

EUROPE FAR EAST LAND BRIDGE



Challenges for railway between Asia and Europe

The annual volume transported between Asia and Europe is colossal.

- A yearly volume of about 15 million TEU between Asia and Europe using mainly the deep sea transport mode.
- Only a small percentage is carried via plane due to urgent situations, while the clients are faced with very high transport costs.

What is the alternative between air freight and sea freight, which can guarantee a short and stable transit-time at reasonable rates?

- Far East Land Bridge recognized the niche in the market, and is operating with continuously growing volumes, and stable number of trains between Asia and Europe since 2007.

RAILWAY VS. VESSEL



Air Freight

- Transit time: 5–10 days
- Limited frequency/Felxibility
- Low weight capacity
- Very high costs in general



Railway Solution

- Distance: 11.000 km
- Transit time: 3 weeks
- High frequency of shipments
- Fewer containers per shipment
- High level of flexibility
- Terminals at the border stations
- **Environment friendly**

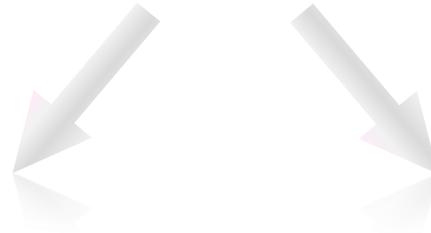


Deep Sea Vessel

- Distance: 20.000 km
- Transit time: 4–6 weeks
- Limited weight per unit
- Slow/super slow steaming
- Unstable rates
- Different climate zones



Benefits gained
from a short transit time



- Working Capital %
/reduced interest costs



- Flexible response to
market demands/ changes

Environment

the entire railway route is electrified and mainly supplied by hydroelectric power plants.

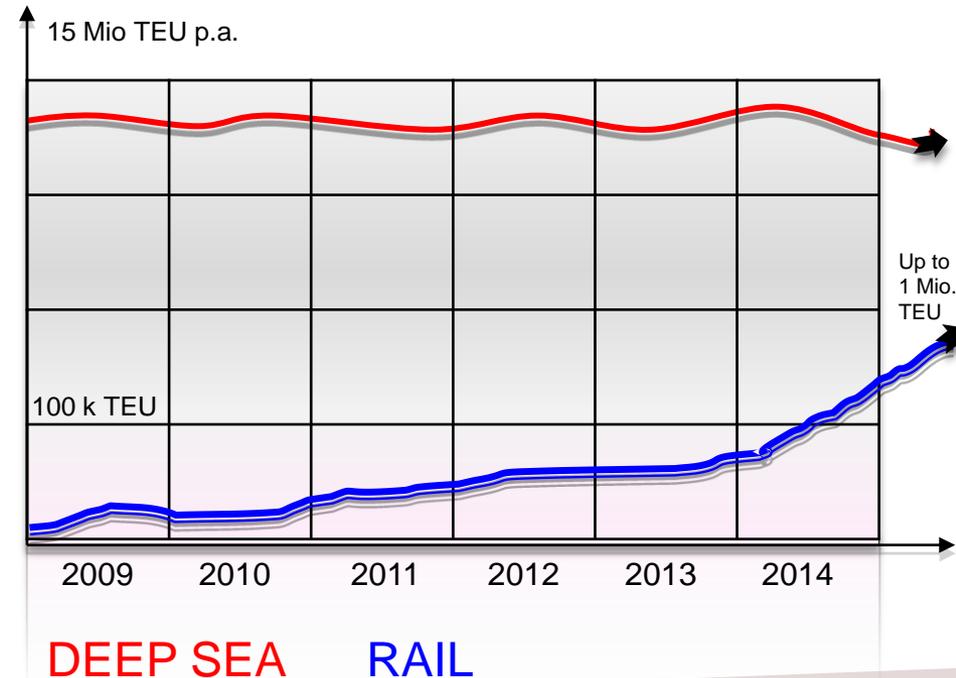
- ✓ Low carbon footprint
- ✓ Short pre/on-carriage distance
- ✓ Low CO₂ emissions



Key facts

- Acceptance of railway advantages on the market
- Movement of the Chinese industry from the east coast to the west hinterland
- Development of railway network in China and CIS (i.e. stability, speed)
- Operating different gates
 - Vostochnij
 - Zabajkalsk
 - Dostyk
 - eventually transit via Mongolia

Market share / development



How to improve the service

Purchase / Rate Level

- Purchase in China
- Basing the rates only on block-train level
- Empty repositioning system

Transit-Time

- Railway system in Europe for single containers
- Railway system in Asia for single containers
- Border crossing controls
- Departure frequency of each train system

Border Crossing Capacity

- Enlarge and improve the terminal infrastructure
- Develop the unloading procedure

Customs Clearance Procedure

- Customs union
- Documentation



▪ Tracing

Daily information of container position



▪ Liability insurance

Covering high-value cargo up to
\$15.000.000



▪ Documentation

Electronic documentation system
SMGS and Cargo Manifest



▪ Flexibility

Changing destination at short notice

EXISTING SERVICE

Far East Land Bridge Ltd.

