

ERAI

Eurasian Rail Alliance Index

EURASIAN LOGISTICS MARKET UPDATE

MAIN INSIGHTS FOR THE SECOND HALF OF FEBRUARY

Container volume



Freight rates



Ocean freight



Rail freight



Other logistics trends



Issue 3: February 13, 2025



Issue 4: February 27, 2025

CHINA-EUROPE LOGISTICS MARKET

Demand outlook

Mixed

- In January, the European industry continued to experience a decline in production, new order volumes, and employment (although the pace of overall downturn was the slowest since May 2024) [[S&P Global](#)]. **The slowdown in the EU economy and decreased demand in key sectors pose risks for cargo flows between Europe and China, particularly in the segments of consumer goods and automobiles.**
- According to a recent report by [Rhodium Group](#), **imports to China are expected to remain weak over the next 12 to 18 months due to low consumer demand, further limiting the supply of European goods. At the same time, exports from China to Europe will continue to rise, as the EU will struggle to effectively protect its market from Chinese products.**
- European manufacturers are intensifying cost control measures; in this context, Mercedes-Benz has announced a **10%** reduction in logistics costs since February 1 [[The Loadstar](#)]. **The cost optimization trend among automakers may lead to a shift towards cheaper shipping methods — specifically maritime shipping.**
- **In January, the volume of rail container freight between China and Europe decreased by 5% MoM**, primarily due to a reduction in shipments via the Middle Corridor (**-23% MoM**) and a significant decline in volumes from Europe to China (**-48% MoM**).
- **The market is experiencing a seasonal decrease in demand following the holidays in China. In the short term, maritime trade faces pressure from excess capacity and intense competition amid low seasonal demand.** Long-term market trends will be influenced by: the resumption of transit via the Red Sea, additional capacity entering the market and exacerbating supply-demand imbalances, economic conditions in China and Europe, as well as U.S. tariff policies and subsequent shifts in global trade.

Freight rate trends перевозки

Negative

- **Rail freight rates for the major China-Europe routes (SOC) have decreased by 4% over the past month. The average rates range from \$5 550 (Chengdu) to \$7 200/FEU (Shenzhen). Container lease rates have dropped by about 30%.**
- **WCI Shanghai-Rotterdam dropped by 29% MoM, to \$3 125/FEU (-29% YoY) [[Drewry](#)].** Strategic blank sailings have played a crucial role in balancing the market, effectively preventing a sharper decline in rates. **Freight rates may continue to decrease in both the short-term and the longer-term. Carriers are making efforts to stabilize prices in March.**

Other trends

- Starting April 1, 2025, the EU's Import Control System 2 (ICS2) will be implemented for rail and road transport [[European Commission](#)]. The new requirements mandate the submission of an expanded set of "safety and security" data in the import declaration (ENS). This includes six-digit HS codes for each item in the shipment, an "acceptable description," and comprehensive information about both the buyer and seller.



