

# ERAI

Eurasian Rail Alliance Index

## EURASIAN LOGISTICS MARKET UPDATE

### MAIN INSIGHTS FOR THE FIRST HALF OF JANUARY

Container volume



Key indicators



Freight rates



Ocean freight



Rail freight



Other logistics trends



Issue 1: January 16, 2025



Issue 2: January 30, 2025

# CHINA-EUROPE LOGISTICS MARKET

## Demand outlook

Mixed

- According to [Bloomberg](#) poll, expectations for the European economy in 2025 are deteriorating. Challenges with energy supplies and a decline in export competitiveness are intensifying pressure on industry, trade, and logistics. Some European logistics companies, particularly those servicing the automotive sector, are feeling the strain and are reducing their workforce. [DVZ](#) reports on one such case involving BLG Logistics Group.
- Deflationary pressure in China threatens a decline in consumer demand [[Bloomberg](#)]. New government stimulus measures have had limited success in addressing the situation, which could negatively affect China's import demand. The expansion of Chinese car manufacturers will be constrained by trade barriers.
- The Middle corridor (TITR) continues to attract freight flows from China – in December, its share reached 18%.
- According to rail freight market participants on the China-Europe-China route surveyed by [Railfreight](#), the outlook for 2025 remains neutral. Also, TITR is unlikely to become a full-fledged alternative to the corridors via Russia before 2030. The key challenges for the next five years include geopolitics, competition with maritime transport, and EU policies regarding China.
- In January, ahead of the Chinese holidays, demand for freight from China to Europe is expected to be high. As a result, ocean shipping lines have significantly increased their capacities on the route (+23% - according to [JOC](#) data). A traditional seasonal decline is anticipated in February.

## Freight rate trends

Mixed

- Rail freight rates for the major China-Europe routes (SOC) have decreased by 6-7% over the past month. The average rate ranges from \$5 800 (Chengdu, Chongqing) to \$7 300/TEU (Shenzhen). Container lease rates have dropped by 10%.
- Ocean freight rates on the Asia-Europe route remain volatile: spot rates are falling due to increased capacity and “price wars” yet they remain at elevated levels. Long-term contract rates have risen by 52% YoY to ~\$2 800/TEU [[JOC](#)], significantly narrowing the gap with spot rates. Changes in alliances may further increase market instability.

## Other trends

- Germany's rail infrastructure is aging and requires substantial investment for modernization: approximately €150 billion over the next 10 years [[Agenzia Nova](#)], which is about three times the cost of all stages of modernizing Russian Railways' Eastern Polygon.
- [SCMP](#) reports that Turkey is considering a ~\$60 billion modernization of its railway network to create a faster route from China to Europe. China may provide support for this project.



# CHINA-EUROPE RAIL CONTAINER VOLUME: JANUARY-DECEMBER 2024

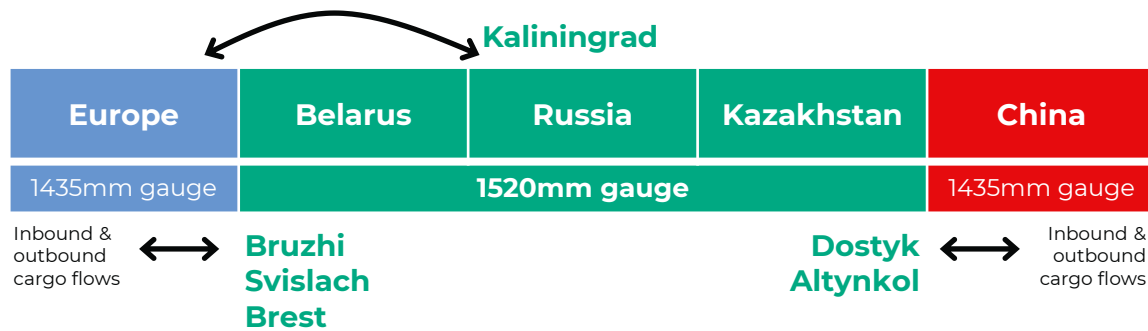
## China-Europe-China, total

**429,5** thousand TEUs **↑95%** YoY

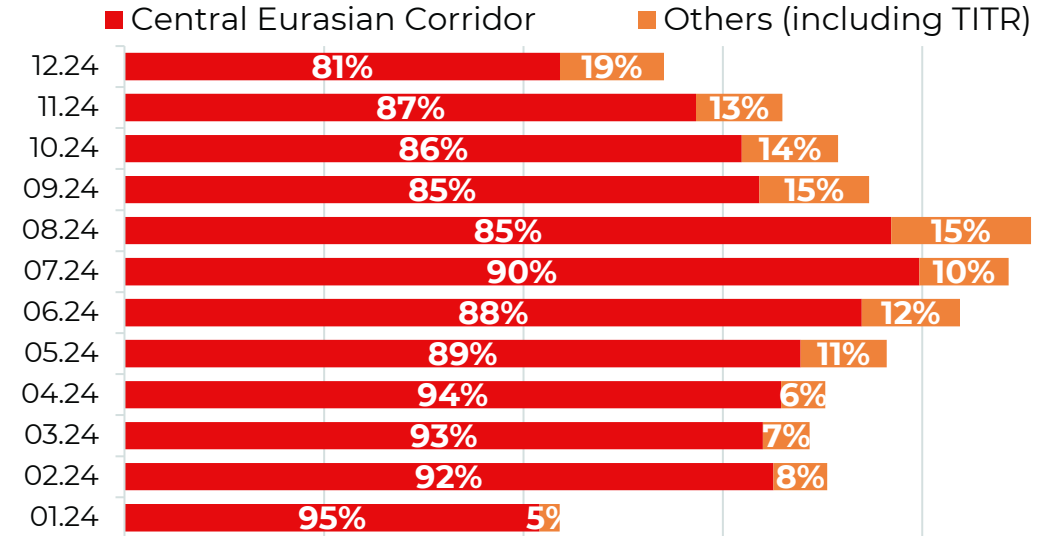
**89%** share of the Central Eurasian Corridor

