

RAIL FREIGHT MARKET UPDATE

DHL GLOBAL FORWARDING

15 June 2022



Introducing our speakers...



Thomas Kowitzki
Global Head of Chinarail,
DHL Global Forwarding



Harry Zhang
Head of Chinarail China,
DHL Global Forwarding



Luca Chio
Regional Head of Business Customers
and Sales Operation,
DHL Global Forwarding

Agenda

1. Welcome & Introduction

2. Rail Market situation – Challenging but very interesting

Thomas Kowitzki, Global Head of Chinarail, DHL Global Forwarding

3. Hot topics of Europe/China trade lane

Harry Zhang, Head of Chinarail China, DHL Global Forwarding

- **Post-lockdown China situation**
- **Alternative rail routes to bypass conflict zones**

4. Q&A & Wrap up



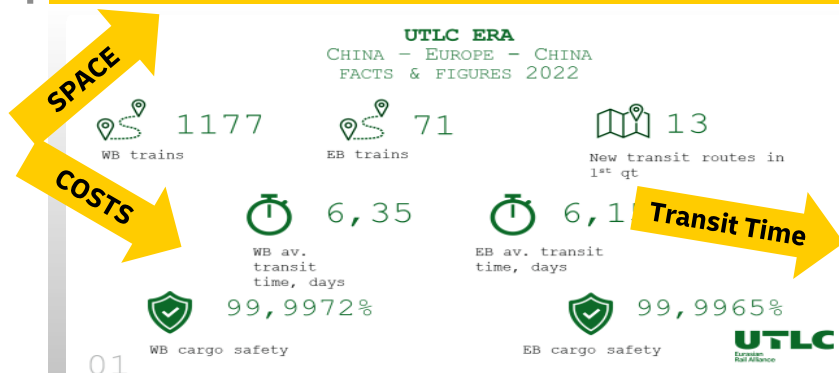
Rail Freight FCL & LCL services keep on running despite the uncertain times...

Overall Market Challenges

- Russia/Ukraine conflict
- Lockdowns in China
- COVID measures
- Capacity shortages
- Port congestions
- High Costs
- The need for Sustainability

No end in sight of UA/RU conflict; Shanghai lockdown reopening - “starting the engine”; Heavy congestions impacts, i.e. Hamburg

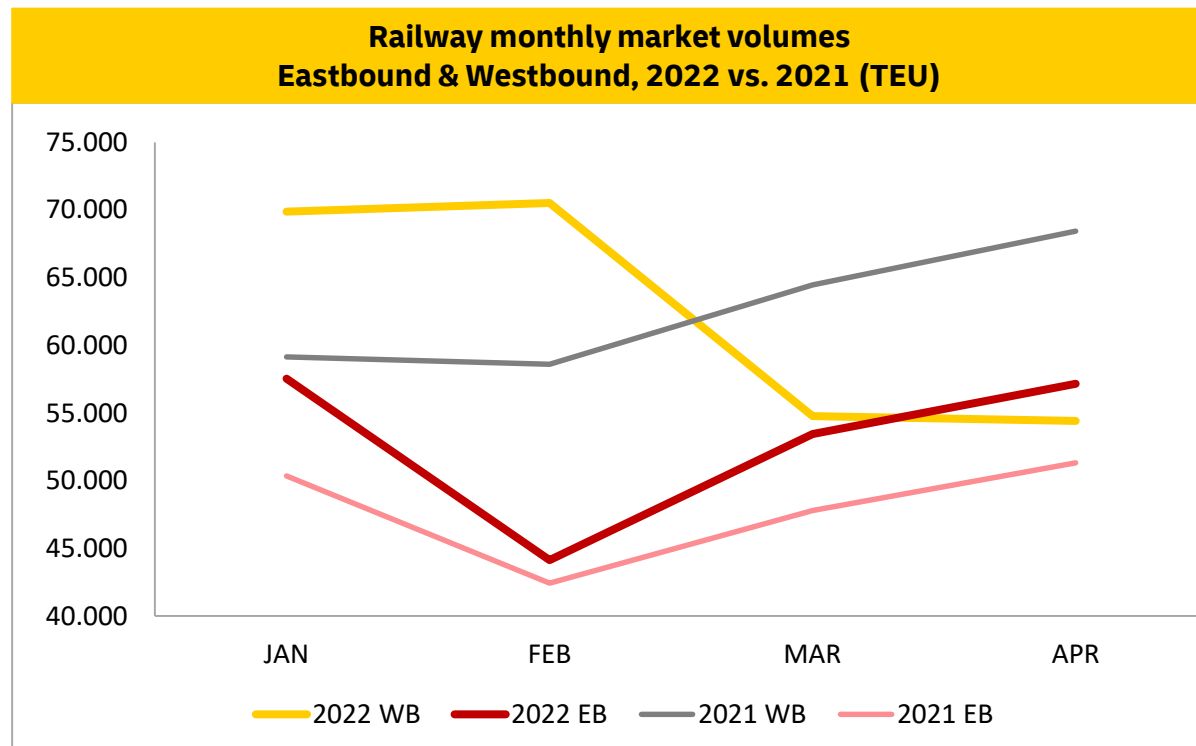
Rail Market situation



Rail capacity available at reduced costs with fast transit times & significant improvement vs. Q3/Q4 2021

