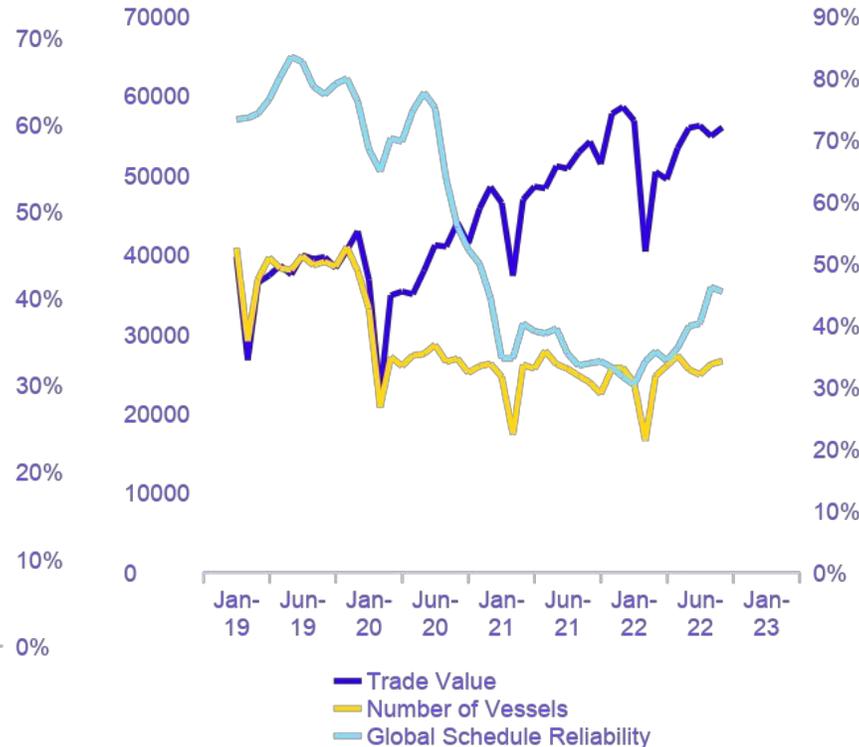
- Surging EU demand for Chinese chemical goods driven by the energy crisis.

EU Demand for Chinese Chemical Products (100 Kg)



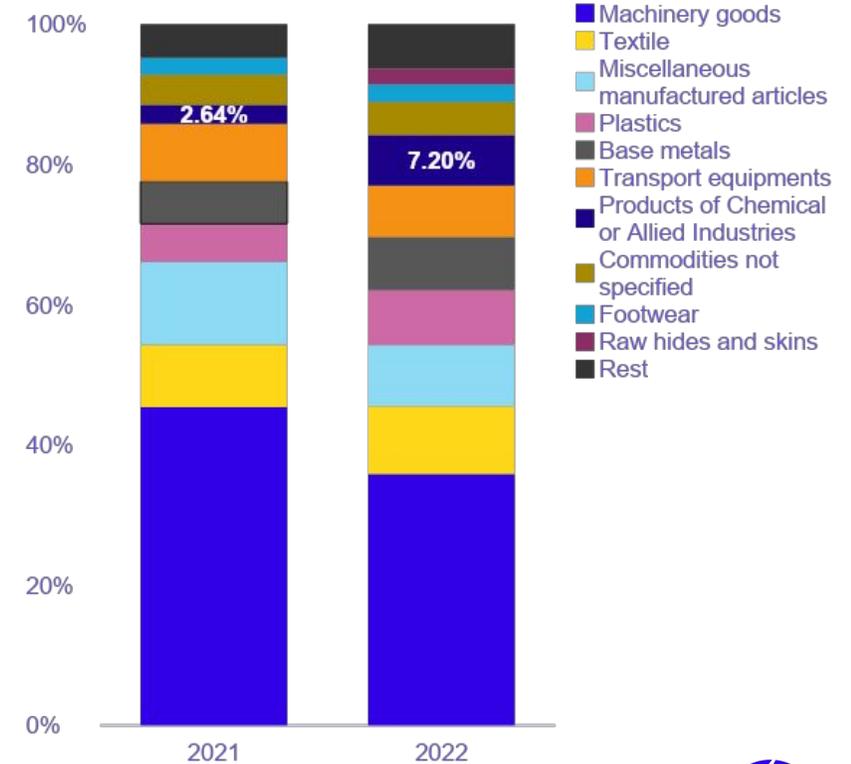
- Bottlenecks in ocean freight;

