



MARKET PLACE SEMINAR 2023

Shaping the Future of Multimodal Logistics Connecting the Regions

Istanbul, Türkiye
20-21 November 2023



Session 2: “Business perspectives on the Middle Corridor - the agile transformation of the logistics industry”



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DB Cargo Transasia



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CFL cargo Deutschland GmbH



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General Manager,
Pasifik Eurasia Lojistik





DB Cargo Eurasia 🇩🇪

DB Cargo Transasia 🇨🇳

We connect Europe and Asia by rail

DB Cargo Eurasia on Eurasian Corridor



Experience

More than 10 years DB Cargo Eurasia operates on the eurasian corridor and is now market leader between China and Europe.



Coordination

DB Cargo coordinates all railways on the eurasian corridor.



Multilingual and dedicated team in **6 locations** along the entire corridor (Berlin, Malaszewicze, Moscow, Almaty, Xi'an and Shanghai).



Neutrality of DB Cargo Eurasia on the market.



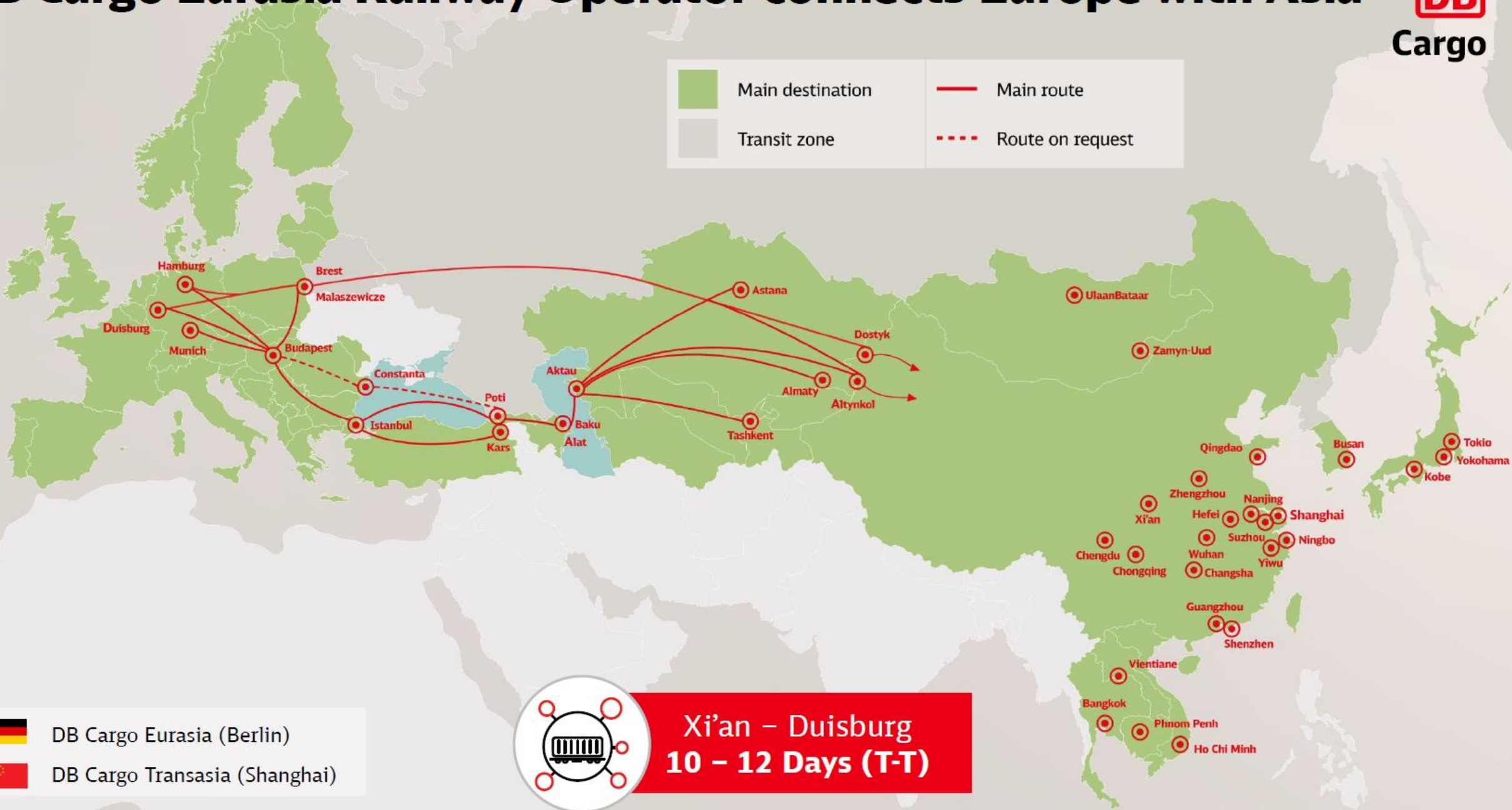
Largest network


DB Cargo has the most extensive rail network in Europe (18 countries).

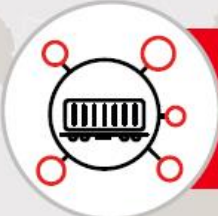
DB Cargo Eurasia Railway Operator connects Europe with Asia



 Main destination	 Main route
 Transit zone	 Route on request



-  DB Cargo Eurasia (Berlin)
-  DB Cargo Transasia (Shanghai)



Xi'an – Duisburg
10 – 12 Days (T-T)

The Middle Corridor Logositics Solutions: Strategy and Operations, comparing with shipping

Sinotrans Limited

Nov. 20th, Istanbul

Why Middle Corridor is an option?

To provide clients resilient logistics solutions, Middle Corridor is a new and necessary option between China and the Caucasus, Turkey, and Eastern Europe.



Calls for SUPPLY CHAIN RESILIENCE



Sea Transportation

- Port congestion
- Strikes
- demurrage charge



Rail Transportation

- Geopolitical issues
- Drop in freight and amount
- Limited capacity

Air Transportation

- Geopolitical issues
- Covid-19
- High cost, less capacity



The Relative timeliness and cost advantage analysis of MC

Line 1: From China to Azerbaijan through MC VS ocean shipment

✓✓✓ Timeliness advantage: the transport time through MC can save at least **60%** of ocean shipping time (due to the supply of ferry between Aktau and baku increasing from 2 to 4 vessels, the leadtime stability is improved)

✓✓ Cost advantage: the transport through MC can save at least **10%** of ocean shipping costs. For POL located in North at least **20%** cost can be saved, even coastal areas; For Western areas, over **40%** costs can be saved.

Risk: bad weather in winter may disturb or interrupt the ferry schedule.

