

Section 3. Logistics

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IMPLEMENTATION OF THE TRANSPORT INITIATIVE OF THE PEOPLE'S REPUBLIC OF CHINA IN THE DIRECTION OF CHINA-EUROPE

The article analyzes the “One Belt, One Road” initiative based on the results of the project, indicators of traffic volumes in the period 2019–2021, highlights the advantages of rail transport in the considered direction of cargo transportation. The relevance of the topic under consideration is due to the change in the established supply chains and traffic volumes in the China – Europe direction.

In 2013, China proposed a large-scale project designed to improve transcontinental ties and cooperation between the countries – the “One Belt, One Road” initiative. To identify possible risks and potential opportunities of the planned transport corridors, the World Bank Group (WBG- World Bank Group), which includes 189 member countries and is working on solutions to ensure poverty reduction and development of countries, conducted a study of the Chinese Initiative.

The analysis, which assessed the network of proposed transport projects in more than 70 countries along the BRI (“Belt and Road Initiative”) land and sea corridors connecting Asia, Europe and Africa, was aimed at developing recommendations to maximize the benefits and minimize the risks of project participants. If fully implemented, the initiative, according to the WBG, can lift 32 million people out of moderate poverty (a living wage of less than \$3.20 per day), increase world trade by 6.2% and up to 9.7% for the countries participating in the international corridor.

Forecasts for an increase in global income are estimated at 2.9%. For the planned economic development, policy recommendations were proposed for countries located along the corridors to maximize potential benefits while reducing various risks. Capital investments associated with the need to develop BRI infrastructure may outweigh the potential benefits for some countries, adverse environmental consequences may be

expressed as an increase in global carbon emissions. The successful development of the project requires coordination between all participants of the corridor, transparency at all levels, from project planning to budgeting and procurement, real income can be two to four times more if trade restrictions in many countries are reduced, downtime at borders is reduced¹.

Cooperation agreements within the framework of the “One Belt” initiative – One Way” was signed by more than 140 countries, including: Asia (Azerbaijan, Kazakhstan, Qatar, Mongolia, UAE, Syria, Tajikistan, Thailand, Turkey, Uzbekistan, Sri Lanka, South Korea, etc.), Africa (Algeria, Egypt, Kenya, Libya, Madagascar, Morocco, Seychelles, Senegal, Somalia, Sudan, Tunisia, South Africa, etc.), Europe (Russia, Austria, Belarus, Bulgaria, Hungary, Greece, Italy, Moldova, Poland, Portugal, Romania, Ukraine, Croatia, Czech Republic, etc.), as well as Oceania (Vanuatu, New Zealand, Cook Islands, Samoa, Solomon Islands, Tonga, Fiji, etc.), North America (Barbados, Grenada, Dominica, Dominican Republic, Costa Rica, Cuba, Panama, El Salvador, Jamaica, etc.) and South America (Bolivia, Venezuela, Guyana, Suriname, Uruguay, Chile, Ecuador, Peru).

Rail transportation in the direction of China – Europe includes three main routes: Northern and Central passing through the territory of Russia, Southern – through Kazakhstan. The problems of traffic organization are related to the difference in track width, permissible load, insufficient capacity, incomplete electrification of sections².

Rail transport is the “golden mean” between faster, but expensive air and sea transport, cheaper, but requiring more time for cargo delivery. The delivery time from China to Europe by means of transport is on average³:

- by air: 5–9 days;
- by sea: 37–50 days;
- by rail: 15–18 days.

An important advantage of rail transport is its environmental friendliness in comparison with air transport and, especially, in comparison with road transport.

The growth in the volume of rail traffic on the China-Europe route is due to a number of reasons⁴:

¹ Success of China's Belt & Road Initiative Depends on Deep Policy Reforms, Study Finds. URL: <https://www.worldbank.org/en/news/press-release/2019/06/18/success-of-chinas-belt-road-initiative-depends-on-deep-policy-reforms-study-finds>.