**11%** share of other routes

## Central Eurasian Corridor illustrated



## Container volume trends over the year



## Freight flow by direction

■ China-Europe ■ Europe-China

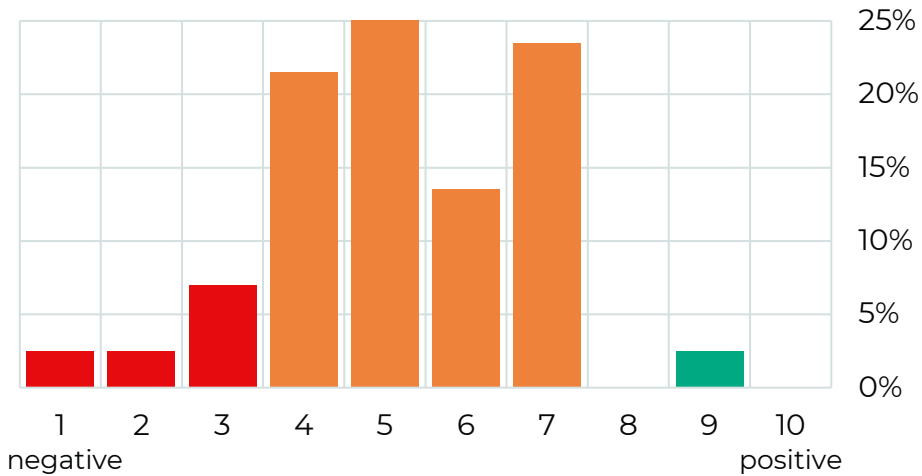




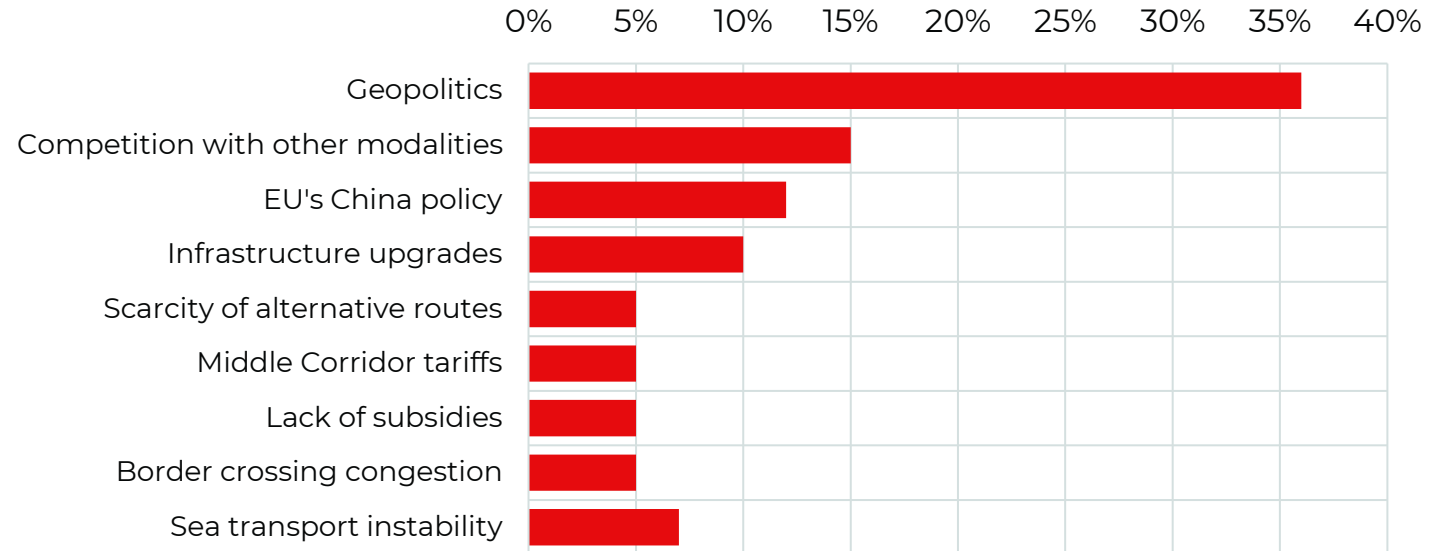
# RAILFREIGHT SURVEYED MARKET PARTICIPANTS ABOUT CHINA-EUROPE-CHINA RAIL. THE OUTLOOK FOR 2025 IS LARGELY NEUTRAL.

