

Bottlenecks build as China-Europe rail network battles rising demand



Forwarders estimate China-Europe rail volume increased more than 50% in the first quarter, straining the Khorgos terminals where cargo must be transferred between trains. Photo credit: Vladimir Tretyakov / Shutterstock.com.

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ASTANA — The modal shift from congested ocean trades to China-Europe rail freight is creating lengthy delays at key China-Kazakhstan train transfer points, leading to longer transit times and fast-rising rate levels.

Forwarders estimate China-Europe rail volume increased by more than 50% year over year in the first quarter with strong demand for less-than-containerload freight.

“The volume increase on rail requires more time for reloading at the China-Kazakhstan border and therefore longer transit time,” Thomas Kowitzki, vice president and global head of China rail at DHL Global Forwarding, told the *Journal of Commerce*.

All cargo entering Kazakhstan must be transferred to new trains because rail tracks in Central Asia have a different gauge than those in China.

“On average, the border crossing between China and Kazakhstan takes between six and nine days, but a lot depends on [the] day of train transfer and available rail wagon equipment,” Kowitzki said, adding that with ongoing strong demand the limiting factor was the available capacity within the China Railway Express network.

Taiwanese forwarder Dimerco puts the congestion-related transshipment delays at six to 12 days, increasing transit times from China to Europe on the northern corridor via Russia to more than 20 days.

Nurbek Bekmukhambetov, director of multimodal transportation at Kazakhstan Railways (KTZ), said the transshipment points at the China and Kazakhstan border where cargo swaps trains are heavily congested.

Bekmukhambetov told the *Journal of Commerce* on the sidelines of The International Air Cargo Association’s (TIACA’s) Central Asia conference in Astana last week that rail infrastructure in Kazakhstan was being rapidly expanded to accommodate the greater freight volume. Measures were also being put in place to speed up cargo flows, such as bypassing the city of Almaty and connecting directly with the so-called middle corridor route that bypasses Russia, as well as upgrading supply chain software.

Limited capacity, infrastructure shortcomings

Prior to Russia’s invasion of Ukraine in February 2022, the headhaul northern corridor, which travels from China through Kazakhstan, Russia and Belarus en route to Poland, handled at least 95% of all China-Europe rail freight. The middle corridor via the Caspian Sea carried the balance, but as European importers turned their attention to the route, they quickly found infrastructure shortcomings severely limited capacity while multiple cargo handovers and long transit times raised rates to uncompetitive levels.

After two years of infrastructure building and greater cooperation between Central Asia governments that included the aligning of customs processes, Bekmukhambetov said the middle corridor has improved significantly and has “huge potential” to be a viable alternative to the northern route through Russia.

“The European Union is interested, China is interested and we are expanding our capacity on the corridor to the two ports on the Caspian Sea that we operate,” the KTZ executive said.

Bekmukhambetov said the route has become more viable with faster transit times and bonded trains requiring fewer cargo handovers.

“Using shuttle trains with sealed cargo, it can take 14 to 23 days for a container to be transported from our Lianyungang port in China to South Europe via the middle corridor, and that is a huge improvement,” he said.

But with Russia’s war on Ukraine in its third year and with Houthi militant attacks on shipping keeping the Red Sea route largely unavailable, the northern corridor is coming back into play.

“Some European shippers are deciding to resume their use of rail and trucking solutions that transit through Russia,” Kelvin Tang, global cross-border and multimodal leader at CEVA Logistics, told the *Journal of Commerce* in a recent interview.

Whether cargo owners use the northern or middle corridors, the transit times of both routes beats ocean shipping, where sailing around southern Africa adds 10 to 14 days to an Asia-Europe voyage and port congestion extends the transit times even further.

“Despite longer transit times, rail is still a much faster option as congestion in ocean ports is also delaying the already longer transit times...,” Kowitzki said.

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