POL	POD	by Middle Corridor (Horgos-Altynkol-Aktau-Baku sea port)			by ocean shipping (transit Istanbul-Poti)
		Transport Time (days) Block train/Single container	Saving Transport Time (average ratio)	Saving costs (per 40'SOC)	Transit time (days)
Shanghai	Port Baku	13-19	69.81%	15.38%	53
Shenzhen		13-19	67.34%	10.94%	49
Chengdu		12-18	73.68%	40.51%	57
Xi'an		11-17	78.79%	49.35%	66
Qingdao		13-19	74.19%	23.88%	62
Tianjin		13-19	75.00%	26.87%	64
Urumuqi		9-15	82.35%	60.67%	68

The Relative timeliness and cost advantage analysis of MC

Line 2: From China to Georgia through MC VS ocean shipment

✓✓ Timeliness advantage: the transport time through MC can save at least **50%** of ocean shipping time

✓ Cost advantage: differs depending on POL locations. For POL located in **Northwest** (e.g. Xi'an/Urumuqi) **20%** cost can be saved; for POL from **Southwest** no big differences in costs; for cargo origins in **coastal areas**, costs are **higher** than by ocean shipping.

POL	POD	by Middle Corridor (Horgos-Altynkol-Aktau-Baku--Poti/Tibilisi)			by ocean shipping (transit Istanbul)
		Transport Time (days) Block train/Single container	Saving Transport Time (avarage ratio)	Increasing costs (per 40'SOC)	Transit time (days)
Shanghai	Poti	15-21	58.14%	100.00%	43
Shenzhen		15-21	53.85%	114.29%	39
Chengdu		14-20	63.83%	18.18%	47
Xi'an		13-19	71.43%	-22.50%	56
Qingdao		15-21	65.38%	83.33%	52
Tianjin		15-21	66.67%	70.97%	54
Urumuqi		11-17	75.86%	-24.53%	58

The Relative timeliness and cost advantage analysis of MC

Line 3: From China to Turkey and South EU through MC VS ocean shipment

✓ Timeliness advantage: For POL located in **North and West**, the transport time can be save at least **30%**; for **Eastern** coastal POL, near **20%** time can be saved, while for south POL, no big difference in timeliness.

✗ Cost advantage: the cost through MC to Turkey and Greece is **MUCH HIGHER** than ocean shipping for most POLs from China(it costs 800USD per 40' for the blacksea barge,while the barge lines are also limited) ; only for places nearby Horgos the cost is relatively lower than ocean shipping.

POL	POD	by Middle Corridor (Horgos-Altynkol-Aktau-Baku-Poti-Istanbul/Piraeus)			by ocean shipping
		Transport Time (days) Block train/Single container	Saving Transport Time (avarage ratio)	Increasing costs (per 40'SOC)	Transit time (days)
Shanghai	Istanbul/ Pieraeus	25-32	19.44%	238.10%	36
Shenzhen		25-32	6.45%	247.62%	31
Chengdu		24-31	30.00%	80.56%	40
Xi'an		23-30	40.00%	90.91%	45
Qingdao		25-32	29.27%	195.65%	41
Tianjin		25-32	32.56%	175.00%	43
Urumuqi		21-28	46.81%	15.22%	47

Practice of Sinotrans in MC

Case: From Urumuqi to South/Central Europe

- ❑ Cargo: Tomato source in 20' (COC)
- ❑ Routes: Urumuqi-Horgos-Altynkol-Aktau-Baku-Poti-Piraeus-Naples/Valencia/Gdynia
- ❑ Timeliness: to Piaeus about 35-50 days; to Naples about 45-60 days ---not stable (including waiting time in Aktau/Poti)





Thank You!

The Greater Caspian Region (GCR) is one of the most important and attractive regions in the World.

It is rich in oil, gas and minerals. It also has vast renewable resources, such as wind, solar and hydro power. GDP of the region for today is more than 8 trillion USD (PPP) and there is a huge potential for growth.

The GCR is very important for the World, in terms of energy and food security, human resources, logistics, and as a market for various products, technology, and innovations. The GCR was a home to some of the eldest civilizations of the World.

It includes 18 countries surrounding the Caspian Sea, the Black Sea, South Caucasus, and Central Asia up to Afghanistan and Pakistan.



640+

Million people

8,4+

Trillion USD (PPP)

10+

Million km²



CASPIAN CONTAINER C O M P A N Y



Greater Caspian
ASSOCIATION



Caspian
week

Platform
for global ideas

FIATA Market Place Seminar

Shaping the Future of Multimodal Logistics

Connecting the Regions

November 20, 2023

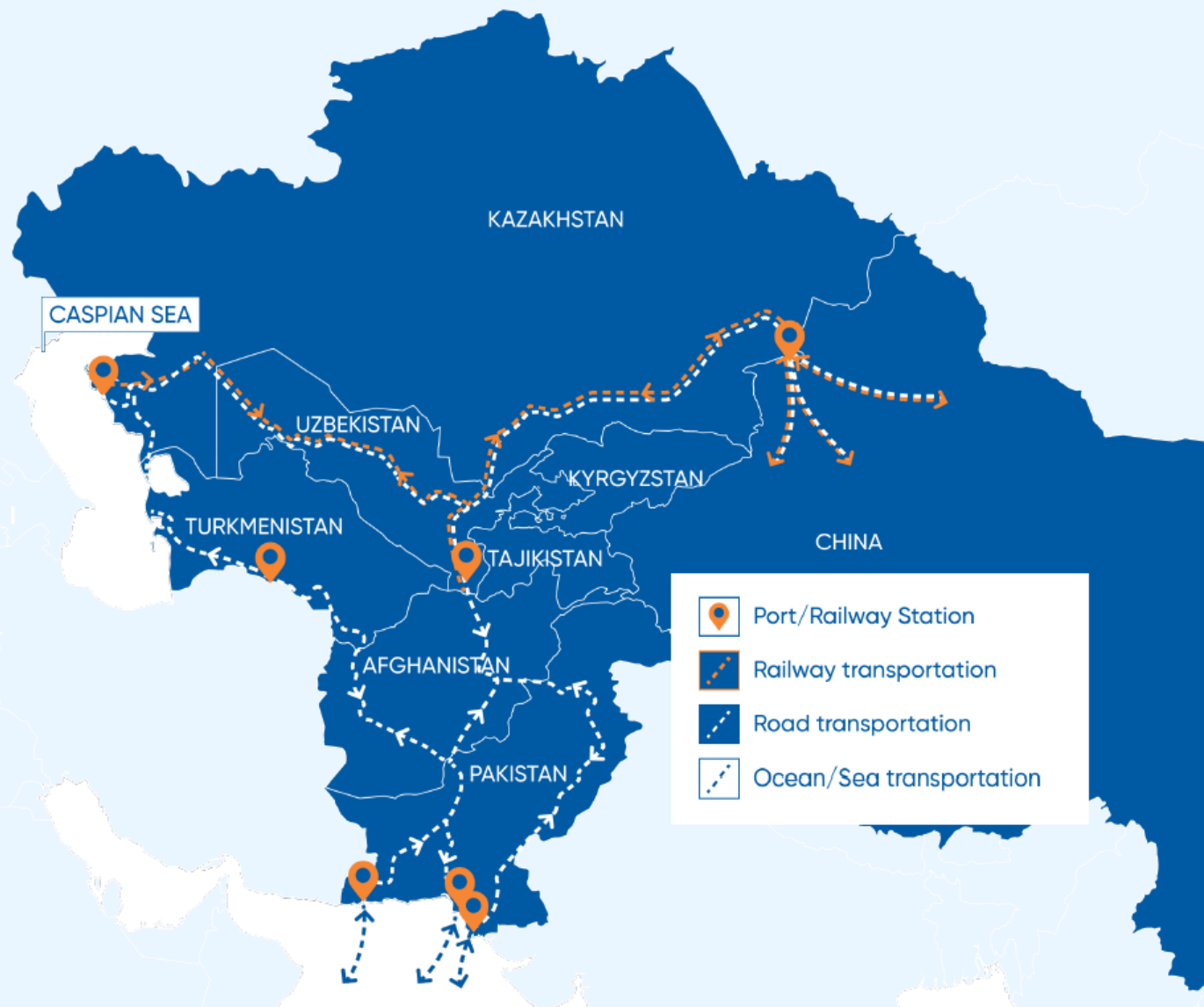
Istanbul, Turkiye



Trans-Caspian Corridors (including Middle Corridor)