## 2025 Outlook Assessment

The average rating is 5.2 out of 10. The majority of respondents rated the outlook between 4 and 7, indicating a neutral view of market development.



## Key Challenges for Eurasian Rail Freight in the Next 5 Years

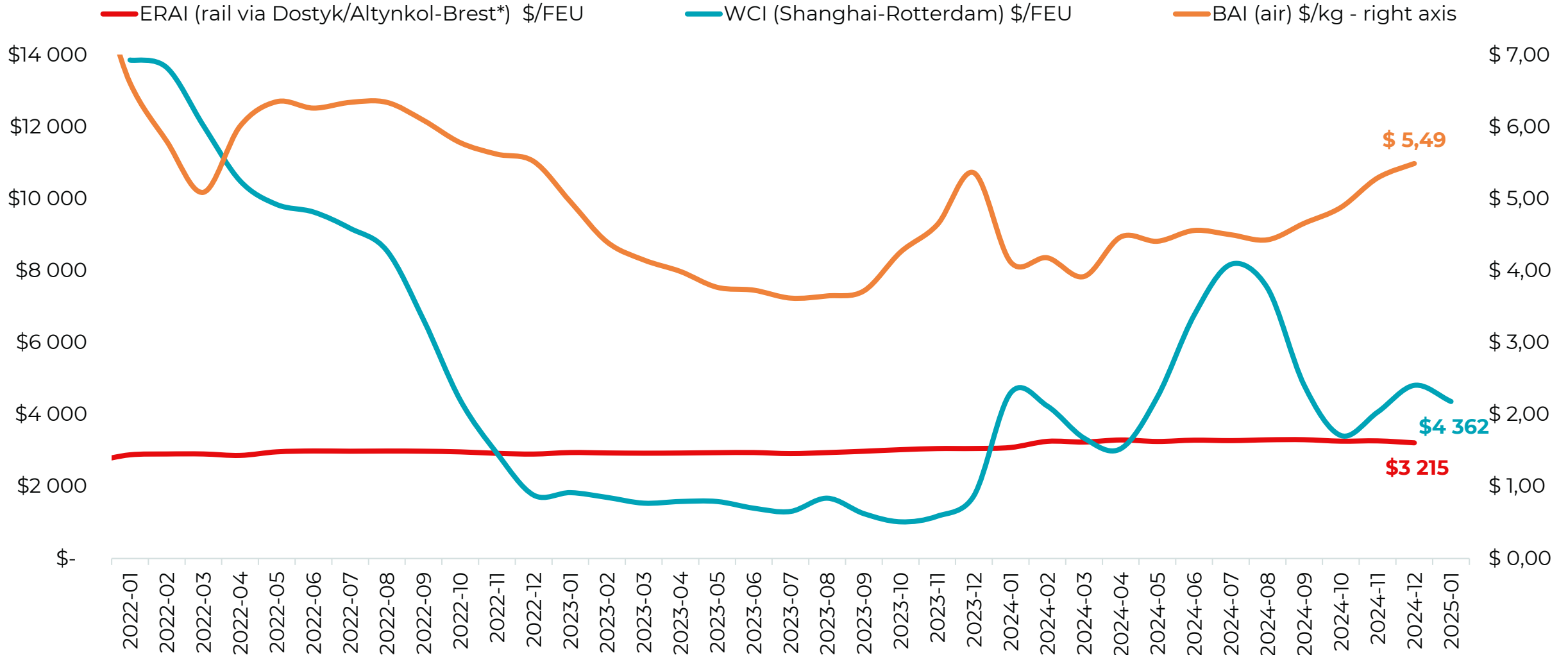


### Fewer than half of the respondents believe that the TITR will become a fully viable option within the next five years

- 42% of those surveyed expect TITR to become a viable route and an alternative to the rail corridor through Russia by 2030. However, the most likely scenario, according to the survey, is that the corridor will reach this status by 2040.
- The primary limitations of the route include the high number of border crossings and the need to cross the Caspian Sea.



# COMPARISON OF FREIGHT INDICES: RAIL, OCEAN AND AIR



\*and other routes included in the calculation. For more information check <https://index1520.com/en/index/>



