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# New Silk Railroad: The golden middle way

China is investing billions of dollars in its Belt & Road initiative and that s creating new options for rail transport between China and western Europe. As our new report reveals, this could shake up supply chains as it s twice as fast as sea freight and up to six times cheaper than air.


## Executive summary

**New Silk rail road - twice as fast than sea, up to six times cheaper than air**

China is investing billions of dollars in its Belt & Road initiative. As a result container traffic on the New Silk rail road between China and Europe is growing at double figures and this is expected to continue in the coming years. The new overland connection offers opportunities for optimisation to shippers and possibly shakes up supply chains. It's twice as fast as sea transport and four to six times cheaper than air transport.

**Central European countries' new gateways overland**

Although volumes are still low, central and eastern European countries have the chance to develop themselves as overland gateways to the East. Large parts of Western Europe are, for efficiency reasons, mainly supplied overseas via gateway countries such as the Netherlands and Belgium. With the arrival of the New Silk Road, this won't always continue to be the case.

**New Silk Road most interesting for higher valued products to inland destinations**

The New silk road particularly offers opportunities for the transportation of higher valued consumer products such as electronics and medicines to and from deep hinterland destinations such as Chengdu and Chongqing.

**New Silk Road mainly competes with air freight - footprint is a growing advantage**

Looking at the trade flows and characteristics, the Silk Road competes with air rather than sea transport. Western European freight airports like Schiphol, Frankfurt and Luik could feel the competition in the medium term. Beside the price difference, the huge difference in the CO2-footprint is a growing advantage given increasing climate awareness.

**Challenges ahead, but New silk road option is here to stay**

The Silk Road is on its way to maturity. There are still challenges ahead, like dependency on subsidies and busy rail networks, but scaling and efficiency gains could compensate in price, capacity and shorter transit times. For shippers the New Silk road offers a chance to reconsider their supply chains when looking for cheaper or faster transport, and is expected to be a permanent option in multi-modal combinations.

## Author

**Rico Luman**
Senior Sector Economist, Transport and Logistics
Rico.Luman@ing.com

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