Progress on Euro-Asian Transport Links work

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Merchandise trade in Europe and Asia: trends

Global economic growth rates are significantly below the average annual rate of 7.2 per cent recorded during the 2003–2007 pre-crisis period.

Lower commodity prices and their impact to economic growth, trade and transport in the EATL region.

Slowdown in China.

New economic cooperation initiatives, likes OBOR.

Source: WTO (2017)
Euro-Asian trade flows

Volume of trade in goods between selected European and Asian countries in 2010-2015, billion US Dollars

Share of Euro-Asian trade in the world merchandise trade in 2011-2015, %

Source: UN Comtrade (2017)
Euro-Asian “non-commodity” trade

Dynamics of trade in containerizable goods between selected European and Asian countries in 2011-2015, billion US Dollars

The share of “containerizable” goods in total volume of trade between selected European and Asian countries in 2011-2015, per cent

Source: UN Comtrade (2017)
Trends in trade flows between Europe and Asia. Pharmaceutical products (HS 30)

Volume of trade 2011-2015, Billions US Dollars

The share of this commodity group in total volume of trade between Europe and Asia, 2011-2015, %

Source: UN Comtrade (2017)
Trends in trade flows between Europe and Asia. Pharmaceutical products (HS 30)

3. Top 10 trade partners in 2015, Billions US Dollars
Europe - Asia

- EU-28 to Japan: 9.85
- EU-28 to Russia: 6.60
- EU-28 to Turkey: 3.28
- Switzerland to China: 2.61
- EU-28 to China: 2.48
- EU-28 to Rep.Korea: 1.81
- Switzerland to EU-28: 0.98
- EU-28 to Iran: 0.90
- EU-28 to Kazakhstan: 0.74
- EU-28 to India: 0.71
- Other trade links: 7.01

Asia - Europe

- India to EU-28: 1.45
- China to EU-28: 1.37
- Japan to EU-28: 1.09
- Rep.Korea to EU-28: 0.54
- India to Russia: 0.47
- Japan to Switzerland: 0.44
- Turkey to EU-28: 0.29
- Rep.Korea to Turkey: 0.22
- Turkey to India: 0.13
- India to Ukraine: 0.11
- Other trade links: 0.74

Source: UN Comtrade (2017)
Types of commodities in Euro-Asian trade

- Non-containerized goods (mainly raw materials) transported between Europe and Asia by maritime, pipeline or rail transport.

- Containerized goods for mixed inland and maritime transport between Europe and Asia.

- High-value containerized goods for mixed inland and air transport between Europe and Asia.
Commodities suitable for inland transport

• pharmaceuticals
• electronic products
• IT products
• fashion products
• footwear
• automotive components
• tires
• specific construction materials
• timber and wood
• chemicals
• fertilizers
• white goods
• pipes
• particular agricultural products
• machinery
Cargo flows by modes of transport

Volume of goods transported between the European Union and China by modes of transport in 2011-2016, million tonnes

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<tbody>
<tr>
<td>From China to European Union</td>
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<tr>
<td>- Maritime</td>
<td>50.1</td>
<td>43.5</td>
<td>47.7</td>
<td>52.7</td>
<td>53.8</td>
<td>54.4</td>
<td>108.6</td>
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<tr>
<td>- Air</td>
<td>1.0</td>
<td>0.9</td>
<td>1.1</td>
<td>1.3</td>
<td>1.1</td>
<td>1.2</td>
<td>116.4</td>
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<tr>
<td>- Rail</td>
<td>0.4</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>170.6</td>
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<tr>
<td>Total</td>
<td>51.5</td>
<td>44.7</td>
<td>49.1</td>
<td>54.4</td>
<td>55.4</td>
<td>56.2</td>
<td>109.2</td>
</tr>
</tbody>
</table>

| From European Union to China |      |      |      |      |      |      |              |
| - Maritime         | 38.0 | 39.5 | 41.0 | 41.8 | 44.5 | 47.7 | 125.3        |
| - Air              | 0.6  | 0.5  | 0.7  | 0.6  | 0.7  | 0.8  | 124.0        |
| - Rail             | 0.1  | 0.1  | 0.1  | 0.2  | 0.2  | 0.4  | 326.5        |
| Total              | 38.8 | 40.1 | 41.8 | 42.6 | 45.4 | 48.8 | 125.9        |

TOTAL between EU-28 and China

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<td>90.2</td>
<td>84.7</td>
<td>90.9</td>
<td>96.9</td>
<td>100.8</td>
<td>105.0</td>
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</tbody>
</table>

Market share by modes of transport in cargo flows (in tonnes) between European Union and China in 2011-2016

Source: Eurostat (2017)
Cargo flows by modes of transport

Market share by modes of transport in cargo flows (in tonnes and U.S. Dollars) between European Union and China in 2016

Average cost of one tonne transported between the European Union and China by modes of transport in 2016, U.S. Dollars

Source: Eurostat (2017)
Maritime transport

China forwarders freight index, China-Europe shipping lines (U.S. Dollars per TEU), 2010-2017

