China’s New Silk Road: The European perspective

Thomas Puls
4th June 2015, Brussels
Asia is on the rise. The focal point of the global market turns east.
- China acts as the Asian growth engine.
- Trade with Asia is crucial for the economic development in Europe.

Source: International Monetary Fund, World Economic Outlook 95

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Increasing trade volumes cause significant transport requests – in both directions

In only ten years the Sino-European trade volumes rose by 168 percent
In 2014 up to 100 Million tons of freight were moved between the EU 28 and China.
The average value per ton rose by more than 50 percent.

Source: Eurostat

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Increasing cross-border investments
Foreign Direct Investments (FDI) in Million Euros

For many years FDI developed in only one direction. Now this has changed. The outcome of this is an increasing need for transportation in both directions. The ship will stay the main freight carrier, but there is a need for additional transport offers matched to changing needs in logistics.

Source: Eurostat

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Freight carriers: The faster the more pricey

Distance covered
Route: Hamburg - Chonquing
in 1,000 km

- Air freight: 7.82
- Rail freight: 11
- Sea freight: 22

Delivery period
Europe - China
in days

- Air freight: 1 - 3
- Rail freight: 19 - 23
- Sea freight: 30 - 36

Carrier Price Index
Europe - China
Sea freight equal to one

- Air freight: 11
- Rail freight: 5
- Sea freight: 1

Land-based transport by rail closes a ability gap between sea and air freight.
Due to its specifications rail freight is often used to transport more high-grade goods than sea freight but less high-grade than air freight.

Source: Bosch, Odyssee Database 2014

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There is a need for improvement on the route

Standing among 160 countries according to the World Bank

32  Efficiency of the clearance process by border control agencies, including customs

23  Quality of trade and transport related infrastructure

Source: Trans Eurasia Logistics; World Bank Logistic Performance Index 2014

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The Go-West Strategy is a silver bullet to ensure long term growth in China. Better access to the remote areas in western China provides new chances for the European industry. Land-based transport allows access by avoiding transport bottlenecks in coastal areas.

Source: Financial Times, CEIC, IMF

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