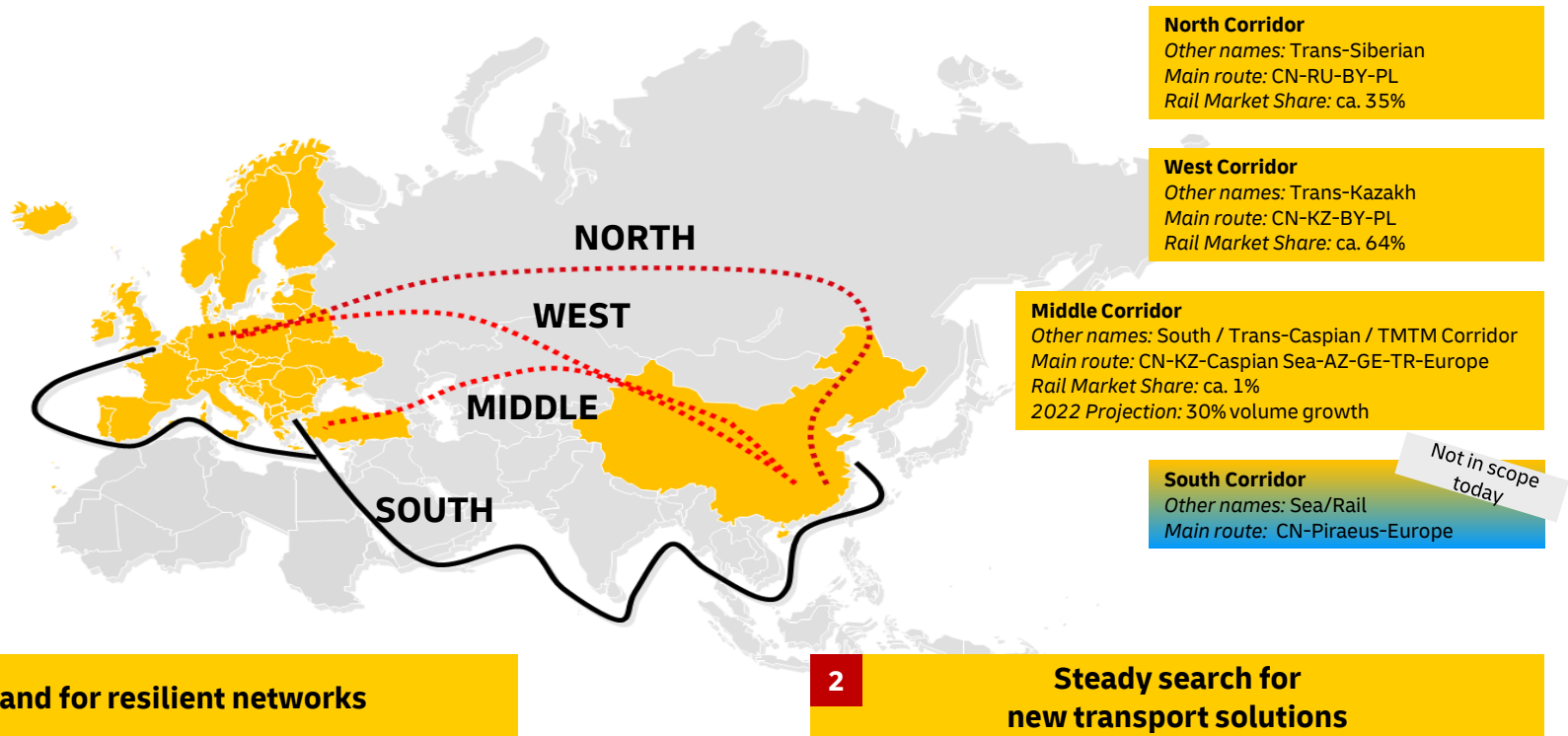
...remaining a very good alternative to ship goods between China and Europe

Rail volumes YTD April 2022 show volume drop in Westbound in March due to the conflict but also growth in Eastbound direction















- International rail freight market fluctuation in China due to the conflict :
 - Westbound volume **drop by 20% YoY** in April
 - Eastbound volume **growth by 11% YoY** in April
 - Middle (aka Trans-Caspian or South) Corridor volumes increasing
- China – Russia trade flows by rail with strong growth