Number of Cross-border Freight Vessels, Chinese Foreign Trade Value (10 Million USD) and Ocean Freight Schedule Reliability



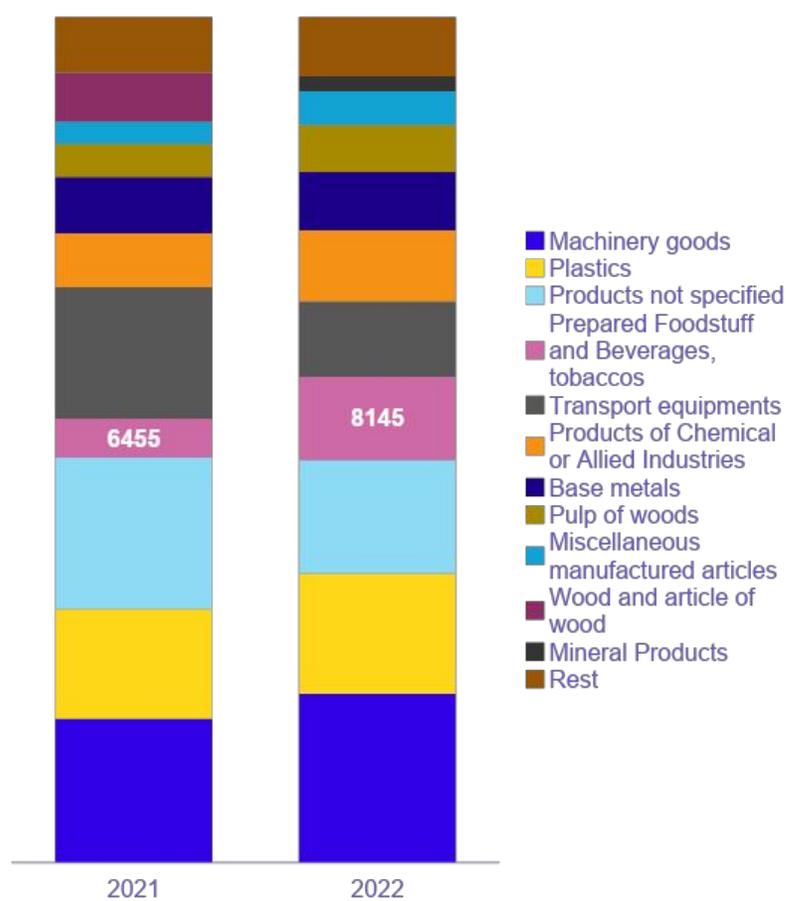
- A more diversified commodity structure of westbound rail freight