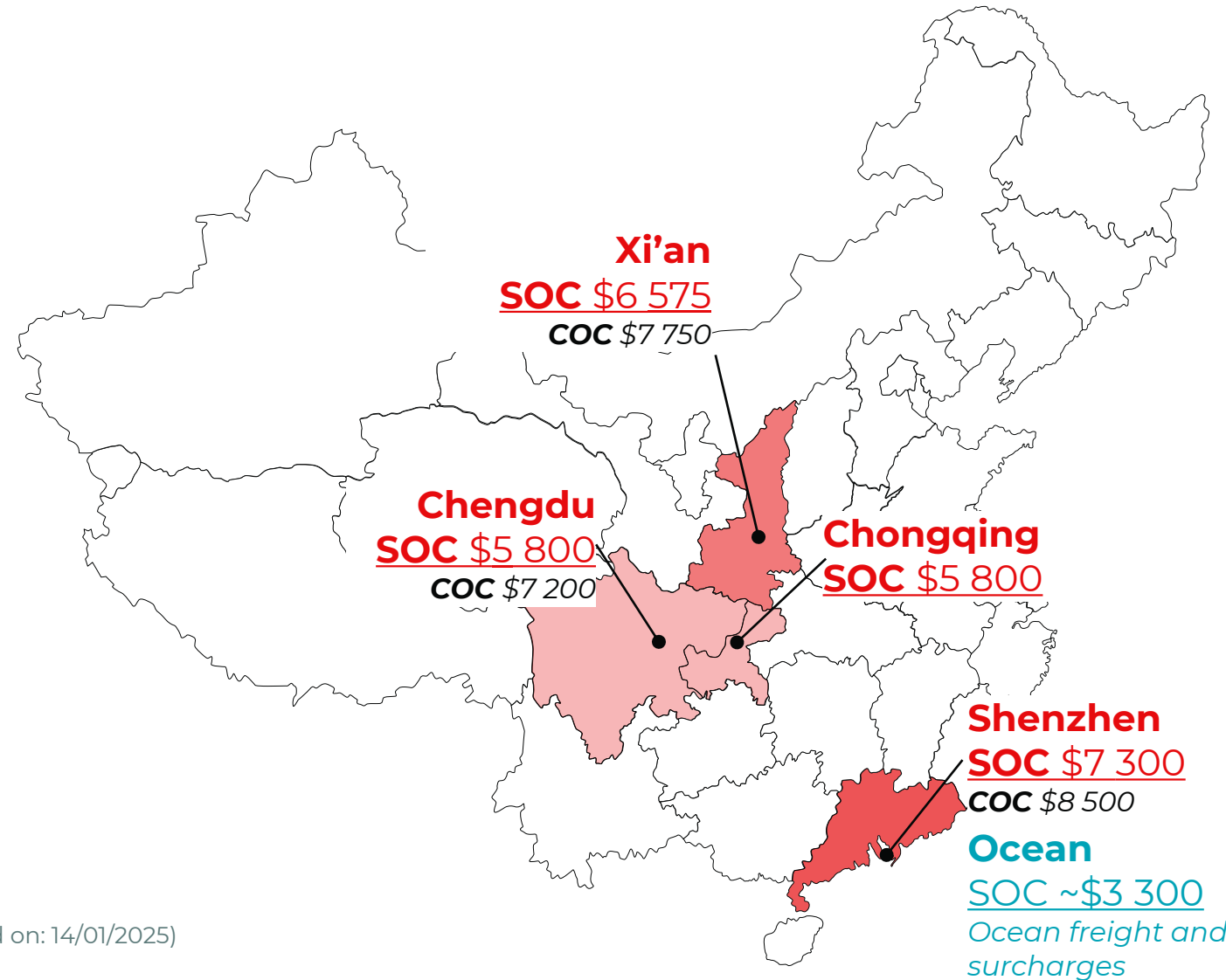
# CURRENT SNAPSHOT OF CHINA-EUROPE FREIGHT RATES: SOC/COC RATES HAVE FALLEN BY AROUND 6-7% MOM. CONTAINER LEASE RATES HAVE DROPPED 10%.

Data collection period: 09/01/2025-14/01/2025,  
as reported by freight forwarders

Average total cost of rail transport for shippers (COC):  
~ **\$7 800/FEU**

- Container lease rate from \$1 000 to \$1 500
- Rail China-Europe rate (SOC) ~ **\$6 300/FEU**