Fast and reliable connection between Asia & Europe via major Rail corridors



Available corridors have their advantages based on current situation, and help tackle the capacity shortages and sustainability needs overall

	Transit time*	Costs impact	Capacity shortage	Sustainability
NORTH				
WEST				
MIDDLE				

* Transit via UA suspended

Operational situation and outlook: FCL & LCL services running in both directions

China pickup & delivery capabilities



- Covid measures in provinces are still challenging and result in cost increase & shortages
- Utilization of domestic rail options

Train Capacities & Schedules



- Train spaces available, Realistic forecasts to secure space are key
- Improved rail schedule quality in Q2/2022
- First borders congested again

Equipment availability



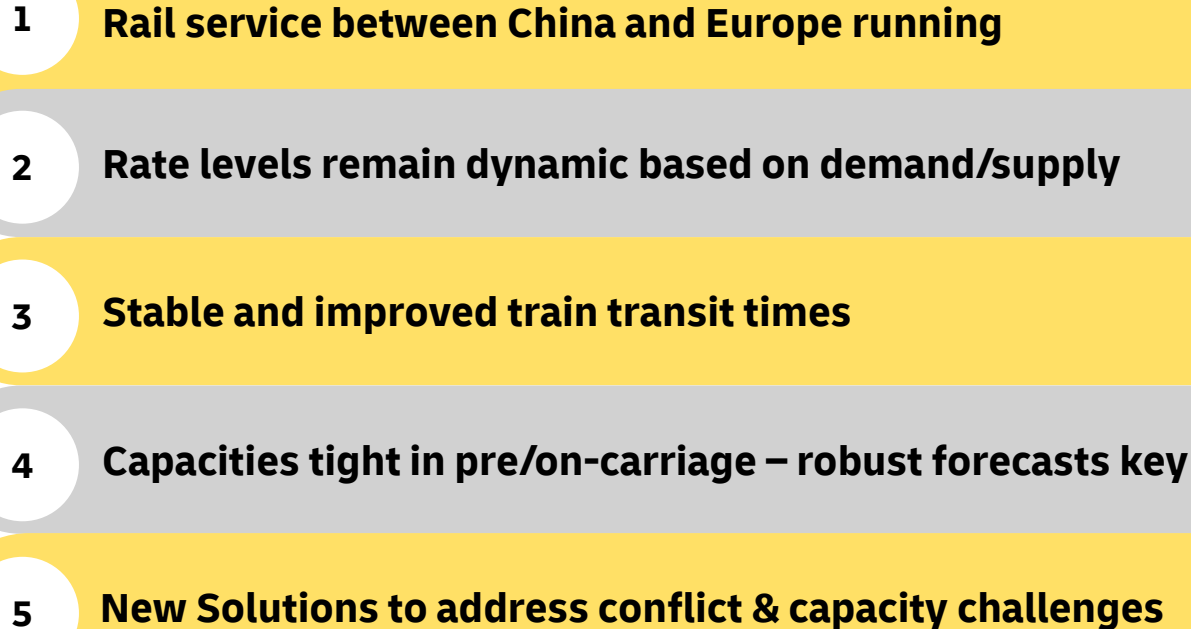
- Good container availability in Europe & China
- First signals that it gets tighter in China

European pickup & delivery capabilities



- Trucking shortages, higher costs and CO₂ footprint challenge
- Clear trend to utilize more intermodal within Europe

Key take aways from today

- 
- 1 Rail service between China and Europe running**
 - 2 Rate levels remain dynamic based on demand/supply**
 - 3 Stable and improved train transit times**
 - 4 Capacities tight in pre/on-carriage – robust forecasts key**
 - 5 New Solutions to address conflict & capacity challenges**

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Lockdowns in Shanghai, China