Southern Corridor (via Afghanistan)





CASPIAN CONTAINER
COMPANY



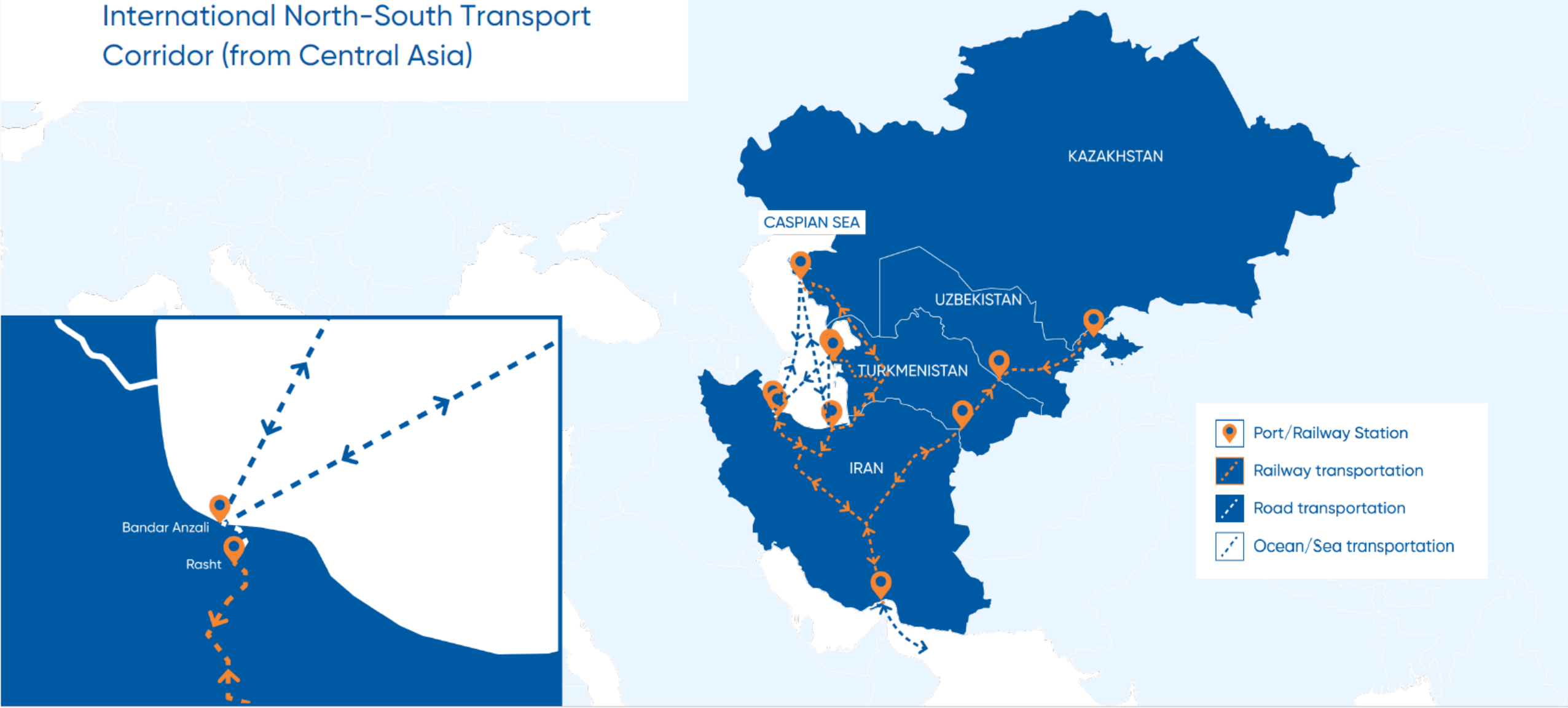
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Caspian
week

