



Yakunin hopes to divert ocean cargo to trains

EURASIA TRAINS COULD DAMAGE SEA /AIR TRAFFIC

The era of scheduled cargo trains that can cross the 11,000km landbridge between Central Europe and the Far East commenced at the end of November, writes Heiner Siegmund

Trans Eurasia Logistics, a joint venture of German rail operator Deutsche Bahn and Russian Railway Corporation RZD has started trialling daily one-way runs of 40-container freight trains from Leipzig in eastern Germany to Shenyang in the north-eastern part of China.

This rail traffic will be a one-way route, at least for the time being. But the phase that will usher in scheduled round trips of cargo trains is not far off, says Vladimir Yakunin, president of Russian Railways.

He points out that more enterprises are migrating from the increasingly expensive eastern provinces on China's coastline to the country's Central or even Western regions.

IT giant Foxconn, for example, recently left Shenzhen and moved its main production to Chengdu in Sichuan province. US computer producer Dell followed suit and also settled in Chengdu, followed by German high-tech firm Siemens and Austrian AT&S which both announced they were building new facilities in Sichuan province.

The industrial move to 'Go West' within China is playing into the hands of the freight train providers. "It

shortens the runs to Central Europe by two or three days," Yakunin explained. Once established as a regular operation, the trains will need only two weeks to haul freight from China to Central Europe, he noted.

Furthermore, he said that RZD will invest 300 billion euros (US\$ 410.2 billion) in the period up to 2030 for extending and modernising the rail network within Russia as well as purchasing a large number of new locomotives and rolling stock.

The manufacture of an increasing number of goods in the western and central parts of China will have a major impact on the intercontinental supply chain between the Far East and Europe, considers Wouter Radstake, senior vice president and transport analyst at Frankfurt-based DVZ Bank.

"It will be much quicker to ship goods all the way by rail on the Trans-Siberian corridor rather than via road or rail to the east coast of China and then by ship, he said.

Radstake added that the all-rail transit time will halve the journey time taken to ship cargo by ocean freight, in some cases even down to 33 percent of the time taken, but he warns that the transport price could be 10 times as much as the price by sea.

"We still need more support from the Chinese producers," stated RZD head Yakunin. Once that is received, he hopes to divert 10 percent of the total traffic moving between the Far East and Europe from ship to train by 2022.