



To be checked against delivery!

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GETO REPORT

Mr. Chairman, Excellences, Ladies and Gentlemen

I am very happy that this year's CCTT meeting takes place here in Nur-Sultan. Geographically situated at the most important transit route, the capital of Kazakhstan is among the most important hubs in north-south and east-west traffics – and thus of major importance to all of us here.

During the past 12 to 24 months, impressive progress was made again in China-Europe traffic. Thus, records were again registered in block train units on this route, and the number of operating platforms in China as well as at destinations in Europe continued increasing. As per the Eurasian Rail Alliance Index (ERAI) developed by UTLC, 370,000 TEU were transported in 2018 by rail between China and Europe, an increase by 35 percent in the year-on-year comparison.

What is significant here – and this brings us back to my opening remark – is that about 75 percent of the total traffic volume was routed via Kazakhstan, with the gross transit volume going up by 59 percent as compared to 2017. As per the index, this is due to the increase of trains from 2167 to 3384 plus an increase in the number of wagons per train on average. (source: INDEX 1520)



But as we all know, there are still numerous obstacles that have not yet been overcome. To point them out, while at the same time presenting possible solutions, has always been my greatest concern, also in my former function as President of GETO.

All of us at GETO agree that more than ever, we need coordination and cooperation between us, the European players, and the Chinese platforms. Instead of supporting monopoly structures, all companies involved in rail transportation between Europe and Asia should aim for more transparency and market diversity.

It is our target as GETO to make more use of our potential to influence developments in the future. To this aim, the Board has drawn up a position paper that was passed unanimously last spring by the GETO members. According to this paper, GETO sees itself as a neutral stakeholder and point of contact in Europe for companies offering guaranteed transport services in intermodal traffic between Europe and Asia. In future, GETO will be more active as a networker and partner for political organizations, and establish itself as a platform for the exchange of experience, contacts and ideas for its members as well as for other interest groups active in this field.

It is the declared aim of GETO to take an even firmer stand for the development of existing and future traffics, also for more cross-carrier solutions in Europe and a diffusion of the traffic flows along the existing corridors in Europe. At the same time, GETO wants to support additional offers and connections between Asia and Northern, Central and Western Europe. We are convinced that only together will we be able to come up with solutions that cope with today's fast growth.

Now let me turn back to 2019 – we are already in the last third of the year. A look at 2019 shows once again that transport logistics, and in our case especially rail logistics, depends a lot on world politics and, in a sense, mirrors political developments.



Thus, the players in Europe, that is, the forwarders and logisticians, still have to acknowledge that cooperation between EU companies and their Russian partners is overshadowed by the sanctions and that there are only marginal transport volumes in the market. I find it all the more gratifying therefore that Russia has found solutions to allow sanctioned transit cargo ex Europe to China to be transported by rail by using glonass plombs. Although this solution was originally scheduled to come into force as of Sept 1st and has been postponed to Sept 15th, I assume that as I am speaking today, the system has been fully approved and is in use by now. Maybe some minor border crossings are not open yet to handle these seals, but we can still speak of a major step forward towards increasing east bound shipments.

Generally, looking back on the past eight months, we note a first, clear decrease in block train traffics between China and Europe. If in former years, there might have been block trains that were not laden to capacity, today this is practically impossible. As a consequence, the operators of such block trains, among them GETO members, are no longer given long-term prognoses concerning the number of monthly departures from Chinese platforms. More and more, one has to plan on a monthly basis, which is difficult given the infrastructure in Europa that is stretched to full capacity.

Here, the most important role is surely played by political decisions with different regional subvention concepts. It would help us here in Europe if the block train market between China and Europe were coordinated as one single entity – most suitably by China Rail.

What also worries me are the still missing east bound traffics from Europe to China. If so far we have reached the 50 percent quota as required by tariff regulations, the recent devaluation of the Chinese currency may well increase prices for imports from Europe – and they were not really cheap in the past, either.



In my speech in Sochi last year I already emphasized that European forwarders and operators are actively working on infrastructural solutions to cope with the big number of block trains especially from China. Part of the solutions is also the provisions of alternative routes to take the burden off major hubs like Brest / Malascewicze.

It is all the more regrettable that – to give an example – well accepted products like the fast running trains from Chongqing via Braniewo / Kaliningrad have been taken off the program. I would like to motivate the decision makers in China to stand by their decisions for alternative routes and to introduce new routes, including intermodal solutions. This helps take the burden off the chronically congested main corridors in Europe and generates shorter transit times. In this context, positive decisions for the subvention of intermodal traffics such as via Baltisk to Mukran or other German ports would help bring more balance to the train connections to Europe.

Even if I keep repeating myself here:

Although we can handle the block train volume from China to Europe at this time quite smoothly due to the slight decrease in train numbers, we will be confronted at the slightest increase with last year's congestions problems again that will increase lead times. Planning security, also for new routes, and in this context the necessary close coordination with the Chinese platforms or better still with China Rail, is an absolute must. For this, GETO is available as a strong partner in Europa.

To finish my speech, allow me to add one point in a personal matter:

At the last General Assembly of GETO last spring, I stepped back from the presidency of GETO as I want to reduce my professional commitments. But I am happy to put the presidency – a task that I fulfilled with great passion for the past six years – into the best hands; and with the unanimous vote of the general assembly: my valued colleague Harm Sievers, Managing Director of Mukran Port and long-time GETO and CCTT member, took over the honorable task as President of GETO in May.



In line with my decision, I have handed in my resignation as Deputy Chairman of CCTT as of today – so this is my last active meeting. Let me express my warmest thanks especially to our President Oleg Beloseroov and our Secretary General Gennady Bessonov and his entire team for the successful work of CCTT. My thanks also go to all present here, as you all are contributing to the development of TransSib and the New Silk Road.

I wish you all lots of luck and success in your private and professional life!