Platform
for global ideas

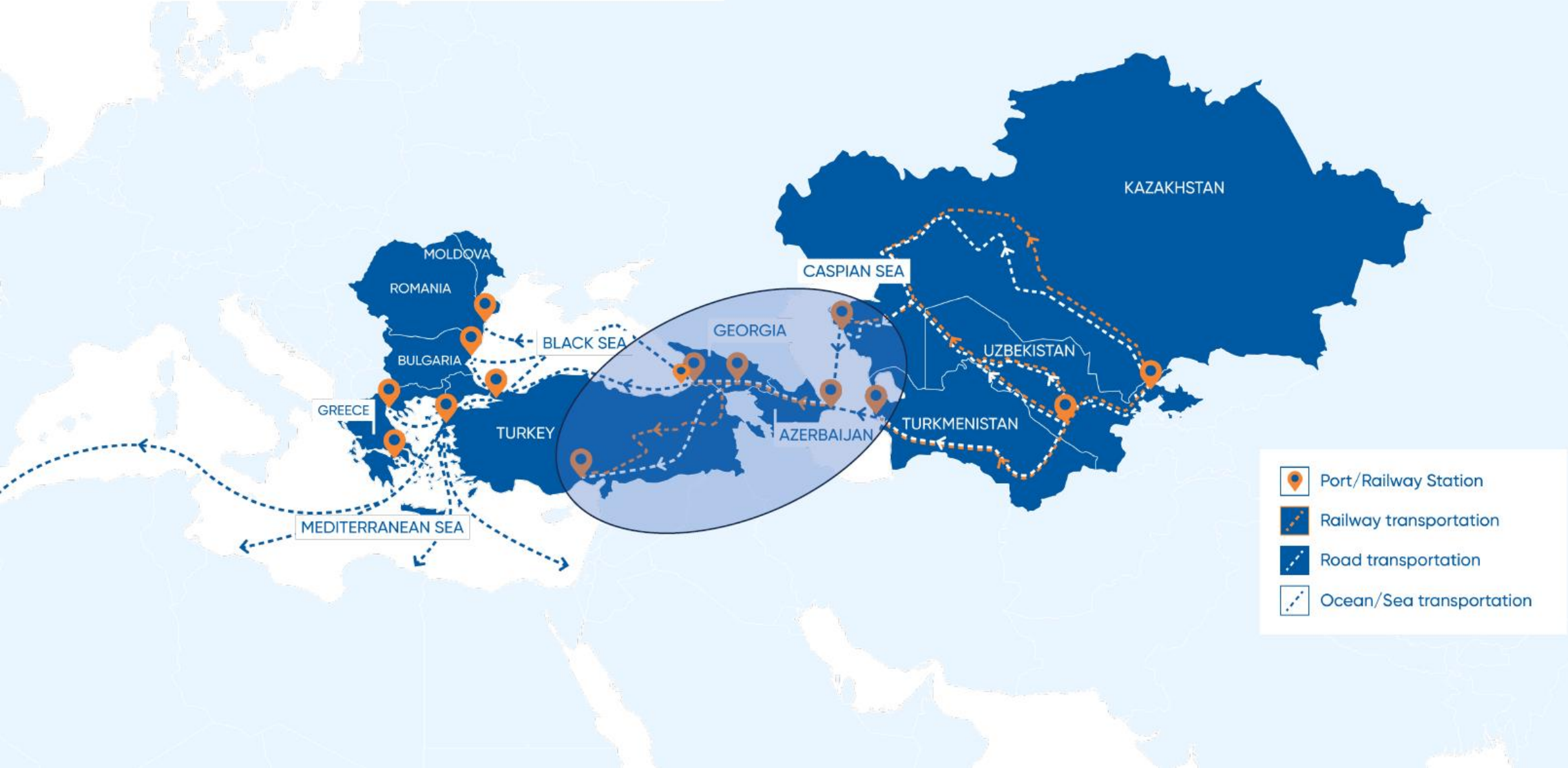
Connecting Greater Caspian to the World

International North-South Transport Corridor (from Central Asia)



Corridor	Route	FCL capacity (TEU/annum)	Bulk capacity (mt/annum)	Main Bottleneck
Trans-Caspian Corridors (including Middle Corridor)	1) Turkmenbashi – Baku – Poti	14,400	1,200,000	1) Trans-Caspian sea transportation 2) Lack of railway platforms (flat wagons)
	2) Turkmenbashi – Baku – Mersin			
	3) Aktau – Baku – Poti	100,000	16,200,000	
	4) Aktau – Baku – Mersin			
	5) Constanta – Poti – Baku – Turkmenbashi	14,400	1,200,000	
	6) Poti – Baku – Turkmenbashi			
	7) Mersin – Baku – Turkmenbashi			
	8) Constanta – Poti – Baku – Aktau	100,000	16,200,000	
	9) Poti – Baku – Aktau			
	10) Mersin – Baku – Aktau			
	11) Pan-Central Asia – Altynkol – Khorgos	540,000	Only containers allowed on rail	
Southern Corridor (via Afghanistan)	1) Bukhara – Hairatan – Peshawar – Karachi	570,000	13,687,000	1) Afghanistan – Pakistan transborder trucking capacity 2) Afghanistan situation
	2) Ashgabat – Torghundi – Herat – Chaman – Karachi			
International North-South Transport Corridor (from Central Asia)	1) Bukhara – Turkmenabat – Gorgan – Tehran – Yazd – Bandar Abbas	NA	5,500,000	1) Sanctions 2) Turkmenistan – Iran rail gauge change
	2) Aktau/Turkmenbashi – Bandar Anzali – Tehran – Yazd – Bandar Abbas			

Current Multi Modal Solution: From Central Asia to Black and Mediterranean Seas via Caspian Sea



Transcaspian corridors via KZ and TM

 KZ/TM – AZ – GE (Trans-Caspian) – TR

Utilization is 25.200 TEU, only 12.6% of capacity 200.000 TEU.



CHALLENGES AND BOTTLENECKS

1. AZ/GE Railway infrastructure
2. AZ/GE/TM/KZ Ports infrastructure
3. AZ/GE/TM/KZ Roads infrastructure
4. No Holistic - Falcon (Eyebird) Vision for the Region

EXPANDED CORRIDORS

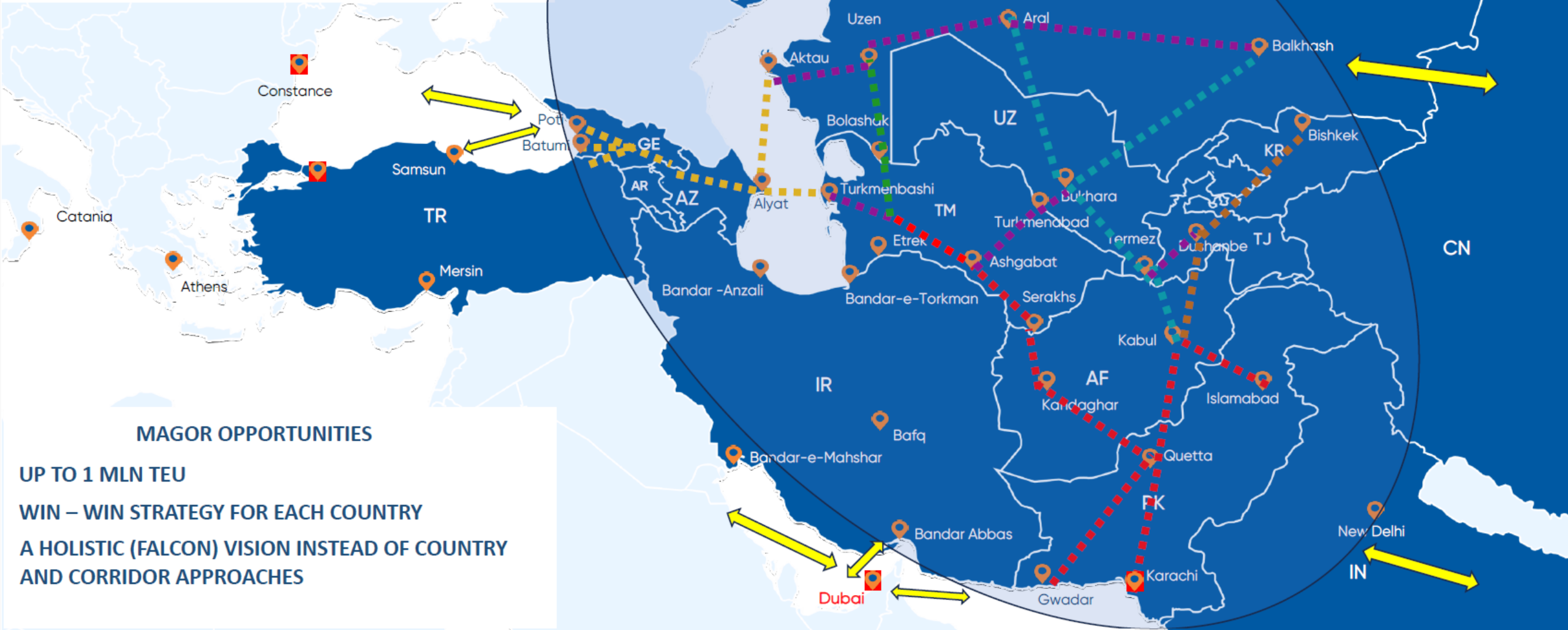
 KZ - TM - AF - PK - (IN)

 KZ - UZ - AF - PK - (IN)

 KR - TJ - AF - PK - (IN)