CHINA-EUROPE RAIL CONTAINER VOLUME: JANUARY 2025

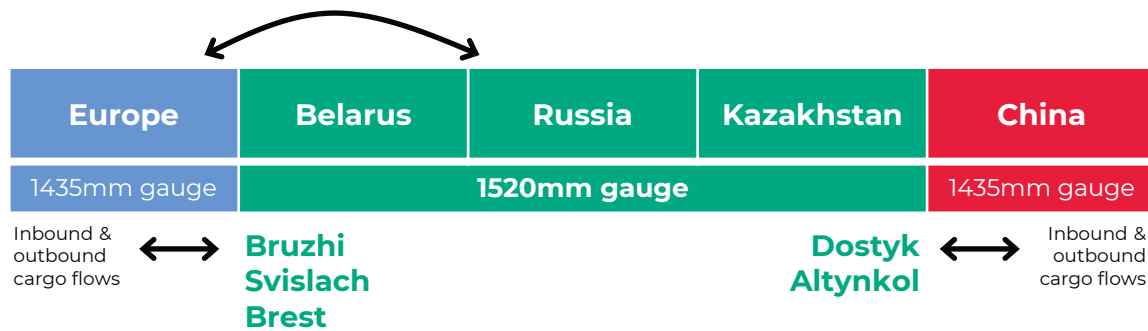
China-Europe-China, 2025

25,8 thousand TEUs **↑18%** YoY

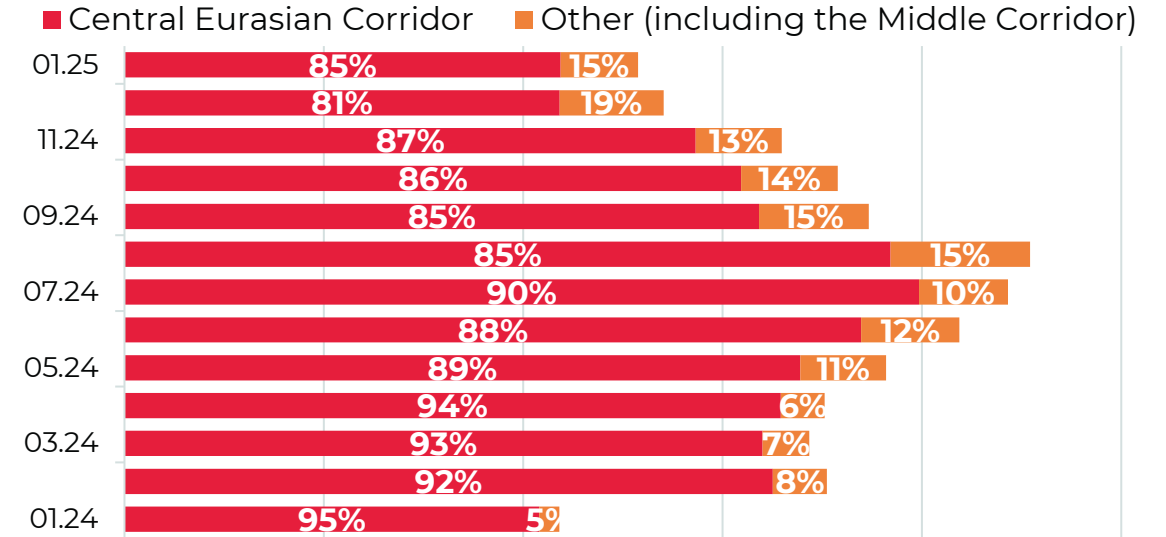
85% share of the Central Eurasian Corridor

