



# Using Container Block Train Services - The Experience of Korean Companies in Europe

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# POLZUG INTERMODAL GmbH

Founded on December 17<sup>th</sup>, 1991, Polzug Intermodal GmbH today is a joint-venture of the following companies:

- **PKP Cargo S.A., Warszawa** 33,3%  
Polish State Cargo Railways, one of the largest rail cargo operators in Europe
- **HHLA Intermodal GmbH, Hamburg** 33,3%  
Subsidiary of the leading terminal operator in the port of Hamburg handling more than 5 mio TEU in 2005, controlling more than 1 mio. TEU on rail.
- **Stinnes AG, Berlin** 33,3%  
Originating from German State Cargo Railway, today one of the leading international transport companies

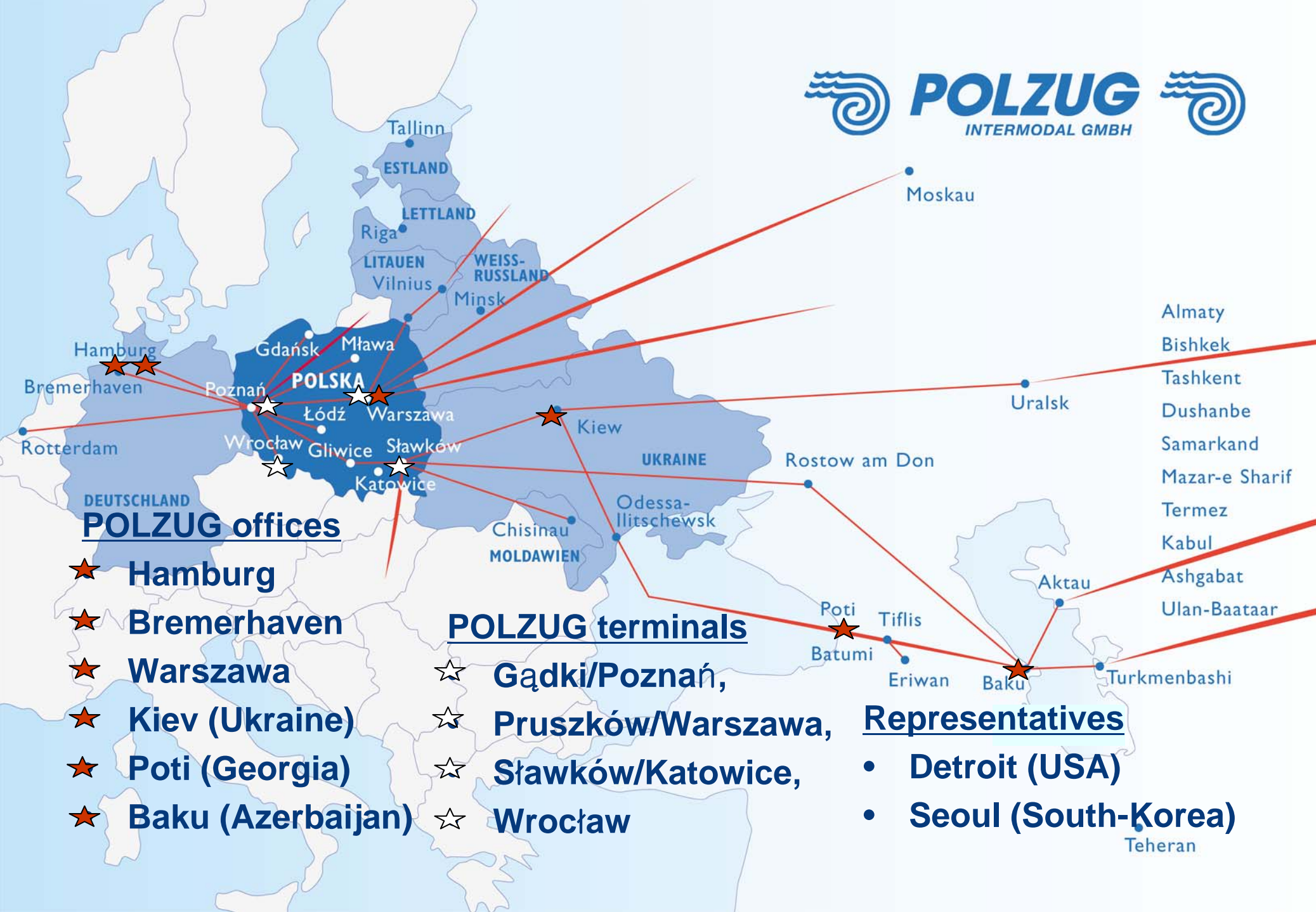


## Intermodal Transports

- Four times per day container train departures from Hamburg to Poland, Lithuania, Ukraine v.v., three times per week from Bremerhaven and Rotterdam v.v.
- Oncarriage by rail to Russia, Moldowa, Caucasus, Central Asia, Mongolia, Afghanistan

