

STRATEGIC INTERCHANGE
BETWEEN SEA AND RAIL FREIGHT:
WHAT'S NEW?

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Following the bananas

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The Blue Banana and Beyond

The Blue Banana (also known as the European Megalopolis or Manchester-Milan Axis among others) is a discontinuous corridor of urbanization in Western Europe, with a population of around 110 million. It stretches approximately from North West England, the Manchester area in the north, to Milan and beyond in central / eastern Italy in the south.



The Blue Banana identified for centuries as an economically advantageous position through its population density, which, for long stretches is at an urban level. The region is of interest to multinational companies, not only for its good transport infrastructure, such as ports (Rotterdam, Antwerp) and airports (London, Frankfurt, Amsterdam), but also for its convenience as a center of operations. The region contains the main offices of several international organizations, such as the International Court in The Hague, the European Parliament in Strasbourg, and NATO headquarters in Brussels.

Further areas in the last decades have been identified as future European growth poles besides or even beyond the so defined Blue Banana area. Such area or “belts”, as the 'Sunbelt' from Milan to Valencia, the 'Yellow Banana' from Paris to Warsaw and the Baltic Adriatic Corridor from the North Adriatic coast to the Baltic shores.



Trade Flows - Industry VS Consumer

In such economic and demographic developments the center of gravity for the Logistics Hub optimum location becomes paramount in linking “upstream” and “downstream” supply chains. The images below represent the results from a recent survey from Colliers International aimed at evaluating the best location for such Logistics centers; analysis ratioed to Distribution and Manufacturing perspective. The Baltic Adriatic Corridor is located precisely within the Manufacturing biased evaluation. The Distribution scenario still prevails the Blue Banana even though with a noticeable East affinity.



DISTRIBUTION SCENARIO TOP 20 MARKETS

1	Antwerp	7	Liege	15	Milan
2	Rotterdam	8	Venlo	16	Le Havre
3	Dusseldorf	9	Lille	17	Bratislava
4	Brussels	10	Frankfurt	18	Rijeka/Koper
5	Hamburg	11	Paris	19	Bologna
6	Amsterdam	12	Munich	20	Istanbul
		13	Lyon		
		14	Prague		

Source: Colliers International



MANUFACTURING SCENARIO TOP 20 MARKETS

1	Kiev	7	Lille	15	Moscow
2	Istanbul	8	Budapest	16	Bucharest
3	Bratislava	9	Dusseldorf	17	Brussels
4	Upper Silesia	10	Prague	18	Hamburg
5	Sofia	11	Venlo	19	Belgrade
6	Antwerp	12	Izmir	20	Warsaw
		13	Poznan		
		14	Liege		

Source: Colliers International

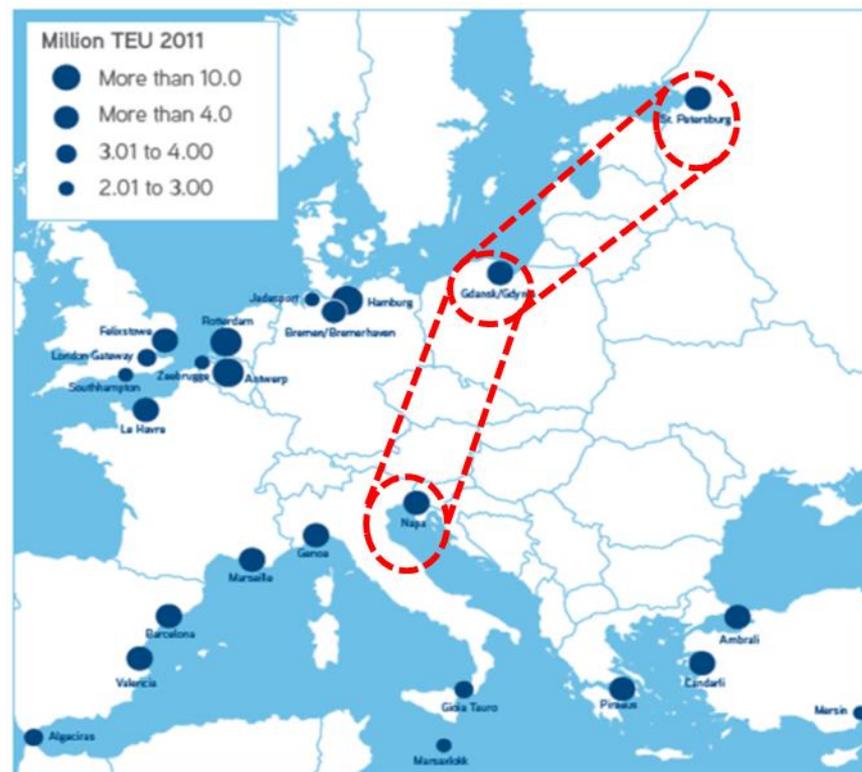
The Baltic Adriatic Corridor

Again according to Colliers International separate study a trend is visible: shifting to the Mediterranean in particular Adriatic and Eastern Europe ports the entry points in servicing European supply chain. On the Mediterranean and Adriatic Sea new port facilities allow container ships taking the Suez Canal route to deliver more directly to Central and Eastern Europe. Goods reach their destination quicker than if they went via conventional Atlantic route, with a time advantage of 5-7 days. Environmental factors also play a key role, with CO2 emissions on the Suez to NAPA route considerably less than conventional route.