15% share of other routes

Central Eurasian Corridor illustrated



Container volume trends 2024-2025

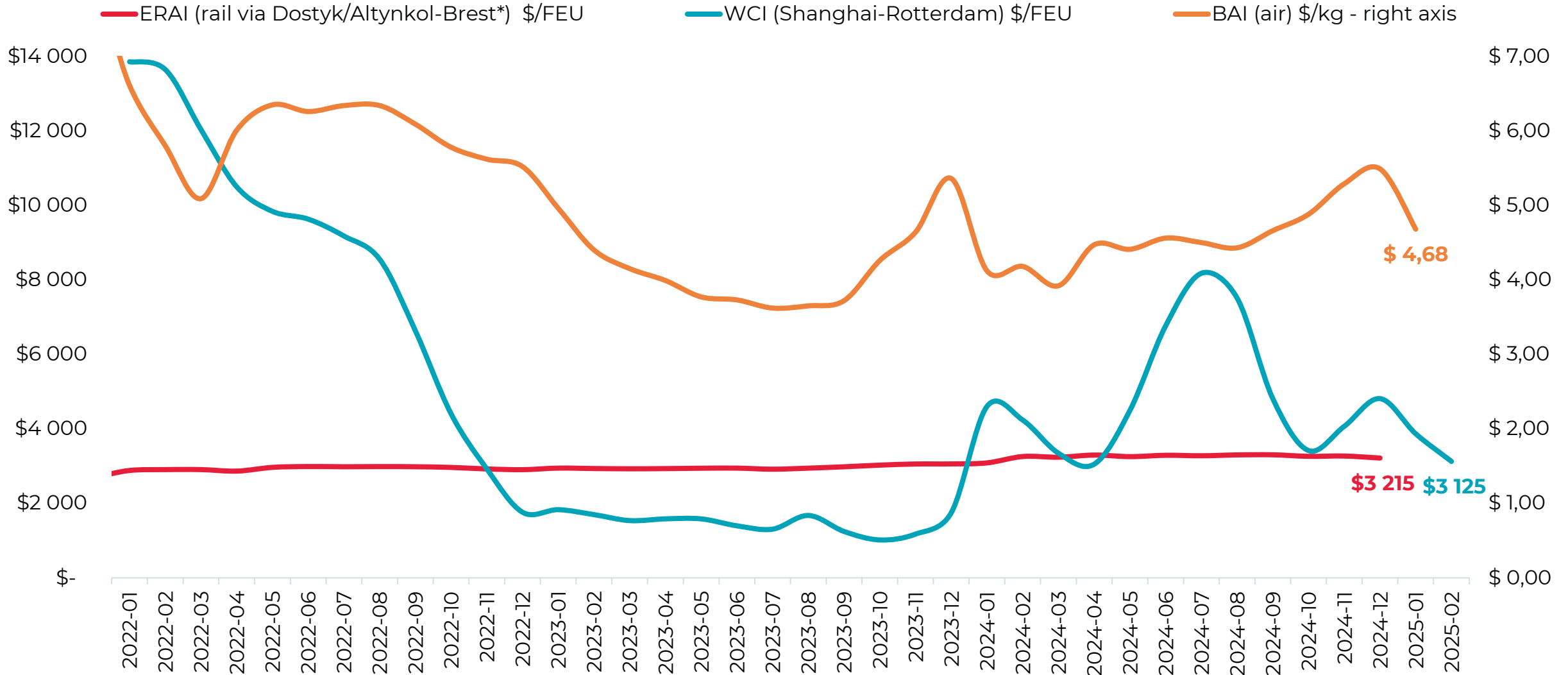


Freight flow by direction, January 2025





COMPARISON OF FREIGHT INDICES: RAIL, OCEAN AND AIR