Ocean freight Shenzhen-Hamburg/Rotterdam (SOC)\*  
~ **\$3 300/FEU**

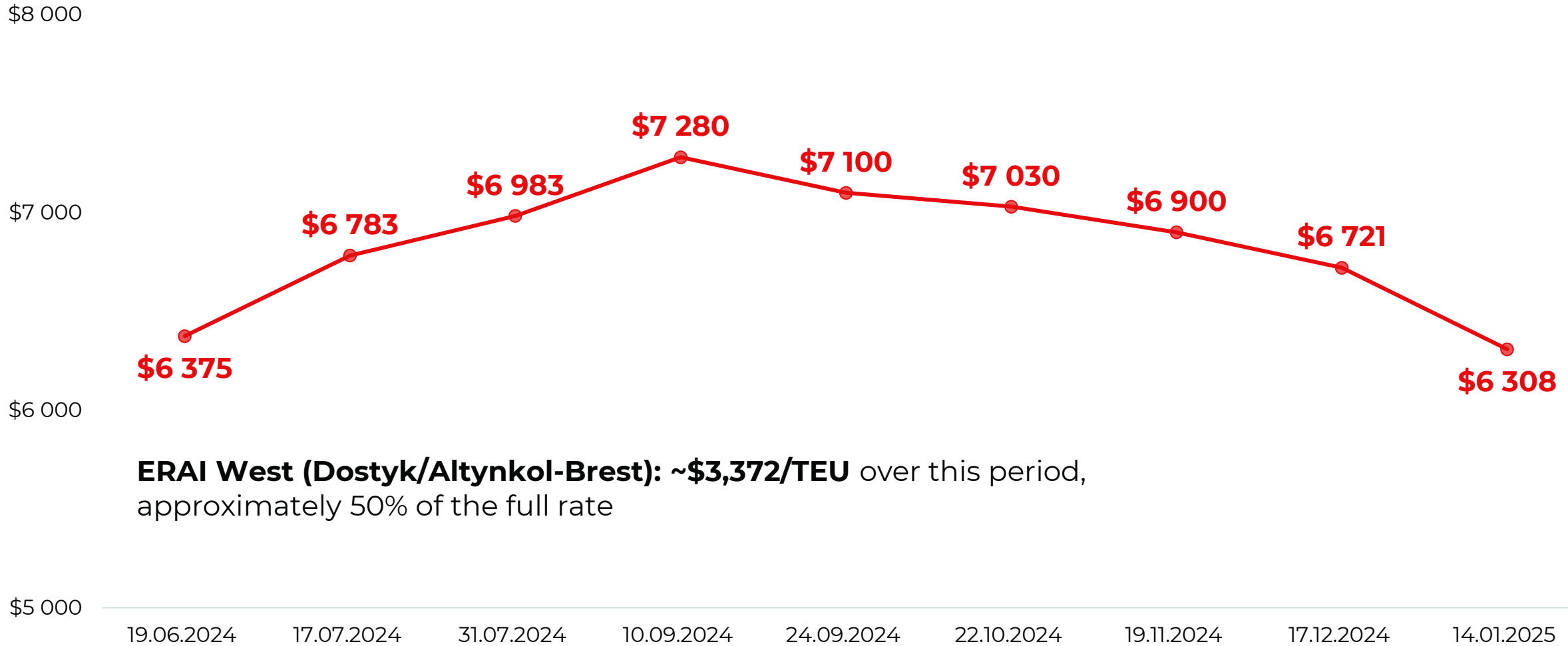


\* HMM and OOCL rates – lowest on the market, according to [GeekYum](https://www.geeky.com) (accessed on: 14/01/2025)



# CHINA-EUROPE RAIL FREIGHT RATE TRENDS: FOLLOWING THE SAME PATTERN AS VOLUMES

—●— China-Europe station-station rate, SOC, \$/FEU



**ERAI West (Dostyk/Altynkol-Brest): ~\$3,372/TEU** over this period, approximately 50% of the full rate



# OCEAN FREIGHT (ASIA-EUROPE): HIGH MARKET VOLATILITY IN JANUARY AHEAD OF EXPECTED CALM IN FEBRUARY

▼ WCI Shanghai-Rotterdam dropped by **13%** MoM, to \$4 231/FEU (**-15%** YoY). WCI Rotterdam-Shanghai remained almost unchanged at \$522/FEU (**-47%** YoY) [[Drewry](#)]. Average freight rates for Asia-Northern Europe in January have dropped to ~\$4 000–\$4 100/FEU [[Linerlytica](#)]. The market remains highly volatile in the early weeks of 2025.

- **Jan-Feb demand outlook:** in January, ahead of the Chinese New Year holidays, demand for transport will be high, but a seasonal decline is expected in February.

- **Actions taken by carriers:** shipping lines are competing for market share ahead of upcoming changes in alliances. In January, lines increased transport capacities by **23%** MoM [[JOC](#)], leading to “price wars” as they strive to fill their ships.

- **Alliance changes:** Maersk and Hapag-Lloyd are exiting their alliances to form a new one (Gemini). The 2M alliance is being dissolved, and MSC will become an independent carrier. After HPL exits, THE Alliance will be renamed Premier Alliance. These market shifts may lead to disruptions and delays.

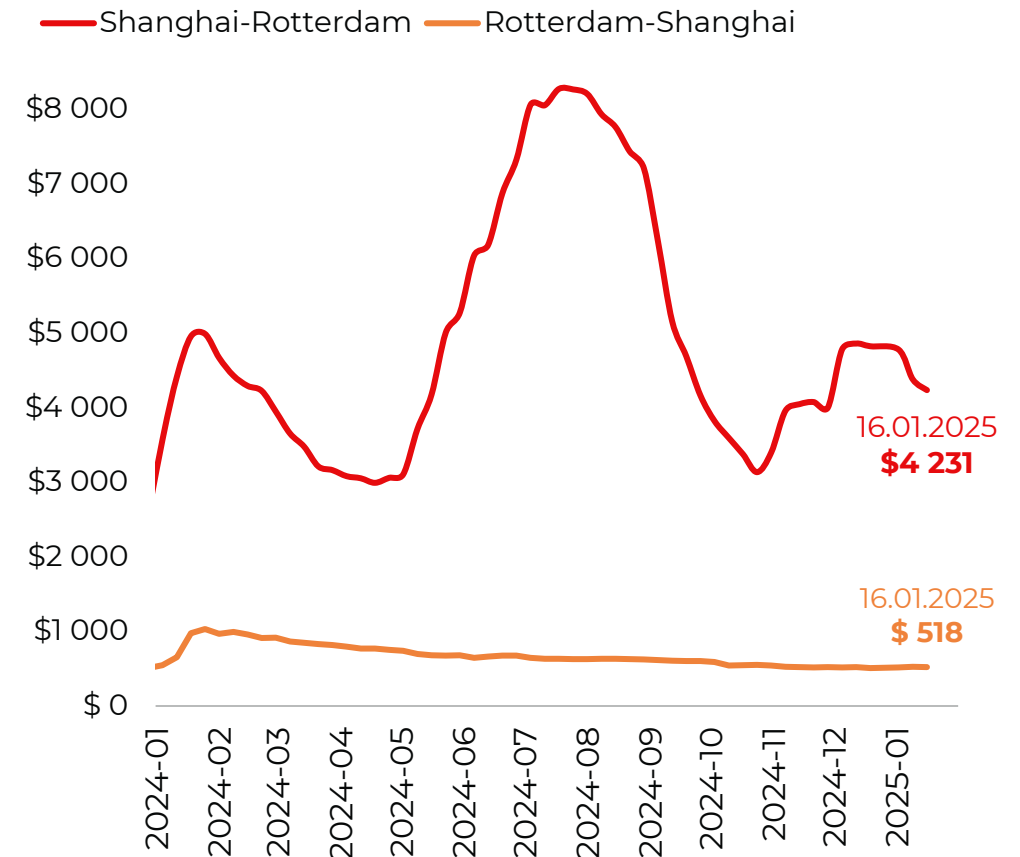
- **Increase in delays:** ports in Asia and Europe are experiencing delays due to high demand (resulting in port congestion and equipment shortages), weather conditions (in Asia), staff shortages, and the aftermath of recent holidays (in Europe). In some cases, vessels are running behind schedule by up to a month [[JOC](#)].