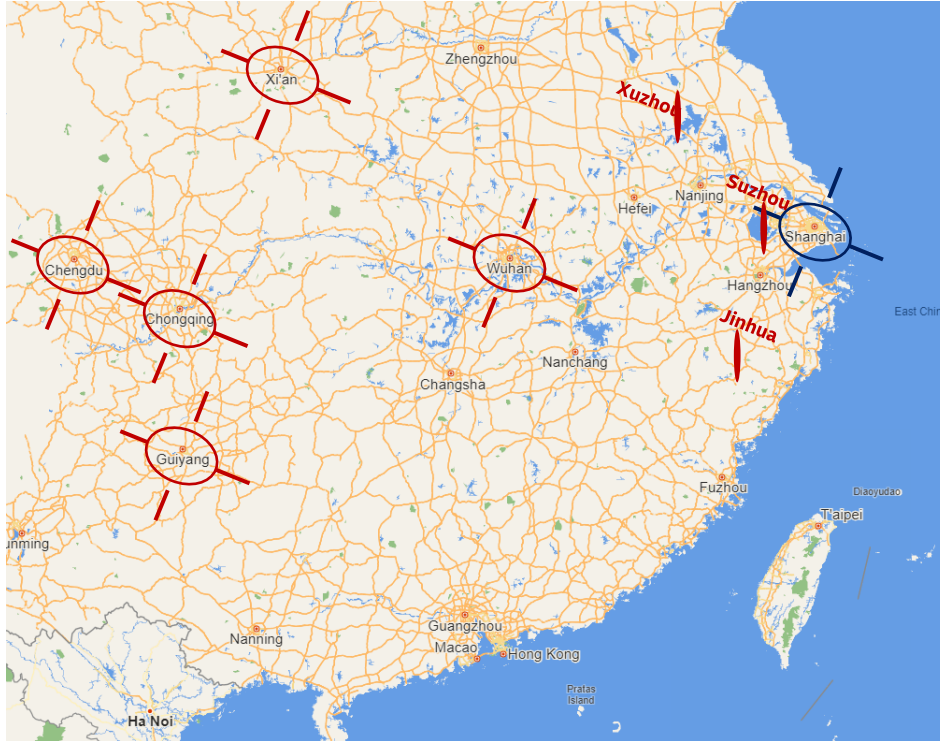
Shanghai lockdown until 01.06.2022

- Most Factories closed
- Case by case operations for pick-ups
- Limited trucking options due to COVID-19 measures in provinces

Since 01.06.2022...

- ... Factories reopened & starting to produce
- ... Capacity shortages are expected soon due to increased production output in 4-6 weeks
- ... Container availability getting tighter in China
- ... Shippers start to secure train and equipment capacities (visible since end of April)

Shanghai post-lockdown: China pre-on-carriages overview



CITY	TRUCKING FROM SHANGAI (DAYS)
Xian ¹	2-3
Chengdu ¹	3
Guiyang ¹	3
Chongqing	3
Wuhan	2
Suzhou	1
Jinhua	1-2
Xuzhou	1-2
Shijiazhuang ¹	2-3

1. Block train available, cut-off: ca. 3 weeks

Alternative rail routes to bypass conflict zones: “Two Seas” solution



China-Europe “Two Seas” Middle corridor: DHL Block Train



NAME	Two Seas DHL Block Train
ORIGIN	Chengdu, Sichuan, CN
DESTINATION	Constanta, RO; Budapest, HU; Hamburg, DE; Duisburg, DE
ETD	6/13 (ATD), 6/27
TRANSIT TIME	35-45 days (to Germany)
ROUTING	Middle Corridor: CN-KZ-AZ-GE- TR-BG-RO-HU-AT-DE
REMARKS	<ul style="list-style-type: none"> • Cargo with li-ion batteries (tablets, laptops) may be accepted • 2 variant dynamic routing in Black Sea area for shortest transit time • No transit via Russia or Belarus

China-Europe “Two Seas” Middle corridor: DHL Block Train



NAME	Two Seas DHL Block Train
ORIGIN	Guiyang, Guizhou, CN
DESTINATION	Poti, GE; Izmit, TR; Constanta, RO; Budapest, HU; Hamburg & Duisburg, DE
ETD	7/ 7
TRANSIT TIME	38-46 days (to Germany)
ROUTING	<p>Middle Corridor: CN-KZ-AZ-GE-</p> <p>(1)-RO-HU-AT-DE</p> <p>(2)-TR-BG-RO-HU-AT-DE</p> <ul style="list-style-type: none"> Caspian Sea by ferry from Aktau to Baku Black Sea by ferry from Poti to Constanta, or road via Turkey, depending on market situation
REMARKS	<ul style="list-style-type: none"> No transit via Russia, Belarus or Iran 2 variant dynamic routing in Black Sea area for shortest transit time

China-Europe “Two Seas” Middle Corridor: DHL Eastbound Block Train



NAME	Two Seas DHL Block Train
ORIGIN	Nuremberg, DE
DESTINATION	Chengdu, Sichuan, CN
ETD	TBA
TRANSIT TIME	35-40 days
ROUTING	Middle Corridor: DE-AT-HU-RO-GE-AZ-KZ-CN
REMARKS	<ul style="list-style-type: none">• 2 variant dynamic routing in Black Sea area for shortest transit time• No transit via Russia or Belarus

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4. Q&A & Wrap up



Q&A SESSION

If you have any further questions, contact your usual Account Manager or Customer Service Representative or our Rail Freight Experts



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if you are based in Europe



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if you are based in China

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Air Freight



June 30
09:00 CEST



June 30
16:00 CEST