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



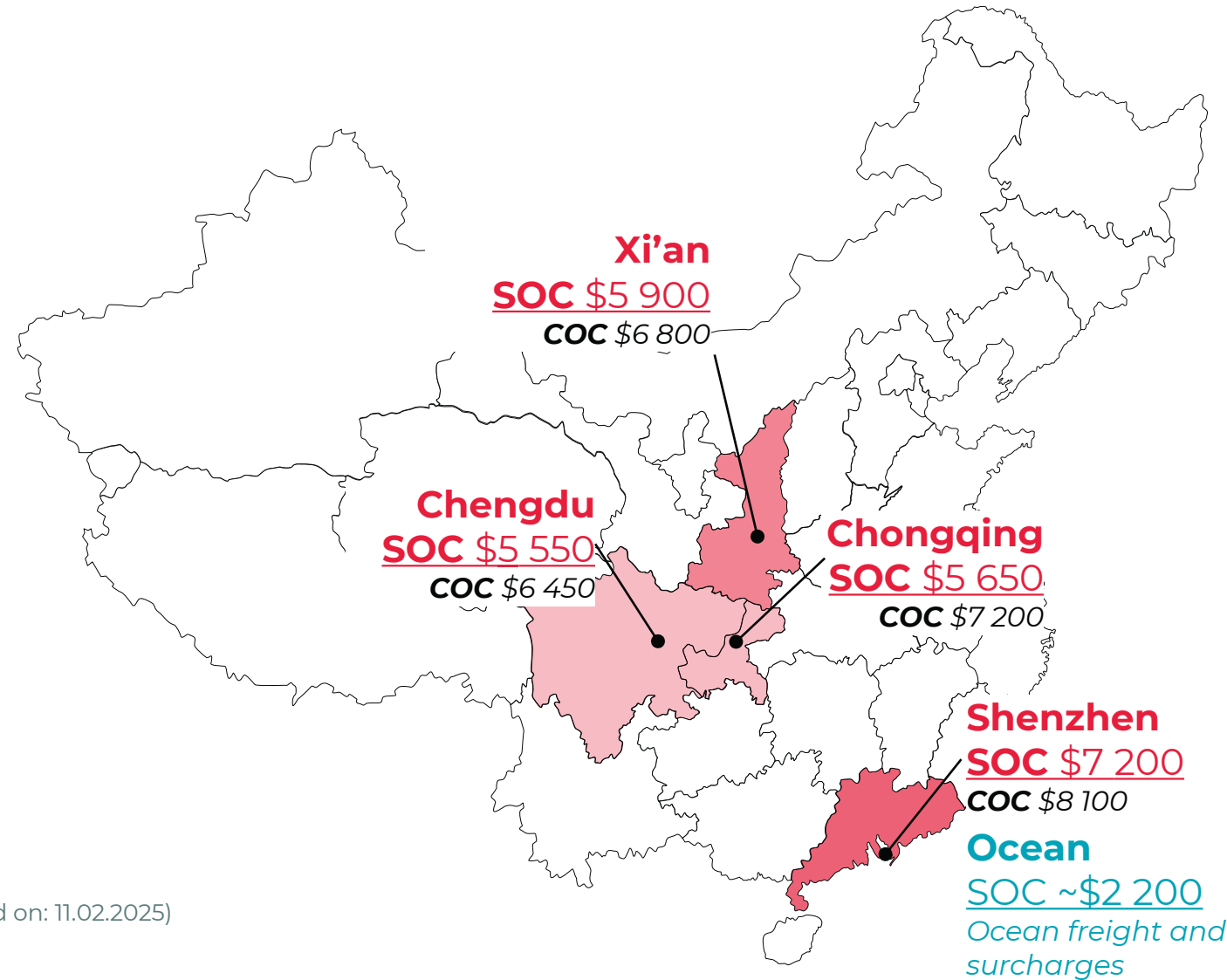
CURRENT SNAPSHOT OF CHINA-EUROPE FREIGHT RATES: SOC RATES HAVE FALLEN BY AROUND 4% MOM. CONTAINER LEASE RATES HAVE DROPPED 30%.