Service:

Intermodal, as well as general cargo between Far East (China, South Korea and Japan) to CIS/Europe and vice versa.



Significant financial advantages due to short transit time of **18–25 days, door-to-door** (depending on volume and relation).

Service to/from China, South Korea and Japan:



Northeast China:

- Shanghai, Qingdao, Tianjin, Beijing, Dalian, Shenyang, Harbin and more via Manzhouli / Zabaikalsk.

South Central China:

- Chongqing via Dostik / Alashankou

South Korea (using the vessel via Dalian or via Vostochny):

- Inch'on
- Pusan

In Japan (using the vessel via Vostochny):

- Tokyo
- Osaka

SERVED AREAS IN EUROPE



Service to/from EUROPE, crossing one of the following border stations:

Brest/Malaszewicze to:

Poland, Germany, the Netherlands and Belgium

Dobra/Chop to:

Czech Republic, Slovakia, Italy, Austria and Slovenia

Zahony/Chop to:

Hungary, Southern Germany and Austria



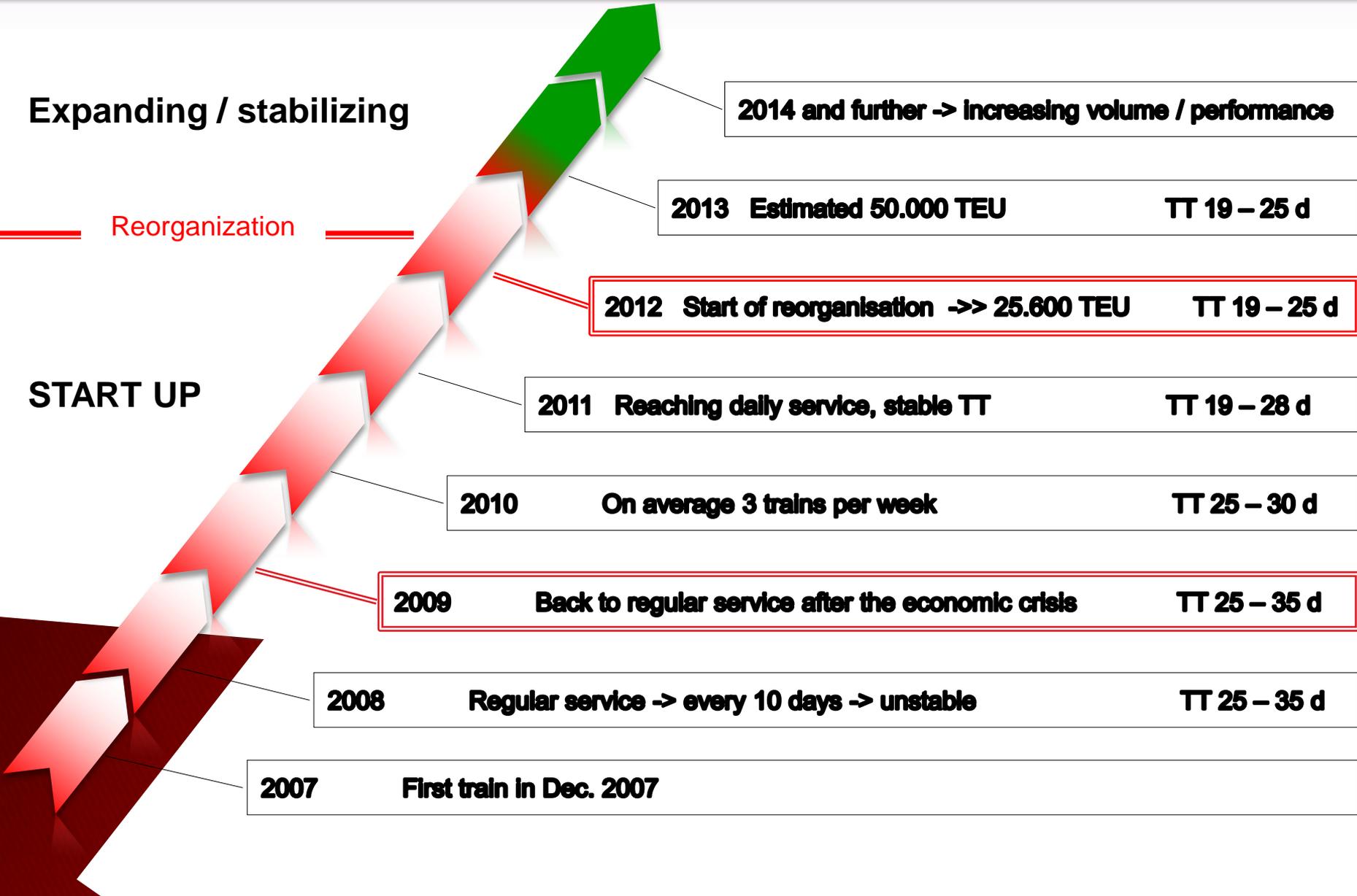
FELB DEVELOPMENT



Expanding / stabilizing

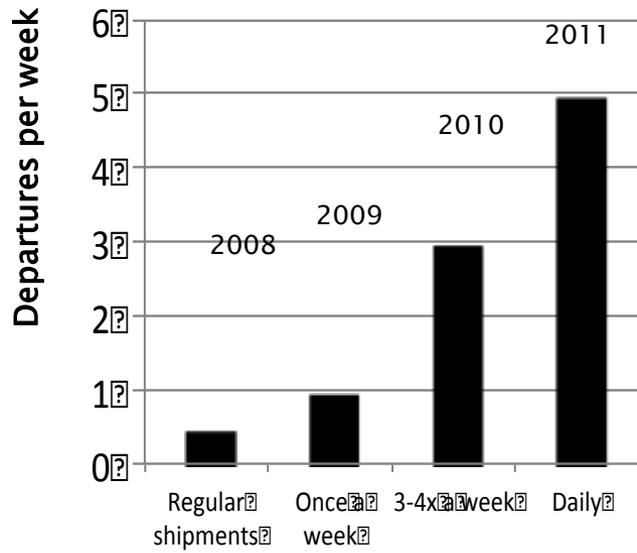
Reorganization

START UP

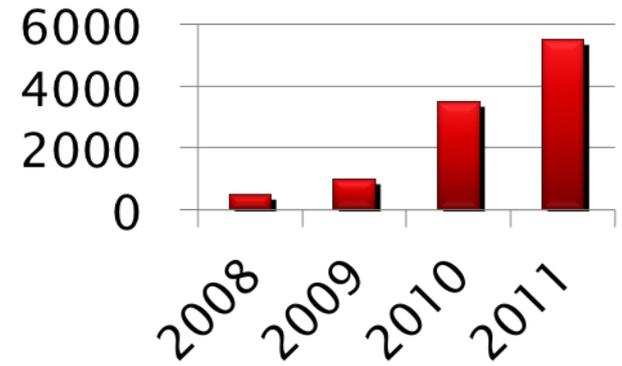


DEVELOPMENT

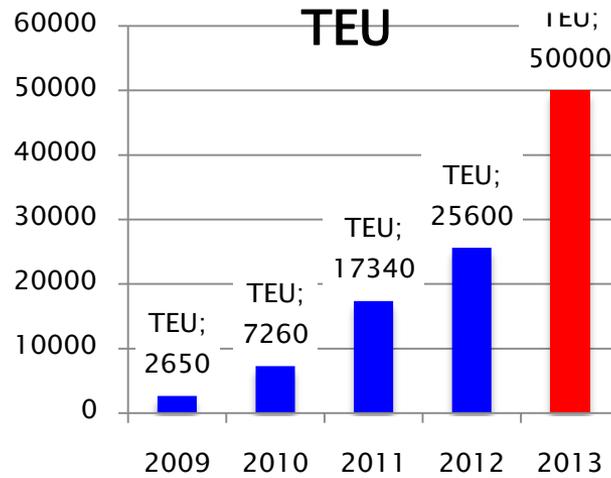
Frequency



Containers in stock



Number of Containers



FAR EAST LAND BRIDGE: OFFICES



Our offices, located strategically along the route, are staffed by more than 50 employees, who ensure an efficient operation and sale of our services.



CONCLUSION



A long-forgotten transport corridor was reactivated in 2007 under the brand FAR EAST LAND BRIDGE, with the support of RZD and TransContainer.

The image of the Trans-Siberian Route as a corridor for container freight was negative. Our first challenge was to convince clients that it could be a reliable, stable and much faster alternative to the ocean route. We started the first transits in 2007 and, during 2008, reached a regular frequency although with low volume.

After the worst effects of the 2008 economic crisis blew over in 2009, we began to build volume steadily and moved from a “start up” to a recognized operator used by a number of world class companies. At the start of 2012, RZD Logistic became a shareholder in FELB and the company underwent a major reorganization. Prices were raised to break even and better for the loss-making eastbound route; fixed costs were reduced; east-west flows were balanced; a new IT system was implemented, and an import-export service between Asia / Europe and the CIS was started. All these measures together are moving the company to a profitable future with prospects for rapid and strong growth.

Indeed, FELB has come to early maturity at exactly the right time, ready to meet the dramatically increased demand on the Far East - Europe freight market within the UTLC network, with all the marketing and logistical advantages conferred by a powerful strategic partner.

Far East Land Bridge Ltd.

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