² Economic analysis of the One Belt, One Road Initiative /Eurasian Rail Alliance Index (ERAI). URL: <https://index1520.com/analytics/ekonomicheskij-analiz-odin-poyas-odin-put>

³ Eurasian railway breakthrough / Eurasian Rail Alliance Index (ERAI) / URL: <https://index1520.com/en/analytics/evraziyskiy-zheleznodorozhnyy-proryv>

⁴ Eurasian railway breakthrough / Eurasian Rail Alliance Index (ERAI) / URL: <https://index1520.com/en/analytics/evraziyskiy-zheleznodorozhnyy-proryv>

1. China's economy is becoming more competitive, exports of goods to European markets are growing;

2. China exports more expensive goods, the cost of delivery increases the price of the goods, which should be competitive in the country of consumption compared to local producers. Delivery by rail is more economical than by air, and in an alternative to sea, it can justify an increase in the price of products by the speed of delivery;

3. Production in China is moving inland, special attention is paid to the development of the central and western provinces that have no access to the sea, therefore, railway communication with Europe is developing;

4. the welfare of the Chinese population is growing and at the same time the demand for expensive high-quality European goods is growing;

5. The creation of the Eurasian Customs Union allowed goods to move freely, and logistics companies were provided with a reliable, fast and economical railway connection.

The increase in the volume of rail transport from China to Europe along the Northern and Central routes, including transit through the territory of our country, has had a positive impact on the development of the entire transport system of Russia. In 2015, an agreement was signed between Russia and China on cooperation on the conjugation of the construction of the Eurasian Economic Union and the Silk Road Economic Belt, in 2016, China, Mongolia and Russia signed a Program for the creation of the China – Mongolia – Russia Economic Corridor. By 2025, the volume of transit traffic is projected to increase by 10–15%. In 2020, the Government of the Russian Federation signed a decree on subsidizing container transportation by Russian Railways to increase the competitiveness of rail transport and reduce freight rates¹.

China, Central Asian countries and Europe are connected by the China Railway Express (RU) system, similar to Block Train Transportation Service (BTTS), a charter rail service system. CRE directly connects the rail transport system with shippers, using mainly container transportation. China's national strategic program "One Belt–One Road" has led to a sharp increase in the volume of goods transported and the development of CRE, most of which belongs to the Chinese Railway, a state-owned company. The volume of CRE traffic in 2020 compared to 2019 increased by a record 54%, in 2021 by about 30% by 2020².

¹ Eurasian railway breakthrough / Eurasian Rail Alliance Index (ERA1) / URL: <https://index1520.com/en/analytics/evraziyskiy-zheleznodorozhnyy-proryv>

² Current status and challenges of the China Railway Express system, a key component of the One Belt, One Road initiative. / Eurasian Rail Alliance Index (ERA1) / URL: <https://index1520.com/analytics/tekushchiy-status-i-slozhnosti-sistemy-china-railway-express-klyuchevogo-komponenta-initsiativy-odin>

In 2021, the number of trains between Europe and China amounted to 15,000–22% more than in 2020, in 2020 the growth was 50%, in 2019–50%. After the adoption of the “One Belt, One Road” initiative, there has been a rapid increase in rail traffic, which did not stop with the beginning of the COVID-19 pandemic, there was a redistribution of cargo traffic, including its transfer from sea and road transport due to flight cancellations, border closures, problems in ports¹. Rail transport turned out to be the most stable in operation, eco-friendly- “green” type of transportation, accelerated promotion of container trains at reasonable prices attracted new shippers.

In 2019, 725,000 TEU (Twentyfoot Equivalent Unit – a unit of cargo measurement equal to the volume of one 20-foot container) was shipped by rail between Europe and China, the growth rate was 34%, in 2020–1.135 million of TEU cargo, the growth rate was 56%, in 2021–1.46 million of TEU cargo, growth by 2020–29%².

In 2021, the project of the China Railway Express (Qilu) Jinan Assembly Center international multimodal transport hub was signed, designed to combine sea, river, road and rail transportation, covering international trade, operations with imported goods, supply chain financing, warehouse and other service functions. The “One Belt, One Road” initiative contributed to the rapid development of freight train traffic on the China – Europe route, and a significant increase in foreign trade. For further growth, it is necessary to reduce the time spent at border points, increase the efficiency of customs clearance. The project makes it possible to reduce the time of cargo transportation in the East – West direction by 12%³.

The initiative of international cooperation “One Belt, One Road” has provided important support for many countries in restoring, maintaining and developing the economy during the global crisis caused by the COVID-19 epidemic, has become the most successful international project of recent years, has global significance and is a platform for multilateral cooperation.

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