▲ **Negotiations for long-term contracts are ongoing. Shippers are increasingly opting for annual contracts, recognizing that favorable terms are unlikely due to the strong leverage of carriers.**

- As of January, long-term rates on the Asia-Northern Europe route have increased by **52%** YoY, reaching ~\$2 800/FEU [[JOC](#)].

## Asia-Northern Europe WCI readings

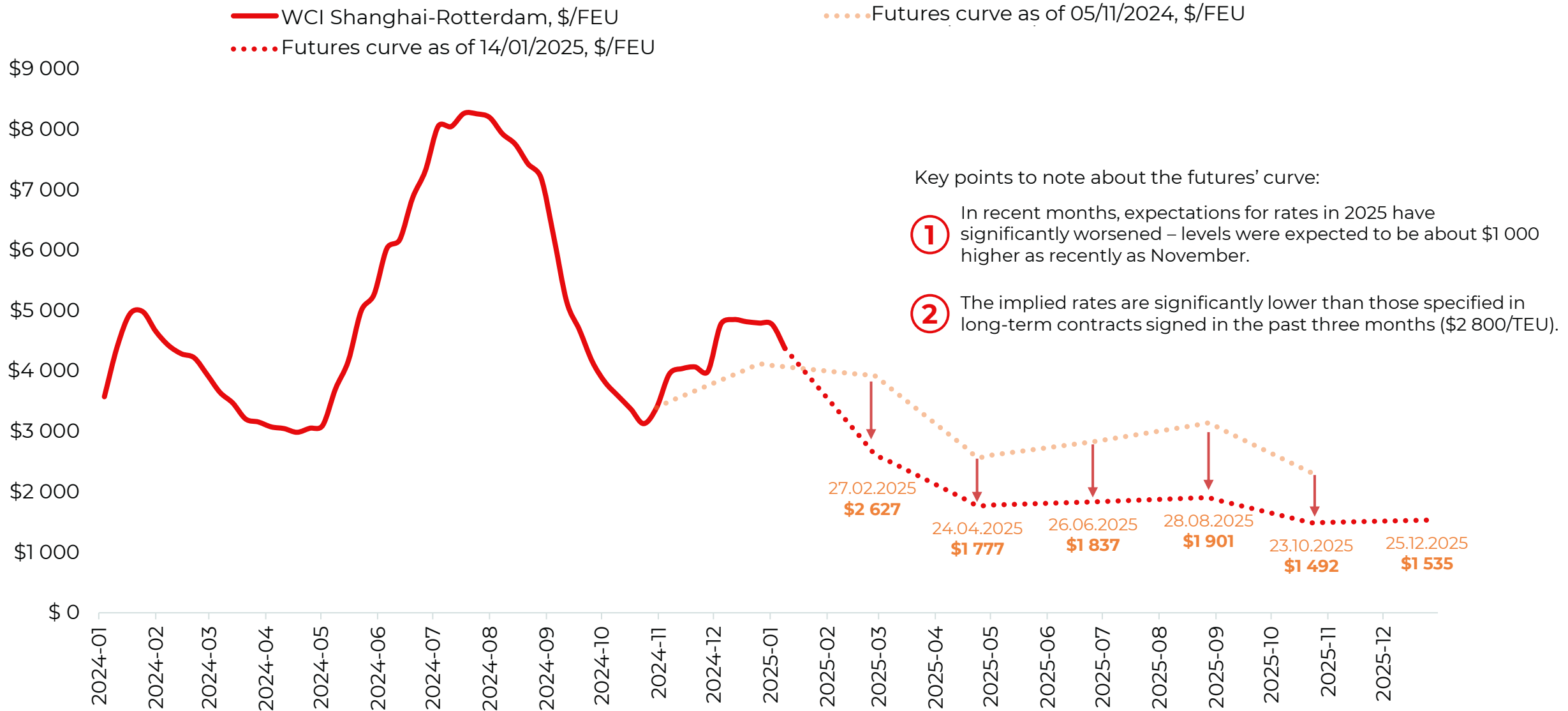
2024 – 2025, \$/FEU







# OCEAN FREIGHT: EXPECTATIONS OF FUTURES MARKET PARTICIPANTS (COFIF/EC) REGARDING FREIGHT RATES CONTINUE TO WORSEN



# CHINA-EAEU LOGISTICS MARKET

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## Import trends

Mixed

- **Economic challenges are limiting the growth of import freight to Russia.** Tight monetary policies are helping to cool the overheated economy. Along with expected ruble devaluation and difficulties in cross-border payments, experts predict a slowdown in the growth of imports across key product categories. For example, an analysis of the [NRA](#) report indicates that passenger car sales in Russia may drop by **22%** year-on-year in 2025. **The development of the market could also be hindered by: stricter sanctions, international transaction difficulties, restrictions on the Russian Railways network, and the shift of cargo towards road freight.**