**POLZUG INTERMODAL today is the market leader in regular rail container services between North Sea Hub Ports, Poland, Russia, the Caucasus and Central Asia**





**POLZUG offices**

- ★ Hamburg
- ★ Bremerhaven
- ★ Warszawa
- ★ Kiev (Ukraine)
- ★ Poti (Georgia)
- ★ Baku (Azerbaijan)

**POLZUG terminals**

- ☆ Gądkki/Poznań,
- ☆ Pruszków/Warszawa,
- ☆ Sławków/Katowice,
- ☆ Wrocław

**Representatives**

- Detroit (USA)
- Seoul (South-Korea)
- Teheran

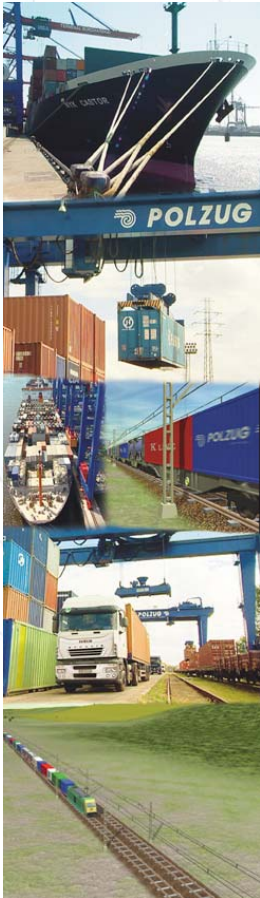
- Almaty
- Bishkek
- Tashkent
- Dushanbe
- Samarkand
- Mazar-e Sharif
- Termez
- Kabul
- Ashgabat
- Ulan-Baataar



## POLZUG INTERMODAL POLSKA Sp. z o.o.

- Depots for storage of containers, swapbodies and trailers, inc. EDI reporting
- Delivery of containers, swapbodies, trailers by truck from terminals to inland destinations, by rail to CIS
- State Customs offices on terminals
- Own customs clearance agencies on terminals
- Reefer plugs
- Repair of minor container damages
- Delivery of dangerous goods by licensed trucking companies (ADR)
- Special chassis
- Renting of containers on demand