Data collection period: 06/02/2025-11/02/2025,
as reported by freight forwarders

Average total cost of rail transport for shippers (COC):
~ **\$7 100/FEU**

- Container lease rate
~\$1 000
- Rail China-Europe rate (SOC)
~ **\$6 100/FEU**

Ocean freight Shenzhen-Hamburg/Rotterdam (SOC)*
~ **\$2 200/FEU**

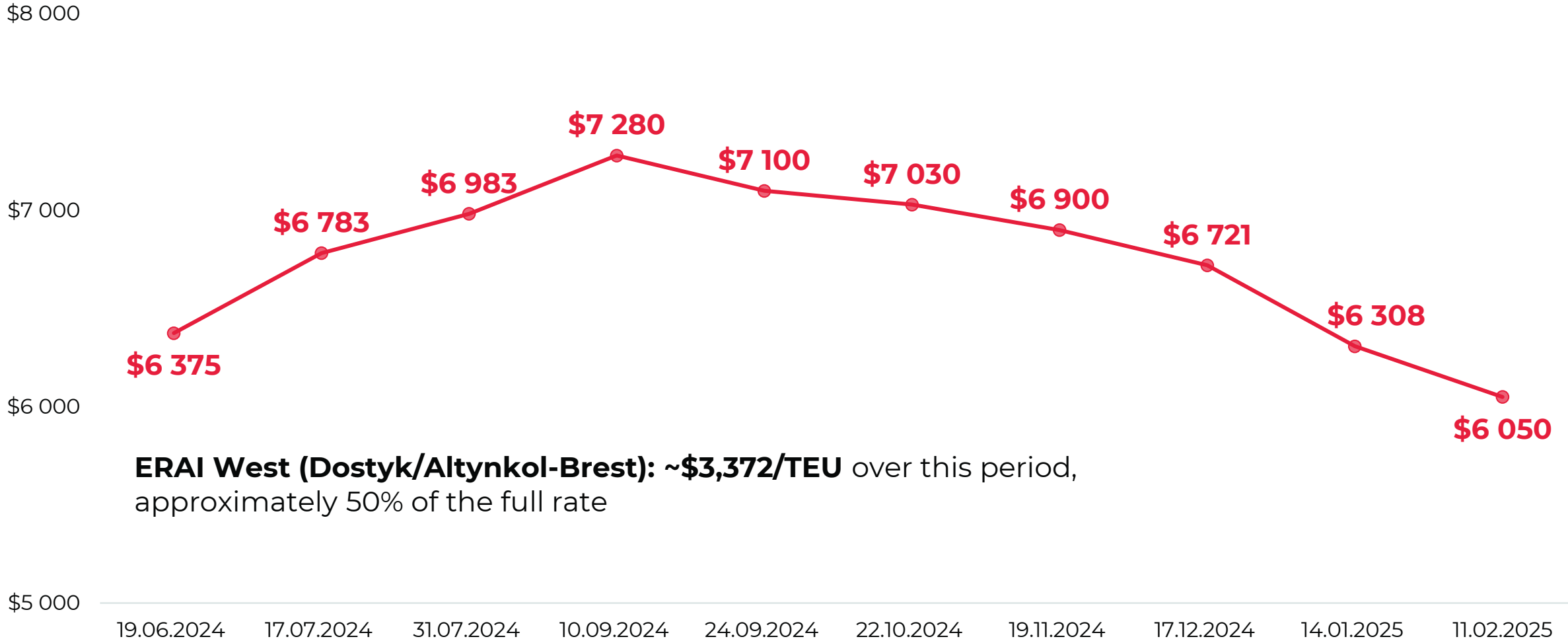


* Maersk and MSC rates – lowest on the market, according to GeekYum (accessed on: 11.02.2025)