<table>
<thead>
<tr>
<th>Port of arrival in China</th>
<th>Port of destination in Europe</th>
<th>Antwerp</th>
<th>Bremen</th>
<th>Felixstowe</th>
<th>Hamburg</th>
<th>Le Havre</th>
<th>Rotterdam</th>
<th>Zeebrugge</th>
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<tbody>
<tr>
<td>Guangzhou</td>
<td></td>
<td>1850</td>
<td>300</td>
<td>2070</td>
<td>350</td>
<td>230</td>
<td>590</td>
<td>230</td>
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<tr>
<td>Shenzhen</td>
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<td>700</td>
<td>900</td>
<td>845</td>
<td>700</td>
<td>842</td>
<td>700</td>
<td>850</td>
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<tr>
<td>Xiamen</td>
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<td>1350</td>
<td>800</td>
<td>383</td>
<td>367</td>
<td>418</td>
<td>365</td>
<td>409</td>
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<td>Ningbo</td>
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<td>725</td>
<td>875</td>
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<td>486</td>
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<td>Tianjin</td>
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<td>1080</td>
<td>750</td>
<td>850</td>
<td>725</td>
<td>700</td>
<td>800</td>
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Source: http://en.shippingchina.com
Rail transport

Distribution of container flows in 2016, %

Transit by rail between Europe and Asia via Transsib rail corridor (EATL 1, EATL 2 rail routes) in 2011-2016, million tonnes

Container transit by rail between Europe and Asia via Transsib (EATL 1 Rail Route) in 2015-2016, thousands TEUs

Source: JSC RZD (2017)
Road transport

- International road transport market between Europe and Asia is estimated at 1.2 million tons in 2016 (excluding Russia - EU-28 and Turkey – EU-28).

- Kazakhstan – Europe is a largest segment of long-haul international road transport between Europe and Asia.

Volume of international road transport between Kazakhstan and European countries in 2011-2016, thousands tonnes

- Export cargoes from Kazakhstan to Europe
- Import cargoes to Kazakhstan from Europe
- Total volume of road transport between Kazakhstan and European countries
Road transport

Existing (possible) cargo flows by road transport between Europe and Asia in accordance with concluded bilateral/multilateral agreements on international road transport

<table>
<thead>
<tr>
<th>Countries of Asia</th>
<th>Belarus</th>
<th>Bosnia and Herzegovina</th>
<th>Georgia</th>
<th>EU-28</th>
<th>FYR Macedonia</th>
<th>Moldova</th>
<th>Russian Federation</th>
<th>Serbia</th>
<th>Switzerland</th>
<th>Turkey</th>
<th>Ukraine</th>
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<td>Republic of Korea*</td>
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Legend:

+ Existing cargo flows
+ Road transport operations under ECMT multilateral quotas
+/− Concluded agreements and road transport operations with some EU member states
− No agreements, no road transport operations (bilateral, transit, to/from third countries)

Source: IRU, World Bank

*) India, Japan and Republic of Korea are non EATL Project countries
Air transport

Volume of Europe – Asia air cargo traffic in 1995-2015, millions tonnes

Air cargo structure by main commodity groups on the routes Asia – Europe and Europe – Asia in 2015, %
Block trains: key instrument for inland EATL development

Number of block trains scheduled routes in OSJD member states in 2016

Source: OSJD (2017)

Competitive advantages of Block trains:

- Relatively low rates for a long-distance transport (per the ‘price - delivery period’ criteria)
- Absence of real alternatives for some routes (for example for routes from/to landlocked regions)
- High delivery speed, especially in transit
- Quality of service
- Cargo safety
- Regular service and stable transit time
Example of block train service

Asia – Europe regular container services by RZDL and Far East Land Bridge (FELB)

Average transit time of transportation is 14 - 16 days. Other advantages of the service include an option of ordering ‘door-to-door’ delivery and less-than-car load freight transportation.

Source: CCTT (2016)
The existing infrastructure of Euro-Asian rail and road routes as well as ports facilities provided good potential opportunities for further development of inland transport of goods between Europe and Asia.
Role of international organizations and multilateral initiatives in the EATL development
Main obstacles hampering the Euro-Asian transport linkages development

- **Border Crossing**
  - Insufficient infrastructure

- **Road transport**
  - Bottlenecks

- **Intermodal transport**
  - Procedures

- **Rail transport**
  - Corruption
    - Permits
    - Weights and dimensions

- **Public and private interests**
  - Tariffs
  - Lack of cooperation between countries
  - Non-unified law regimes
  - Undeveloped competition
Recommendations

Groups of recommendations

- Transport policy
  - Establishing of transport policies based on good practice available internationally and developing bilateral and international forms of cooperation should be a priority to help further operationalize the EATL inland routes
- Facilitation, procedures and institutions
  - Institutional reforms and trade, transport and transit facilitation should be a priority for operationalization of EATL routes
- Infrastructure
  - Coordination, standardization of infrastructure parameters and implementation of the most effective “point-focused” projects
- Governments and IGOs
- Transport businesses and NGOs