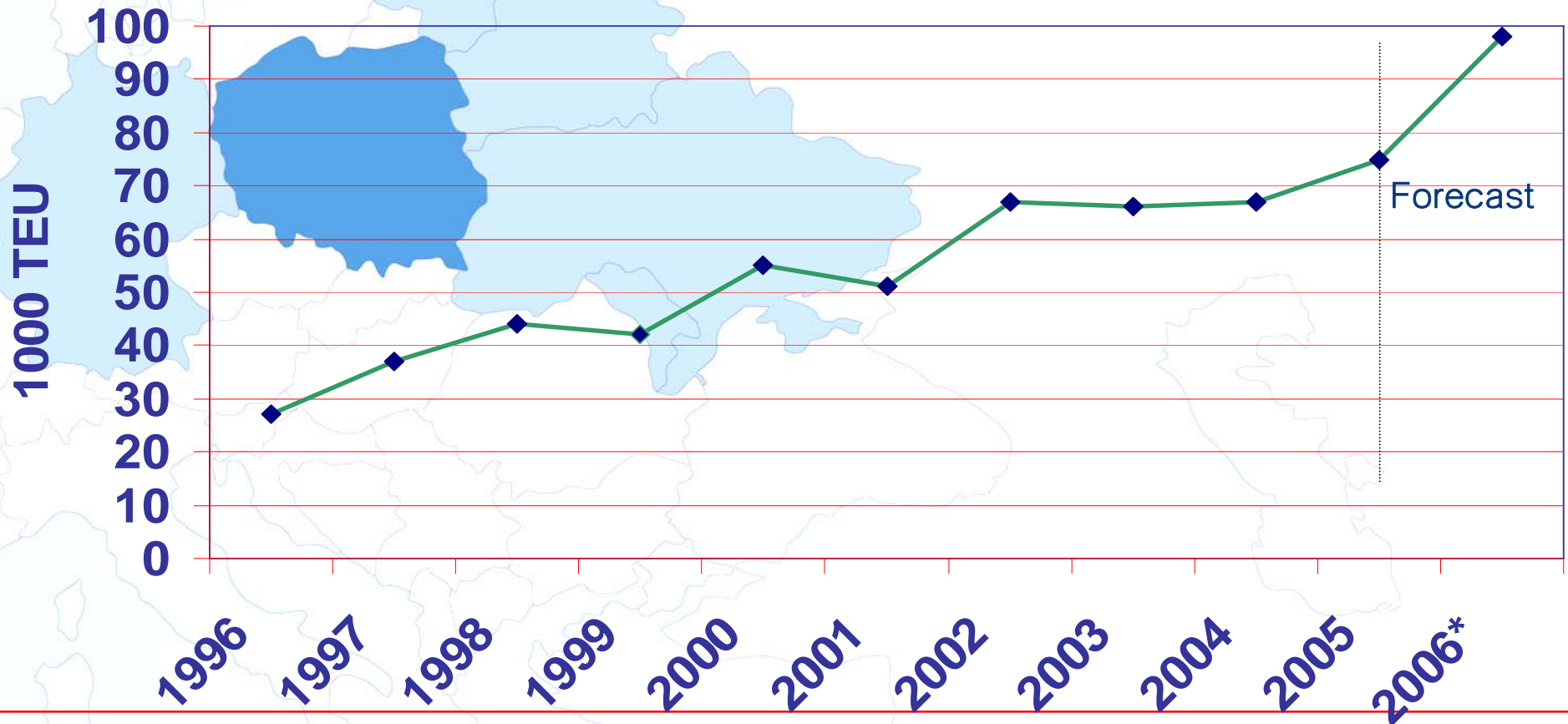
## Company Policy of ***POLZUG INTERMODAL GmbH***



- The basic principle of *POLZUG Intermodal* services is the „Common User“ principle. Our scheduled services are open to all customers equally, without any discrimination.
- *POLZUG Intermodal* offers flexible, professional und environmentally sustainable services with high expertise in target markets through our own skilled local staff.
- *POLZUG Intermodal* sets high quality standards. *POLZUG Intermodal* is ISO 9001:2000 certified and SQAS audited (according to the safety and quality management assessment system of the European chemical industry).



# POLZUG INTERMODAL Transport Volumes (in TEU)



## Economic Situation in Poland

- Poland is a market with more than 40 million consumers and a solid industrial base, well integrated into European production structures.
- In 2005 GDP growth in Poland was in the range of 3.4%. Poland's increasing integration into the global economy is indicated by high double-digit growth rates in imports and exports with imports still surpassing exports.
- Poland's foreign trade is dominated by trade relations with the EU. About 15% of Polish foreign trade is with overseas countries, mainly Southeast Asia and USA.
- During the past few years, Poland has become more and more attractive for foreign direct investments, especially in industrial production (chemicals, wood processing, automotive production, food processing, consumer electronics).



# Korean Investors in Poland

Korea since years is the largest Asian investor in Poland

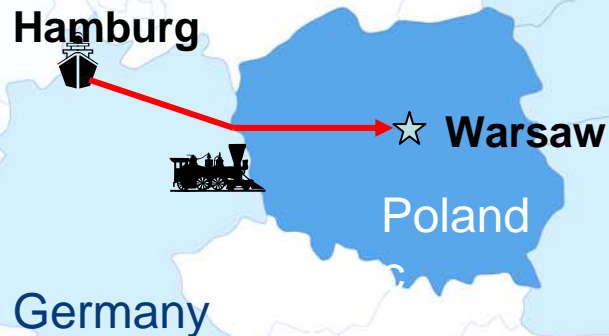


## Example: LG Mlawa and Wroclaw



- Production of flatscreen monitors for the European market.
- Production parts come from different Asian countries.
- About 22,000 FEU per year, 90% by rail from North Sea hub ports.
- Large-volume transports with high reliability compared to Baltic Sea feeder transportation
- Customs clearance in North seaports as well as rail terminals possible.
- Interim storage facilities for containers in rail terminals near the factories.
- In Mlawa, a dedicated rail terminal for the LG factory has been established.