 CORRIDOR INTERCONNECTIONS

 CORRIDOR CONVERGENCES



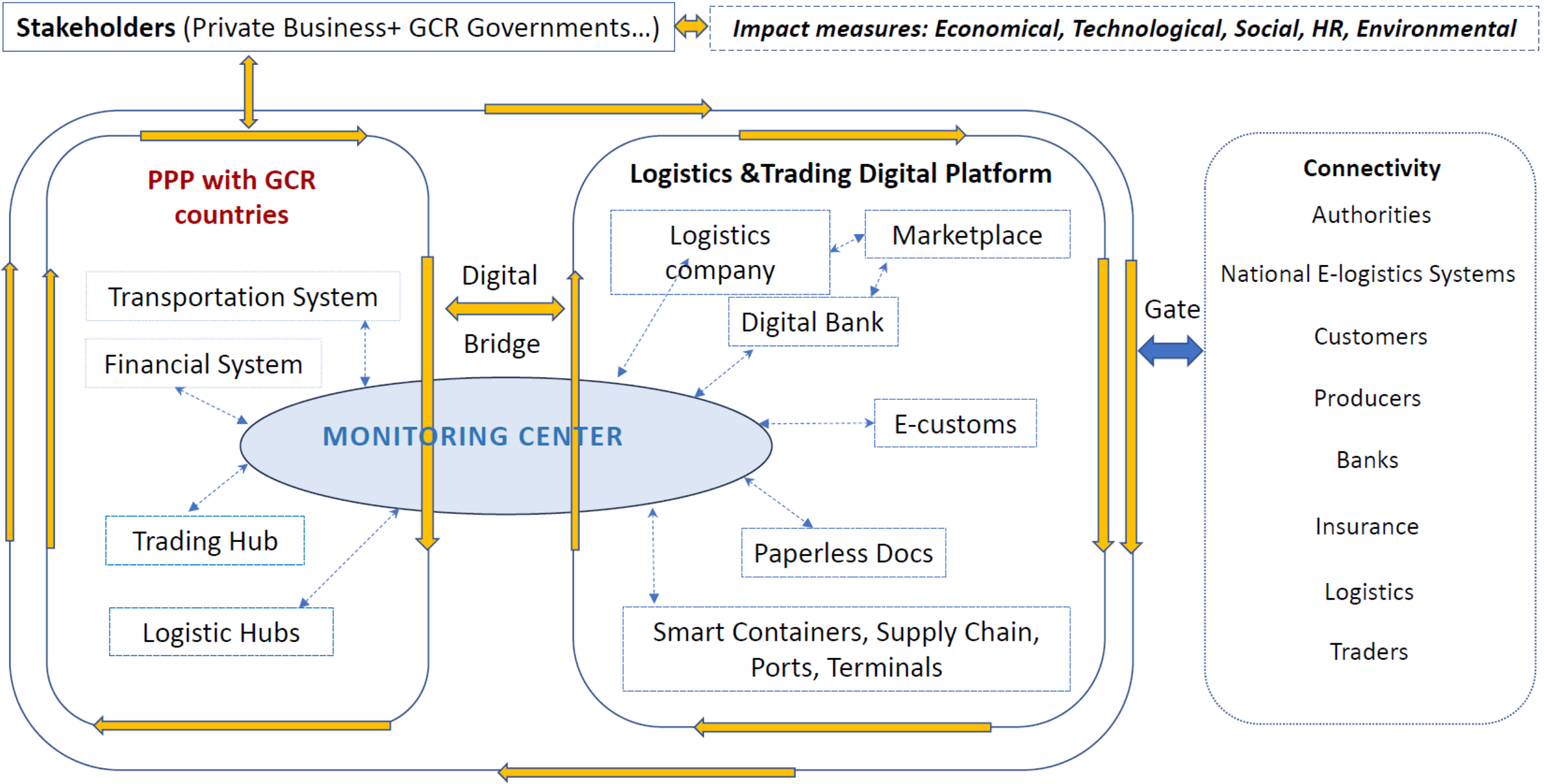
MAGOR OPPORTUNITIES

UP TO 1 MLN TEU

WIN - WIN STRATEGY FOR EACH COUNTRY

A HOLISTIC (FALCON) VISION INSTEAD OF COUNTRY
AND CORRIDOR APPROACHES

A CONCEPTUAL MODEL OF THE PROJECT



Stakeholders (Private Business+ GCR Governments...)

Impact measures: Economical, Technological, Social, HR, Environmental

PPP with GCR countries

Logistics & Trading Digital Platform

Connectivity

MONITORING CENTER

Digital Bridge

Gate

Transportation System

Financial System

Logistics company

Marketplace

Digital Bank

National E-logistics Systems

Customers

Producers

Banks

Insurance

Logistics

Traders

Trading Hub

E-customs

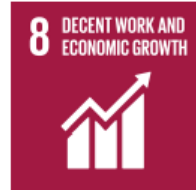
Paperless Docs

Logistic Hubs

Smart Containers, Supply Chain, Ports, Terminals

WHY IS THIS PROJECT GOOD?

1. Falcon (bird's-eye) vision.
2. Single one window logistics and trading digital platform for doing business, especially effective for SMEs.
3. Transparency of deals, no useless intermediaries.
4. Tracking and tracing containers (smart containers) in remote areas.
5. Smart logistics under single system.
6. Unlock locked transport corridors such as Southern route via Afghanistan.
7. Increase GCR logistics and trade volumes additionally to 1.000.000 TEUs per year during the next 5 years from current.
8. Drive regional economic growth, strengthen the GCR's connectivity with the rest of the World, and deliver commodities crucial to global food and energy security in line with the UN SDGs.
9. WIN-WIN strategy for GCR countries: each country will have benefits from each corridors.



**SEAMLESS CONNECTIVITY, BOUNDLESS PROSPERITY:
UNIFYING REGION THROUGH INTEGRATED LOGISTICS AND DIGITAL TRADE PLATFORM**

Instead of current approaches where:

- Each country works on its logistic projects
- Each corridor authority works for that corridor's interest,

we propose to join the Greater Caspian Association efforts to converge regional logistic corridors and work the countries together to get more benefits from each corridor for each country.



Business perspectives on the Middle Corridor - the agile transformation of the logistics industry



Experiences of the EU TEN-T Network for the Middle Corridor From the perspective of an European rail operator

Jan Bach

CEO of CFL cargo Germany, 2011 -2019 – GIZ-expert in Kazakhstan (transport policy, TVET)

CFL Multimodal + CFL cargo S.A: = 11 companies in 5 European countries

In Luxembourg, the activities of CFL multimodal are organised around the intermodal terminal Bettembourg-Dudelange in the Eurohub South

Located on the Rail Freight Corridor 2 (North Sea-Mediterranean) and at the crossroads of the North-South and East-West transport routes, the terminal is ideally positioned as an international hub for the consolidation of multimodal transport flows across Europe and beyond.



Lessons learnt from the EU „Motorway of the Sea“-concept

Integration of maritime transport in the logistics chain

A prerequisite for this integration is the physical infrastructure in the ports, including terminals and their connections with the hinterland network.

terminals: must provide enough capacity to assure the loading operations between seagoing vessels and the different hinterland modes in line with demand

rail, road, inland waterway and pipeline connections: must assure the smooth transfer of volumes between the ports and the hinterland transport network.

hinterland network: must provide the necessary capacity for transport between the ports and importers or exporters

Streamlining and digitalising procedures

Besides the physical infrastructure, smart administrative procedures are important for the competitiveness of maritime logistics chains.