- **After the New Year holidays, demand has slightly decreased, which has also impacted freight rates.** However, the issues from last year persist: imbalances in freight flows, infrastructure and equipment shortages. The decline in rates is most noticeable in rail freight from China (SOC). Over the past month, rates have decreased by \$300-600 depending on the destination, averaging \$9 000/FEU. Nonetheless, this is still a relatively high level. Rates for shipments through the Far Eastern ports of Russia are also elevated, standing at ~\$6 100/FEU, of which ~\$4 500 is attributed to the rail leg.

## Export trends

Positive

- **The Russian government continues to support exports to select “friendly countries”.** [The Ministry of Industry and Trade of Russia](#) has approved measures to compensate exporters for transportation costs on industrial products in 2025. Exporters will be able to reimburse up to 60% of their transportation costs for products shipped abroad.

## Other trends

- On the Northern Sea Route, cargo traffic in 2024 reached 37.9 million tons, surpassing the previous record by **4.4%** [[SeaNews](#)].
- Container transport volumes through Russian Railways in 2024 reached 7.9 million TEUs, a **5.9%** YoY increase, or nearly 400 thousand more TEUs than the previous year. In December, a record high of 686 thousand TEUs was reached for a single month. The total volume of laden containers in 2024 amounted to 5.8 million TEUs (**+6%** YoY) [[Russian Railways](#)].



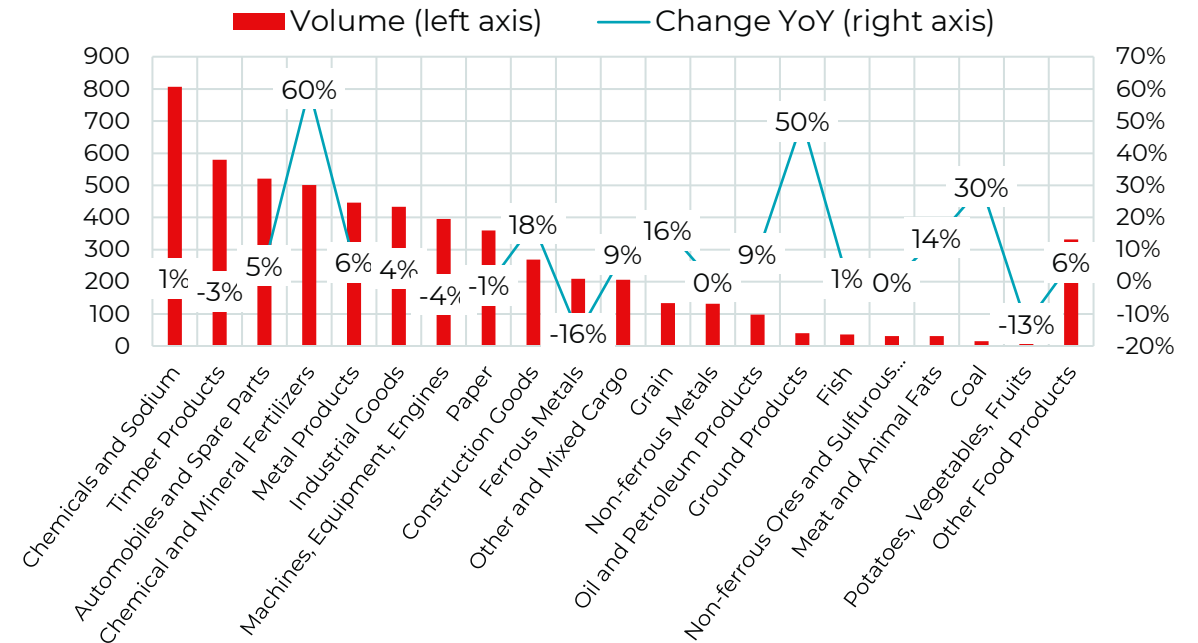
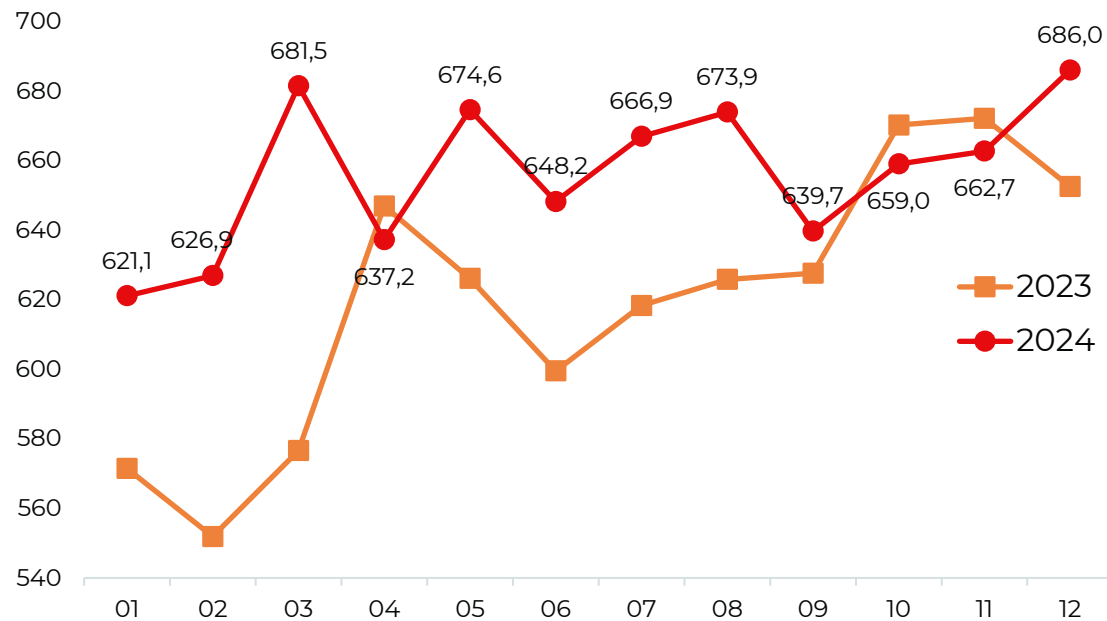
# RAIL FREIGHT TRANSPORT: GROWTH IN CONTAINER VOLUMES THROUGHOUT THE YEAR AND A RECORD IN DECEMBER