CHINA-EUROPE RAIL FREIGHT RATE TRENDS: AVERAGE RATES FOR THE MAIN ROUTES

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



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

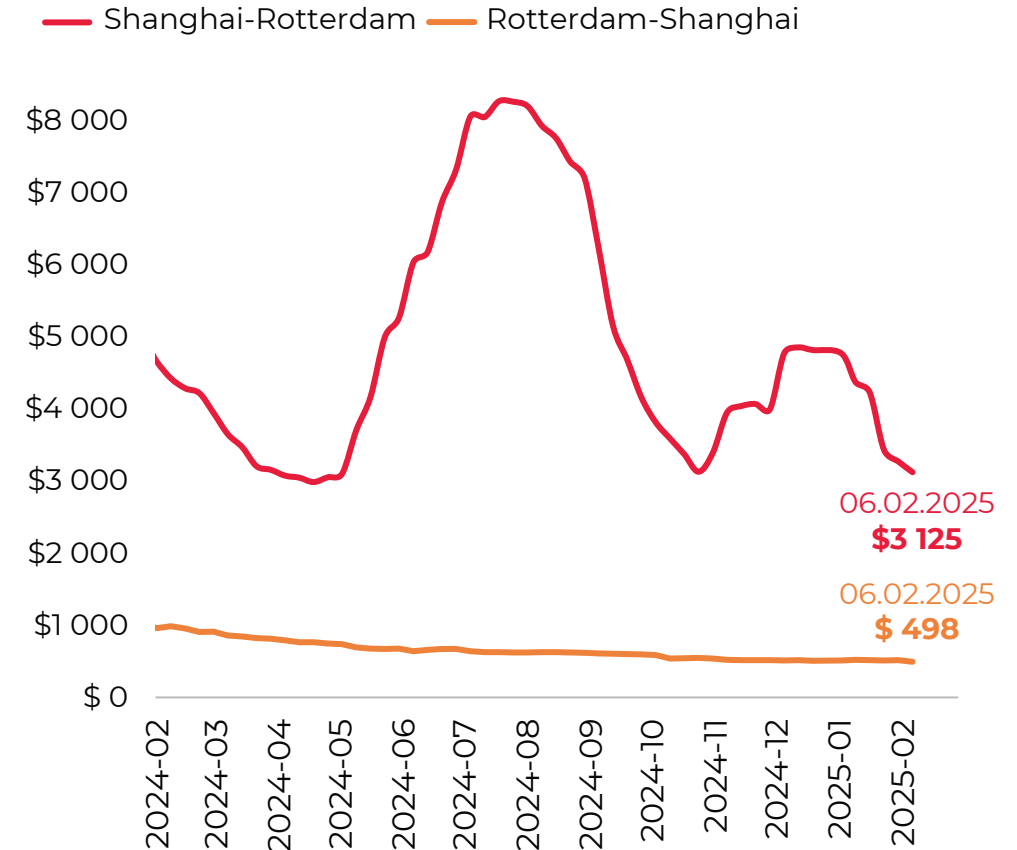


OCEAN FREIGHT (ASIA-EUROPE): SEASONAL DECLINE IN DEMAND, INTENSE COMPETITION FOR CARGO, AND A DOWNWARD TREND IN FREIGHT RATES

- **WCI Shanghai-Rotterdam dropped by 29% MoM – to \$3 125/FEU (-29% YoY). WCI Rotterdam-Shanghai dropped by 5% MoM – to \$498/FEU (-50% YoY) [Drewry]. Freight rates may continue to decrease in both the short-term and the longer-term. Carriers are making efforts to stabilize prices in March.**
- **Current situation and near-term outlook:** the congestion at ports in Europe and Asia has reached its highest level in recent months in anticipation of the Chinese New Year [DHL Global Forwarding]. The combination of an expected decline in demand following the holidays and changes in shipping alliances has resulted in widespread blank sailings and a reduction in shipping capacity for February. These developments have helped to balance the market and prevent a sharper decline in freight rates.
- **Current market offers on the Asia-Northern Europe route [GeekYum]:**
 - **About \$2,800/FEU** on average for the second half of February (minimum - Maersk \$2,200; maximum - COSCO \$3,500);
 - **About \$3,800/FEU** on average for March (offers published only by COSCO, Hapag-Lloyd, and ONE). The market is likely to show strong resistance towards this increase [The Loadstar].
- According to JOC, the deployed capacity in March may increase by 20% MoM. The market will continue to face pressure due to an oversupply of capacity and intense competition for cargoes, particularly in the absence of significant spikes in demand.
- **Medium- and long-term outlook:** the gradual resumption of transit via the Red Sea will release additional shipping capacity, ultimately increasing downward pressure on rates. The delivery of new vessels will continue to disrupt the supply-demand balance, with an anticipated annual capacity growth of 6% from 2025 to 2028, compared to a demand growth rate of 2.5% [JOC, DHL Global Forwarding]. Market recovery will depend on the economic conditions in Europe and China, U.S. tariff policies and subsequent changes in global trade.

Asia-Northern Europe WCI readings

2024 – 2025, \$/FEU





OCEAN FREIGHT: EXPECTATIONS OF FUTURES MARKET PARTICIPANTS (COFIF/EC) REGARDING FREIGHT RATES HAVE RISEN SIGNIFICANTLY OVER THE PAST TWO WEEKS, ESPECIALLY FOR CONTRACTS EXPIRING TOWARDS THE END OF THE YEAR