A disadvantage of short sea shipping vis-à-vis land transport is the requirement to do customs declarations. The number of players involved in the transport – each with specific data needs – is also much higher.

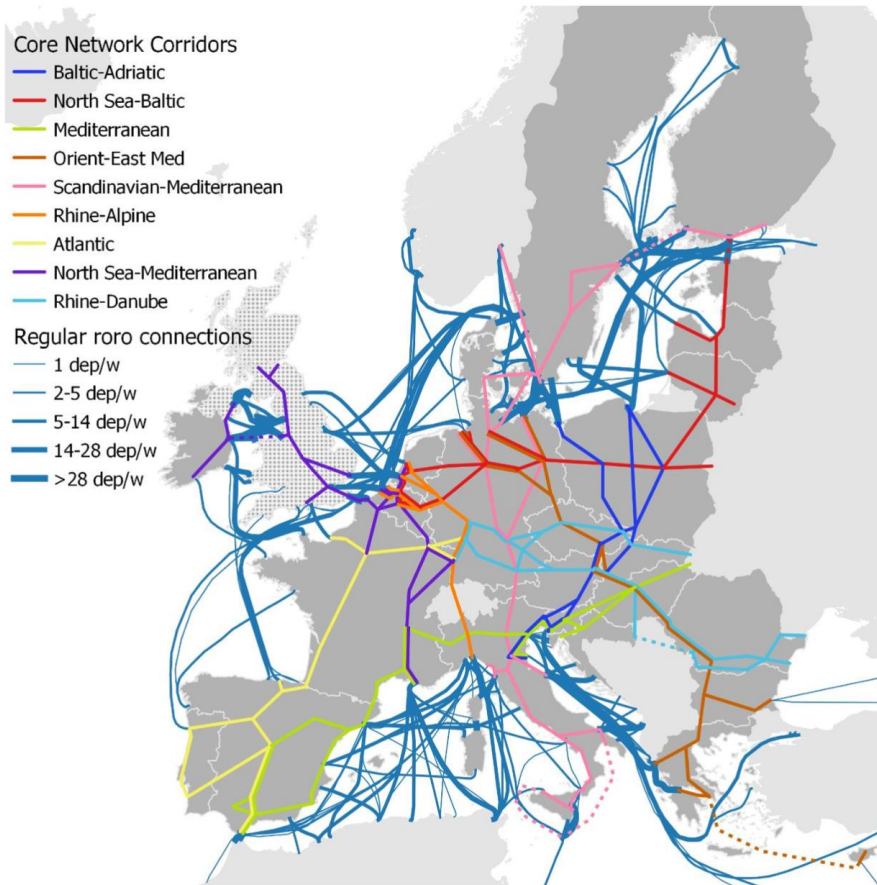
Maritime transport involves at least one shipping company, two terminals and two hinterland transports.

Maritime Single Windows could be first step to simplify the procedures for maritime transport, but other players should be connected to these systems in order to avoid unnecessary duplication of data.

The European Maritime Single Window environment (EMSWe) as one stop for all transport-related data (uploaded from existing information from electronic transport documents and related data) should be ready and implemented by 2025 the latest.

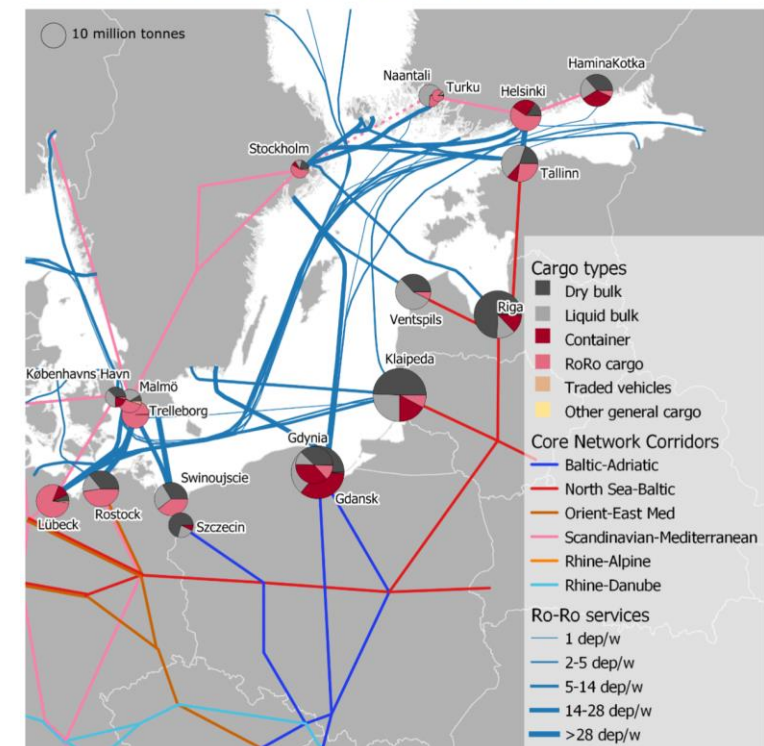
„Motorway of the Sea“ in EU

Figure 1 European Core Network Corridors and ro-ro shipping routes



Example Baltic Sea basin

Figure 4 Core network Corridor ports and regular ro-ro services in the Baltic Sea basin, 2018



Economic importance of ports based on their impact on employment

Sum of the regional economic effects in the port regions is significantly smaller than the overall economic effect of the ports

Employment effect (in Germany):

1 : 4 : 37

Ratio of directly port-dependent employees to employees in the port-dependent transport chain and port-dependent industry

Transshipment-dependent+
Complementary service providers



Port-dependent transport chain



Port-dependent industry



Chances and challenges for Middle Corridor

Chances:

Diversification of transport routes by forwarding parties

Not touched by political situation in RU/UA (sanctions, border closures, etc.)

Shorter distance (2000 km less than Northern Corridor)

Entry into the European market in South – with diversity of transport modes (Short sea, rail, road),
Chinese investments in infrastructures

Challenges:

Harmonization and simplification of custom-procedures

Use of modern handling technology

Cooperation between the transit countries (CAREC, OTS)

Modern training in port and terminal logistics

INTERNATIONAL FREIGHT OPERATIONS BY RAIL



TCDD TAŐIMACILIK A.Ő. GENEL MÜDÜRLÜĐÜ



International Freight Operations by Rail

(k ton)	2019	2020	2021	2022	2023*
International	2,545,871	3,442,184	4,274,980	4,421,842	2,907,974
<i>Export</i>	<i>1,067,204</i>	<i>1,541,836</i>	<i>1,943,354</i>	<i>2,182,298</i>	<i>1,632,316</i>
<i>Import</i>	<i>1,414,386</i>	<i>1,778,799</i>	<i>2,272,415</i>	<i>2,158,729</i>	<i>1,245,385</i>
<i>Transit</i>	<i>64,280</i>	<i>121,549</i>	<i>59,211</i>	<i>80,815</i>	<i>30,273</i>

* 13.11.2023

Export Operations (Ton)					
Direction	2019	2020	2021	2022	2023*
Iran and beyond	202,883	358,570	327,147	339,821	217,095
Europe	783,268	1,098,979	1,509,423	1,749,005	1,389,618
BTK	81,053	84,287	106,784	93,471	25,603
TOTAL	1,067,204	1,541,836	1,943,354	2,182,298	1,632,316

