



A HEAVY LOAD ON THE NEW SILK ROAD

With regular train connections between China and Europe, Trans-Eurasia Logistics GmbH offers customers the perfect complement to sea and air freight.

Trans-Eurasia Logistics GmbH (TEL) is continuously expanding its train connections between Europe and China. “With these trains we are not positioning ourselves as competition to sea freight, we see ourselves as a practical alternative to air transport,” says Andre Hempel, Managing Director of TEL. “The service we offer is very attractive to customers who require the swift transportation of high-value goods.” These days, suppliers to the automotive and electronics industries are especially interested in transporting high-value products quickly and cheaply. The train takes less than half of the six-week transit time of ship transport, and rail freight transport via this intercontinental connection is much cheaper than by air.

The TEL company – a joint venture by Deutsche Bahn AG and the Russian company RZD based in Berlin, Moscow and Shijiazhuang – has been a pioneer in the development of this market since 2008. Block train services between the hubs of Duisburg and Hamburg and the Polish-Belarusian border – for which

TEL as the operator is assuming the financial capacity utilisation risk – are currently being linked with European and Asian networks within transport corridors to form a new network in which block trains and single-wagon transports are now running on schedule with great regularity. DB Schenker Rail provides traction in Central and Western Europe. Via its partners, TEL links the existing connections to Europe’s most important business centres with the trans-Eurasian network. “In Europe, we link a network with over 30 selected destinations from Scandinavia to Italy, Spain and France. And in China, 24 cities are currently linked via partners to our network – reaching all the way to Japan,” explains Hempel. The trains travel on two routes: in the north on the traditional trans-Siberian line between Malaszewicze/Brest and Zabaykalsk/Manzhouli; in the south through Kazakhstan via Dostyk/Alashankou. The South Route, known as the New Silk Road, is gaining in political and economic importance because China is keen to provide a boost to domestic Chinese regions through this infrastructure expansion.

GOODS WORTH US\$8 BILLION

Since 2008, TEL has gone from being a pioneer to a successful operator. The 4,000 TEU containers that travelled by rail between China and Europe in 2012 have now grown to 28,000 TEU containers today. “We transported US\$8 billion worth of goods in 2014,” says Hempel. Rather than two or three trains per week, up to five trains now depart weekly – and even more

in the peak Christmas season – with exact timetables in both directions. Within the networks, TEL drives the wagons from China to the Russian and Kazakhstani border, bundles it anew and continues the journey to Europe. TEL serves the Central and Western European rail network through Belarus and Poland via two hubs in Duisburg and Hamburg.

TEL has succeeded in doing what the experts thought was almost impossible: achieving compatibility between trains in the east and west. Through the intelligent linking of the networks, the number of wagons that have to travel back empty over thousands of miles is kept to a minimum. Moreover, the difference in train lengths in China, Russia and Europe has no effect. Perfectly synchronised systems handle the transitions and no container has to wait at the border because the trains are shorter in Europe than they are in Russia. “We can talk of compatible transport operations – no one else can claim that on this route!” says Hempel.

TEL intends to expand its existing transport operations – not only because China is making a huge investment in infrastructure but also because the market is growing. More and more Chinese regions and cities are making enquiries with TEL about establishing new markets and more efficient supply chains by rail.

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EXTENSIVE NETWORK: TEL is a joint venture by DB AG and the Russian company RZD. The company has established a large network across Europe and Asia.



NETWORKS BETWEEN CONTINENTS

Mr Hempel, what is special about TEL and the trains to China?

We connect Europe and Asia via the transport corridors in Russia and Kazakhstan. With our partners – mainly combined transport here in Europe and Beijing Trans Eurasia International Logistics Ltd. in China – we can establish a network that is currently unique in terms of density. In China alone, it already encompasses links between the train systems and 24 large cities – and in China, large cities really are enormous! With our regular and reliable train connections, we are the perfect complement to air and sea transport. The reason behind our success is that we as an operator are the connecting link between the logistics company and the railways; we assume the capacity utilisation risk of the trains; and thereby make transport services via the trans-Eurasian corridors available to all customers.

As a result it was possible to develop from a company train to a public train.

Andre Hempel, Managing Director of Trans-Eurasia Logistics (TEL).

You often transport high-value goods, thereby reducing your customers’ capital commitment costs. How do you ensure the security of goods?

The security of the transported goods is very important to us. All the trains and terminals are, of course, guarded. We and the customers can also follow the trains live via GPS.

How has interest from existing and potential customers changed?

The number of the potential customers and enquires we get has risen over the last few months. We’ve had some great successes. More and more customers are integrating this extraordinary rail connection into their supply chains. These days we even transport fully assembled luxury cars – they are loaded into a container in Duisburg and 14-16 days later they are out on the roads in China. However, the planning for this kind of regular transport operation between Asia and Europe does take time. Customers go through a planning process that can take up to two years and they have to adjust their supply chains accordingly.

Photos: trans-eurasia-logistics



INTERCONTINENTAL: Both routes through Russia connect the networks in Asia and Europe.

SUCCESSFUL PIONEER

- September 2008:** First TEL test train from China to Europe on the North Route for Fujitsu Siemens
- March 2011:** First TEL test train on the South Route from Chongqing (China) to Europe (Duisburg) for HP
- June 2011:** Upgrade test trains to regular service on the South Route for HP/YXO
- July 2014:** Start of TEL regular service from Duisburg to Chongqing with a focus on the automotive industry
- March 2015:** Start of TEL regular service from Wuhan (China) to Hamburg
- April 2015:** Start of TEL regular service from Hamburg to Wuhan (China)