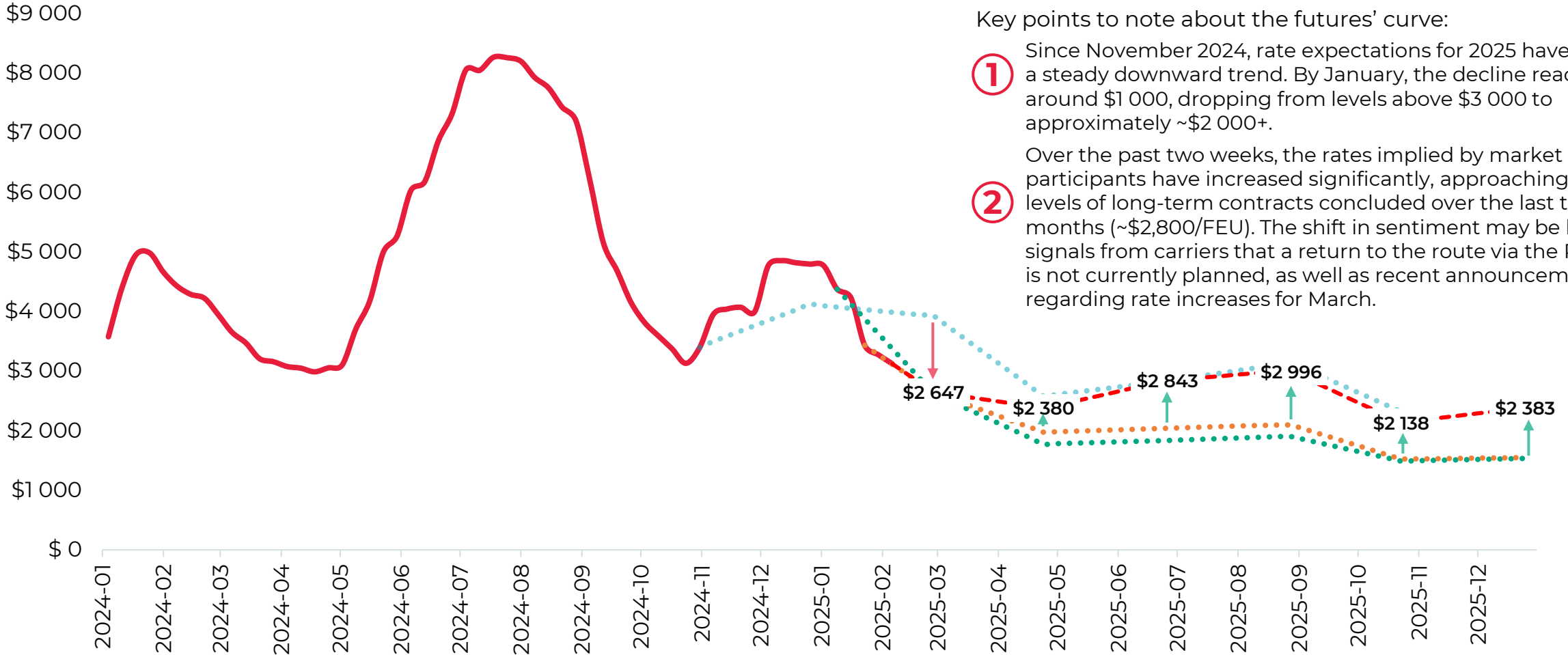
— WCI Shanghai-Rotterdam, \$/FEU

..... Futures curve as of 27/01/2025, \$/FEU

..... Futures curve as of 05/11/2024, \$/FEU

--- Futures curve as of 11/01/2025, \$/FEU

..... Futures curve as of 14/01/2025, \$/FEU



Key points to note about the futures' curve:

- 1 Since November 2024, rate expectations for 2025 have been on a steady downward trend. By January, the decline reached around \$1 000, dropping from levels above \$3 000 to approximately ~\$2 000+.
- 2 Over the past two weeks, the rates implied by market participants have increased significantly, approaching the levels of long-term contracts concluded over the last three months (~\$2,800/FEU). The shift in sentiment may be linked to signals from carriers that a return to the route via the Red Sea is not currently planned, as well as recent announcements regarding rate increases for March.

CHINA-EAEU LOGISTICS MARKET

Import and export trends

Mixed

- According to the latest [survey by the Bank of Russia](#) inflation is expected to reach 6.8% in 2025, which is higher than previous expectations. This indicates a persistence of high price pressures that may lead to a reduction in the population's purchasing power, particularly in the context of slowing growth in real wages. **The weakening of the ruble and the high key interest rate will negatively impact the import of high-margin goods, such as cars and electronic devices.** In 2025, sales of all types of vehicles in Russia may decrease by 10% in some baseline scenarios and by up to 30% in pessimistic ones [[RBC](#), [NRA](#)]. A decline in demand for smartphones is also anticipated—approximately by 5% [[Kommersant](#)].
- As of early February, around 400 empty well wagons had accumulated at the Zabaikalsk railway station due to dispatch restrictions. Starting from February 6, Russian Railways eased these restrictions, allowing the dispatch of up to three container trains, the situation is gradually improving [[InfraNews](#)].
- Over the past two weeks, rates for imports from China via direct rail connections have significantly decreased, with a downward trend also observed in multimodal transport. The cost of transporting via direct train is approximately \$7 800/FEU (COC), which is about ~\$1 000 lower than the previous level. **Rates for shipments through Far Eastern Russian ports reduced at about \$200, standing at approximately ~\$5 800/FEU (SOC), of which around \$4 500 attributed to the rail component.**
- During the final board meeting of Russian Railways (RZD), held on February 12, the launch of a new tariff system was announced, set to take effect on January 1, 2026 [[TASS](#)]. The foundation of the new model is a "fair and economically justified tariff," which incorporates components aimed at addressing infrastructure development goals and takes into account the company's key debt indicators.