Import Operations (Ton)					
Direction	2019	2020	2021	2022	2023*
Iran and beyond	135,596	185,624	328,204	384,998	133,899
Europe	1,230,497	1,410,775	1,571,097	1,459,203	1,055,064
BTK	48,293	182,400	373,114	314,527	56,422
TOTAL	1,414,386	1,778,799	2,272,415	2,158,729	1,245,385

Transit Operations (Ton)					
Direction	2019	2020	2021	2022	2023*
Iran and beyond	54,079	107,944	43,464	55,944	27,798
Europe	10,201	13,605	15,747	24,871	0
BTK	0	0	0	0	2,475
TOTAL	64,280	121,549	59,211	80,815	30,273

INTERNATIONAL OPERATIONS IN TOTAL (Ton)					
Direction	2019	2020	2021	2022	2023*
Iran and beyond	392,559	652,138	698,815	780,763	1,632,316
Europe	2,023,966	2,523,359	3,096,267	3,214,134	1,245,385
BTK	129,346	266,687	479,898	426,945	30,273
TOTAL	2,545,871	3,442,184	4,274,980	4,421,842	2,907,974

** 13.11.2023



To Europe:

- The Kapıkule Border Station is used in almost all of the freight transport operations towards Europe, which are provided through the Kapıkule and Uzunköprü-Pythion connection.
- In European countries with multiple RUs, transport operations are carried out based on the line capacities and the contracts concluded with RUs for these capacities.
- It is necessary to determine the authorised RU responsible for the relevant freight transport operation in each country from departure to arrival.

Through BTK (Baku-Tbilisi-Kars) Line:

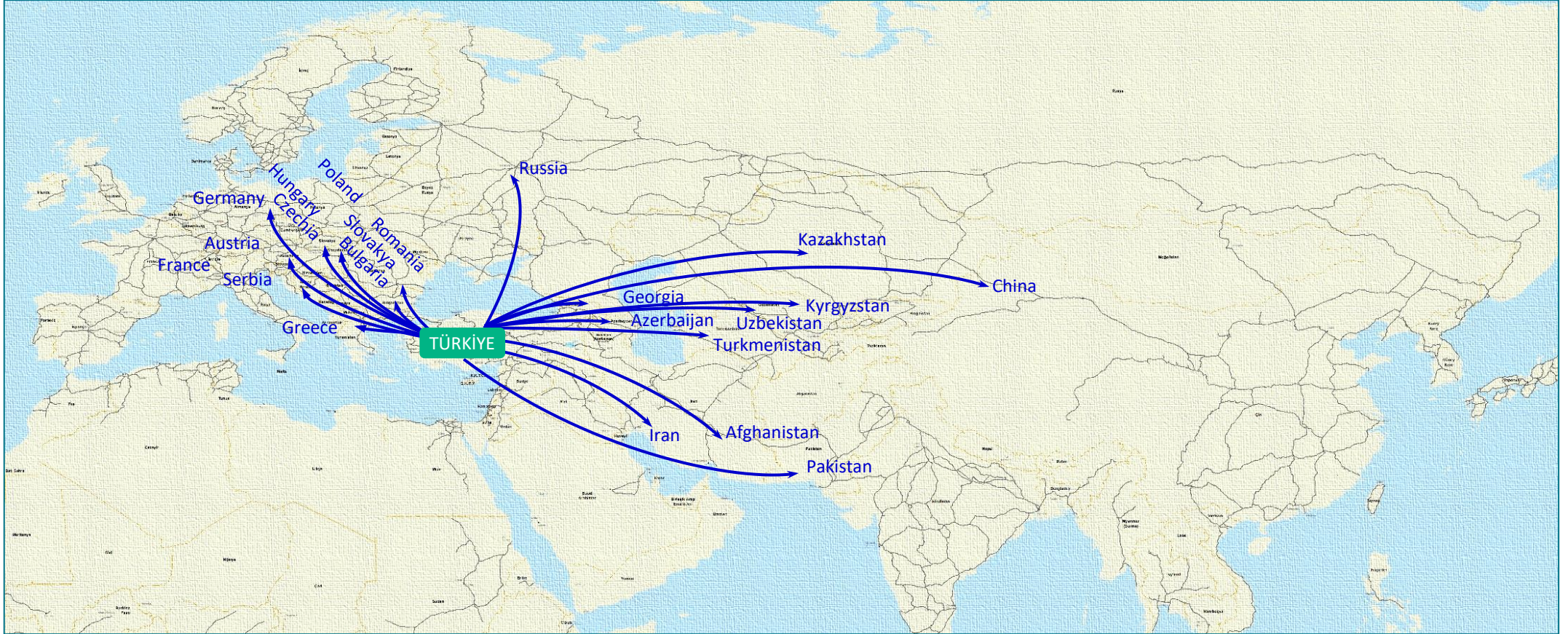
- Inaugurated in 2017, BTK Line necessitates a different structure in railway transport on this route due to different railway gauges and railway legislations (OSJD) starting from Kars Border Station.

To Iran:

- There is an alternative of transportation to China with the connection to other Asian countries via Iran, and a potential to carry out transportation with the Basra Gulf connection from/to our country and into Europe, however, the hauled vehicles belonging to Iran and other connection countries cannot be operated in European countries due to mandatory standards.
- Problems and penalties may be experienced at the border crossing and final destination station of the goods due to information errors and deficiencies based on the minimum standards determined by the World Trade and Customs Organisation regarding the goods coming from Iran and beyond.
- In addition, although the railway infrastructure of Iran has the same standards as Türkiye, the standards of the countries beyond Iran are the same as the connection standards of en-route countries of BTK railway line, excluding Türkiye, which results in having the same compatibility issues experienced in BTK operations.

TCDD TAŞIMACILIK A.Ş.

The Geography of Our Freight Operations



Our international freight transport operations with weekly **64 train runs** include many destinations in Europe such as Bulgaria, Hungary, Germany, Austria, Poland, Romania, Czechia, Bosnia-Herzegovina, Slovakia, Serbia and France in the west; Iran, Afghanistan and Pakistan in the east; Russia in the north; Georgia, Azerbaijan as well as Uzbekistan, Kyrgyzstan, Turkmenistan, Kazakhstan, Turkmenistan in the Central Asia and China.

We have 142 workplaces available for international operations in Türkiye. 76% of the transportations (August 17,2023) are carried out from the Thrace region.

In terms of freight transportation volume, our workplaces are ranked as follows (as of 17.08.2023): Halkalı (İstanbul), Lüleburgaz (Kırklareli), Van, Çatalca (İstanbul), Edirne, Kapıkule (Edirne), Abalar (Edirne), Çerkezköy (Tekirdağ), Seyitler (Kırklareli), Köseköy (Kocaeli), Çorlu (Tekirdağ), Alpullu (Kırklareli), Tirmil (Mersin), Kircasali (Edirne), Tekirdağ, Muratlı (Tekirdağ), Biçerova (İzmir), Yakağınar (Adana), Sarıseki (Hatay), Marşandiz (Ankara), Payas (Hatay), Mersin Port, Muradiye (Manisa), Amasya, Derince (Kocaeli), Tekirdağ Port, Arifiye (Sakarya) and Hasanbey (Eskişehir).