## Example: Daewoo Warsaw



- Production of automobiles for European market
- Production parts come from different Asian countries.
- In peak times about 10,000 FEU per year, almost exclusively by rail from Hamburg port
- Large-volume transports with high reliability.
- Customs clearance in seaports as well as rail terminals possible.
- Interim storage facilities for containers in rail terminals near the factories.
- Just-in-time door delivery of containers from the rail terminal to the factory.
- Environmentally friendly transport compared to road.



# Example: Export of Caprolactam for Hyosung

Hamburg



Belarus

★ Grodno

Poland

Germany



- Production of Caprolactam for Hyosung in Grodno, Belarus
- Export via Hamburg port
- In peak times about 10,000 FEU per year, exclusively by rail from Grodno to Hamburg sea container terminals
- Large-volume transports with high reliability.
- Customs transit documentation at the different border stations.
- Organisation of rail siding traffic in Grodno
- Especially suitable for heavy containers (restrictions on road transports in the CIS)

## Lessons learned

- Rail transport from the North Sea hubs are faster and more reliable than feeder connections via the Baltic Sea
- Rail transport from the North Sea hubs has a clear environmental advantage against road transport.
- Rail transport is most competitive for development of direct links between seaport and factory. Direct trains are more price competitive than feeder and road services.
- Rail terminals near a production factory can be used as interim storage of containers to allow just-in-time delivery and Customs clearance outside seaport and factory.
- Intermodal rail transport operators provide depot holding of empty containers at their terminals and EDI reporting of container moves, both features most valuable for shipping lines

# Containerised trade exchange between Korea, China, Japan and continental Europe

- In 2005, the European main ports of Hamburg, Bremerhaven, Rotterdam and Antwerp received from and sent to Korea, China, Japan about 7.2 million TEU.
- The railway corridors between Asia and Europe potentially pose a fast alternative to the sea route.
- However, in comparison, trans-continental container transports between Asia and Europe v.v, e.g. along the Transsiberian rail corridor, amounted to only about 140 thousand TEU, of which 100 thousand were with Finland. Included in this figure were also transports to CIS countries other than Russia.





# Transsiberian Mainline

Source: [www.transsibcouncil.com](http://www.transsibcouncil.com)

# Transsiberian Route

- Transport time advantage: e.g. from Nakhodka/Vostochny to Berlin in 15 days, i.e. around 10 days faster than sea transport.
- Regular products exist from Nakhodka/Vostochny to Moscow/St. Petersburg/Finland v.v.
- Twice-monthly departure from Hohhot to Brest v.v. (Mongolian Vector) with capacity of 100 containers per departure and travel time of 12 days.
- Only very limited capacities.

## **Why do Cargo holders still don't have enough trust to use the railways as an alternative to deep sea for cargo transportation from/to Europe?**

- Strong price competition with Far Eastern shipping companies. Not all railway carriers who participate in the rail transportation of cargo are sufficiently aware of that fact, which results in unstable prices and unreasoned tariff increases (e.g. beginning of 2006) and consequently drastically falling transport volumes.
- All partners along the transport chain need to act in concert. Reportedly, the rate for a port call with transit containers in Vostochny is around \$24,000, while a comparable service in Chinese and South-Korean ports is only about \$9,000.



## What needs to be done?

- Closing gaps in the railway infrastructure and improving transshipment facilities to facilitate change of gauge
- Allowing different itineraries to compete with each other.
- More important than the demonstration of high-speed East-West trains are reliability, smooth border crossing, handling transit containers in compliance with international norms, and customer-oriented service offer.
- Establishing trust to the railway cargo transportation through closer collaboration, investments in own equipment (containers, rolling stock), advanced implementation of information technology to simplify documentation handling, new marketing initiatives.

**Especially the last two aspects will continue to hamper a more serious development of the Transsiberian Route!**



**POLZUG INTERMODAL GMBH**

**BEYOND BORDERS**

**intermodal and ecological**