The Shipping Volume by Sectors (TEU) in Westbound



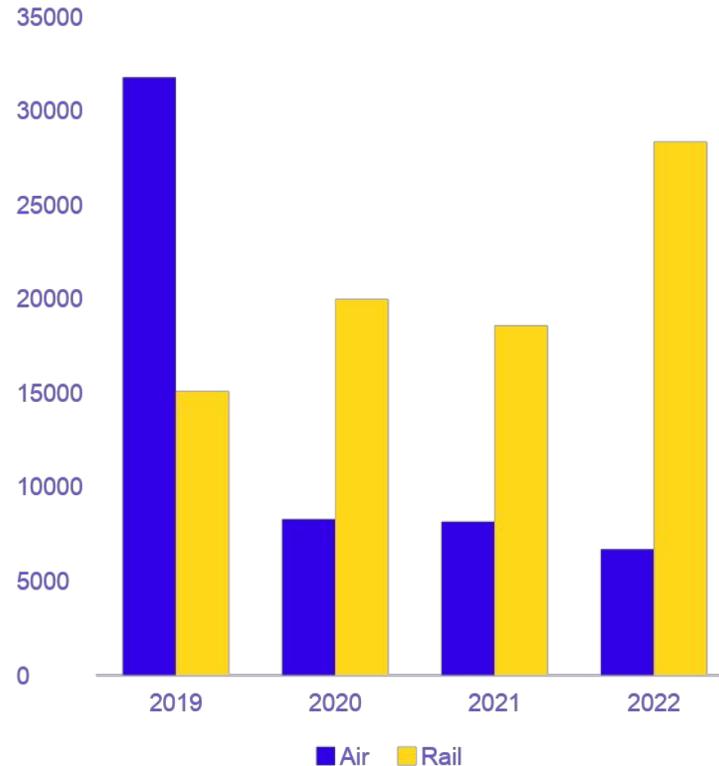
# Eastbound: The Story of Milk Powder

The Share of Top 10 Sectors (TEU) in Eastbound



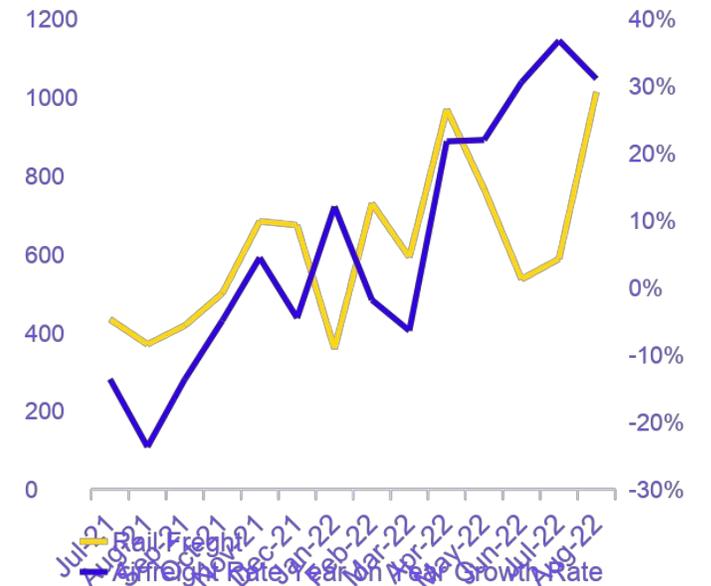
- The shipping volume of milk powder has been gradually diverted from airfreight to railfreight since the pandemic.

The Shipping Volume of Milk Powder via Airfreight and Rail Freight (Ton/Jan.-Aug.)



- Disruptions in airfreight (Europe-Asia) contributed to spiked volume of milk powder via rail freight.

The Change of Rail Freight Volume of Milk Powder and the Change of Airfreight Rate



# Conclusion

## WHAT WE CAN LEARN FROM THE DATA OF THE FIRST THREE QUARTERS OF 2022?

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- **The geopolitical turbulence has multi-dimensional impact on the volume:**
    - Emerging demands in chemical sector due the current energy crisis;
    - The increased efficiency of rail freight attracted volumes as other transport modes are disrupted by the geopolitical turbulence and the pandemic.

## FACTORS TO TAKE INTO CONSIDERATION TO LOOK FORWARD

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- **High uncertainty of global economy**
    - Spending divert to service
    - High inventory level in retails
  - **The export of Chinese Vehicles to the EU;**
    - Jan.-Aug. YoY Growth 68% by Value
    - 51% of EU's import from external market
  - **The development of new routes.**
    - The Middle Corridor
    - China-Kyrgyzstan-Uzbekistan Railway