Association of International Forwarding
and Logistics Service Providers

Türkiye and the Middle Corridor

EKİN TIRMAN

Country Manager, HOYER Group
Former UTIKAD Board Member



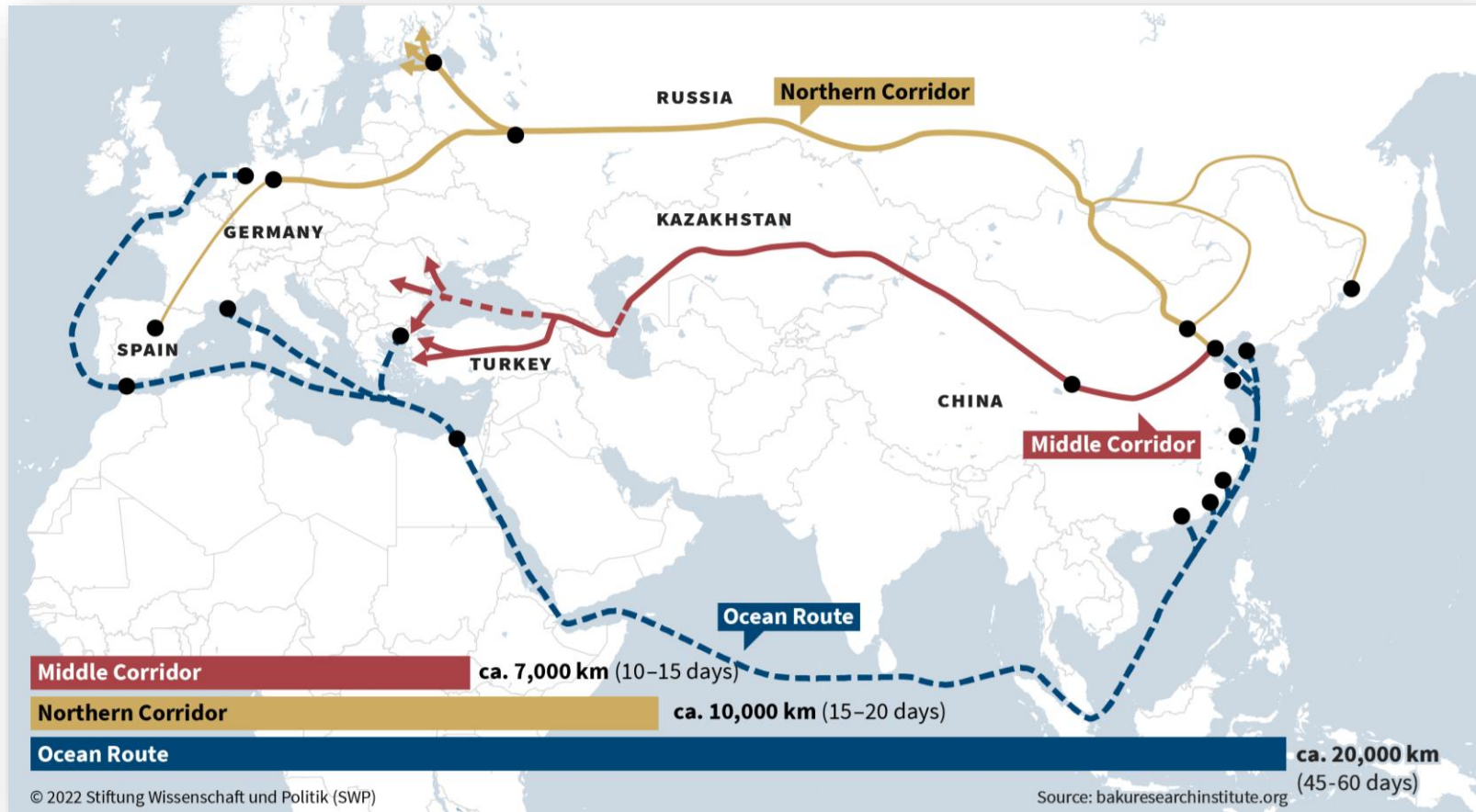
UTIKAD

- ◆ UTIKAD (Association of International Forwarding and Logistics Service Providers) is founded in 1986.
- ◆ Road, Air, Sea, Rail and Combined Transportation
- ◆ Logistics Services
- ◆ 710 Members



TÜRKİYE AND THE MIDDLE CORRIDOR

- ◆ Türkiye is strategically located between east and west; it serves as a natural bridge.
- ◆ All transportation modes are actively used in Türkiye.
- ◆ Increased demand for middle-corridor after Russia-Ukraine War.

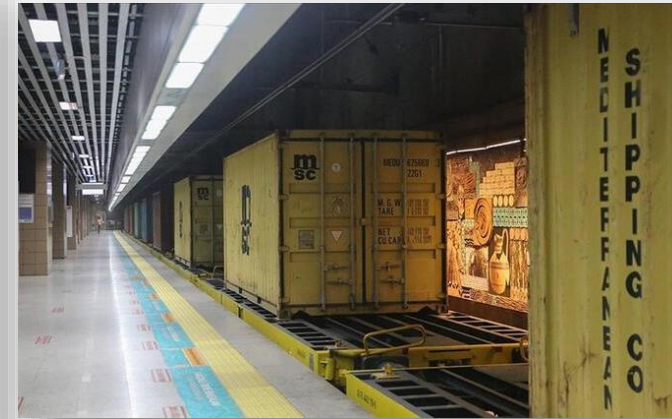


ZANGEZUR CORRIDOR



- ◆ A project connecting Türkiye and Azerbaijan through rail and road
- ◆ The corridor offers a route that will save time and increase cargo transport to Europe and Central Asian countries

TÜRKİYE'S CONNECTIVITY INFRASTRUCTURE



- ◆ Baku – Tbilisi – Kars Railway
- ◆ Van Lake Ferry Crossing
- ◆ Marmaray (Bosphorus Tunnel)
Crossing for Freight Trains
- ◆ Railway Crossing over the Bosphorus
(Future Project)
- ◆ Istanbul Airport



LEGISLATIVE CHANGE TO FACILITATE MIDDLE CORRIDOR FREIGHT FLOW

- ◆ Pile-up of transit cargo in Türkiye ports
- ◆ Need to allow freight forwarders to place cargo in general warehouses through submission of warehouse declaration
- ◆ Goods from many countries consolidated and transported to their destination.
- ◆ Thus, especially during the Russia-Ukraine war, the pile-up in the port was prevented.
- ◆ This practice is important for Turkey to naturally become a transit trade hub.



REQUIREMENTS FOR THE FUTURE OF MIDDLE CORRIDOR

- ◆ Rail connections of the ports
- ◆ Regulatory and infrastructure compliance of countries on the middle corridor
- ◆ Harmonization of countries' customs systems and creation of a digital data exchange corridor between the countries on the middle corridor
- ◆ Increasing the capacity of Marmaray (Bosphorus Tunnel) for freight crossings
- ◆ Providing railway passage from over the Bosphorus





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Mr. Erol Erkan,
General Manager, Pasifik Eurasia Lojistik

Thank you to our partners



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