Top 20 Ports 2011

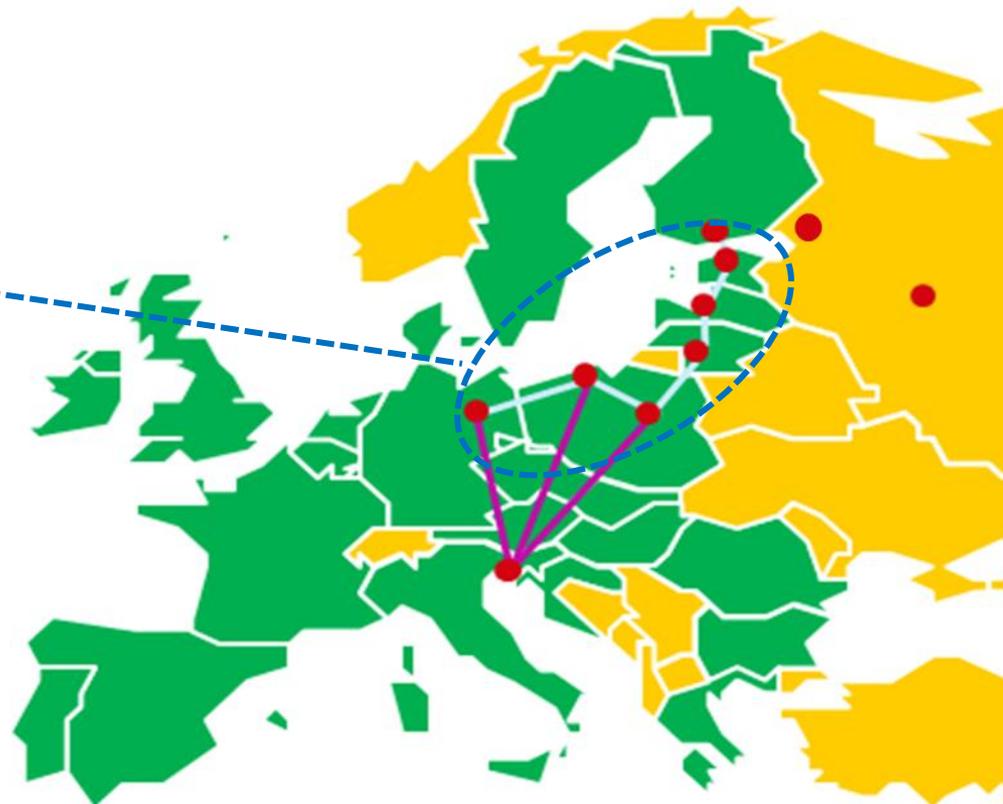


Major Container Ports 2020



The Baltic Adriatic Corridor – Rail Baltica

As part of the EU sustained transport integration, the Rail Baltica project extending the EU standard rail gauge throughout the Baltic countries to Helsinki, is envisaged to be completed by 2025. The project will connect at the extremities Helsinki and Berlin. Such development will provide a continuous rail connection from the North of the Adriatic up to the gulf of Finland, thus completing the intermodal connectivity between the NAPA and the main ports of the Baltic sea.



The New Silk Road

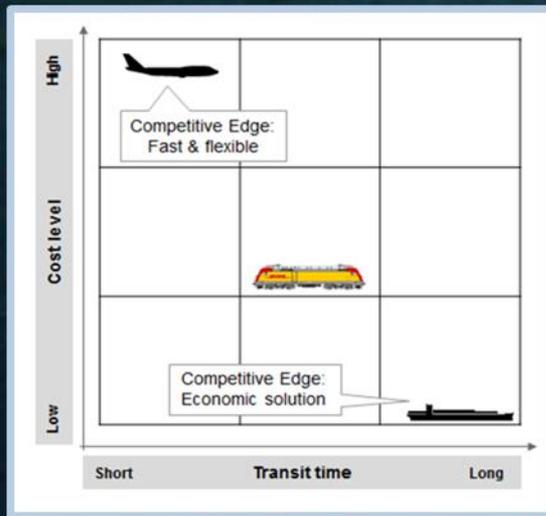
With the “Go-Inland “ policy from China for the last decades, significant part of the Global Sourcing from China has shifted from the historic traditional coastal areas to further inland; such developments can add cost, lead time and possible variables to enterprises supply chains.

The so defined “New Silk Road” is successfully seeing the reutilization of one of the oldest trade routes covering Eurasia. The adopted route replaces camels with containerized rail freight to service the European Market and vice versa. Such new trend has proven to provide a balanced (cost/transit time) median addition to traditional Air Freight and Ocean Freight and has the potential of growing in a main artery in fulfilling EU and China Trading & Shipping Markets



Key Points

- Cost savings – versus normal Air freight
- Short lead time – much faster than normal Ocean freight
- Various Loading options
- ISO Containerization
- Rail for final destination in Europe
- Economic solution for heavy and bulk cargo
- Environment friendly transportation
- Inventory lead-time reduction
- High Value Goods Working Capital Reduction



Conclusion

Both the Baltic Adriatic full corridor and the Ex-China Rail developments will sustain volume growth for the identified area which coincides and verges with the Baltic Adriatic corridor. The picture below scatters the interconnection of the three separate streams summarizing the possible developments and linkages .

Baltic – Adriatic

- Positive sign and forecast of growth
- Development of logistics associated activity along route
- 10 out of the top 20 European Logistics Hub Location are on the route (as per manufacturing factor)

Rail Baltic

- Extension of such intermodal connectivity from NAPA to Helsinki / St. Petersburg
- Operating both EU and RU-CIS Rail gauge
- Developments of Intermodal network terminal

The New Silk Road

- Considerable Potential of growing in to the “Next Big Thing” within the logistics Industry
- Support for Logistics Hub developments
- Poland as main destination
- Baltic countries possibly to follow (Scandinavia)
- Other access country could follow similar development (Turkey and CIS)