■ In 2024, a total of 7.9 million TEUs were transported across the Russian Railways (RZD) network, marking a 5.9% YoY increase.

- Of this, 3,1 million TEUs were transported within domestic services (+2.4%). The total volume of laden containers in 2024 amounted to 5.8 million TEUs, a 6% YoY increase. In December, a positive growth trend was restored after two months of decline, with the volumes reaching a record high of 686 thousand TEUs in a single month.

## Container volumes (laden and empty) transported via the Russian Railways (RZD) network

2023 – 2024, thousand TEU



## OTHER LOGISTICS TRENDS

- ▲ **Northern Sea Route** Cargo traffic reached 37.9 million tons, surpassing the previous record by over 1.6 million tons (+4.4%) [[SeaNews](#)].
  - 2024 also saw a record number of transit voyages – 92 – and a record volume of transit cargo, exceeding 3 million tons. This is nearly 1.5 times more than in 2023. In 2024, 1,312 applications for navigation in the Northern Sea Route waters were processed, setting a new record for the history of the navigation permit system.
- **Road freight** Current situation at border crossings with China [[Stalogistic](#)].
  - The situation at the Alashankou/Dostyk border crossing continues to worsen, with waiting times for departures from China now reaching 10-13 days, with no improvements expected. This directly impacts the declared transit times.
  - At the Manzhouli/Zabaykalsk border crossing, the situation is better, with processing taking 1-2 days, which allows for faster dispatches.
  - Additionally, adverse weather conditions, including snowstorms and blizzards, temporarily disrupt truck traffic on some sections.
- ▲ **China-Russia trade** In 2024, trade turnover between China and Russia grew by 1.9% YoY, reaching \$244.81 billion [[China Customs](#)].
  - Exports from China to Russia increased by 4.1%, totaling \$115.49 billion.
  - Imports of Russian goods remained unchanged at \$129.32 billion.
  - Russia's positive trade balance with China decreased by 23.8% YoY to \$13.83 billion.
- ▲ **Russia export** **The Ministry of Industry and Trade of Russia** has approved a program to compensate exporters for the transportation costs of industrial products in 2025, with a total amount of **₽5.9 billion**.
  - Starting this year, government support will be provided based on a competition, using performance indicators of companies in increasing export shipments.
  - Exporters will be able to reimburse up to 60% of their transportation costs for products shipped abroad. The largest compensation will be provided for machine engineering products.

# ERAI

Eurasian Rail Alliance Index

**ERAI (Eurasian Rail Alliance Index)** – is a composite index that tracks the cost of container transit within the Eurasian railway corridor (1520mm/wide gauge), providing indicative rates for the China-Europe and Europe-China rail routes.

## Unit of measurement

USD/ FEU

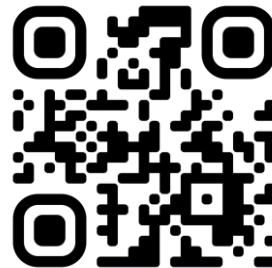
## Update frequency

Monthly

Detailed information on the ERAI index and the factors influencing it is available at the ERAI web-portal (<https://index1520.com/>).

The ERAI portal is a unified informational and analytical resource dedicated to Eurasian logistics, offering:

- ERAI quotes
- China-Europe rail statistics
- Analytical reports
- Expert interviews
- Industry news
- CO2 counter, and more.



## Contact information

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