Other trends

- In January 2025, Russian Railways (RZD) transported 682,3 thousand TEUs, marking a 9,8% YoY increase [[RZD](#)]. Of this, 253.8 thousand TEUs were transported on domestic routes, reflecting a 0.5% decline. The number of laden containers amounted to 490.1 thousand TEUs, a 10.8% YoY increase.
- Kazakhstan Railways has imposed a ban on accepting all cargo and empty owned or leased wagons for transportation from Dostyk station to Altynkol station and vice versa. The restrictions are set to remain in effect until the end of 2025 [[APK News](#), [LogiStan](#)].
- [The Ministry of Transport of Russia](#) has prepared a draft resolution for the Government of Russia outlining new rules for the movement of empty freight wagons from port stations. These changes will allow for the transportation of empty wagons over greater distances than currently permitted.



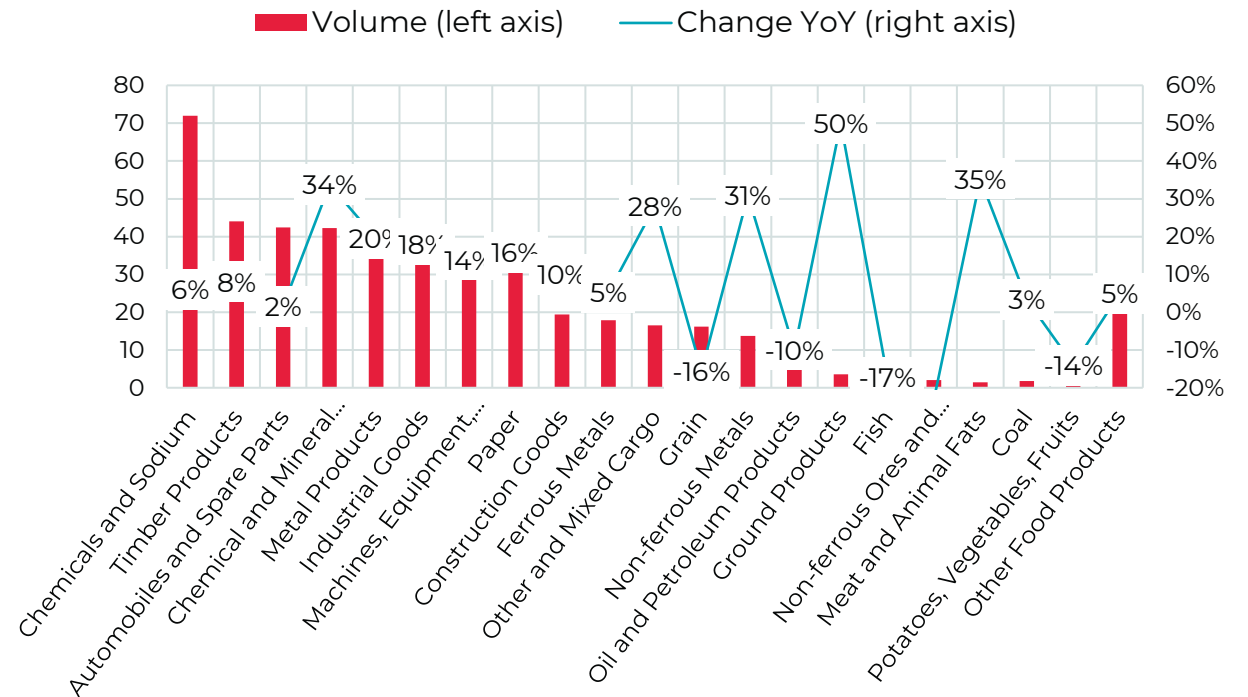
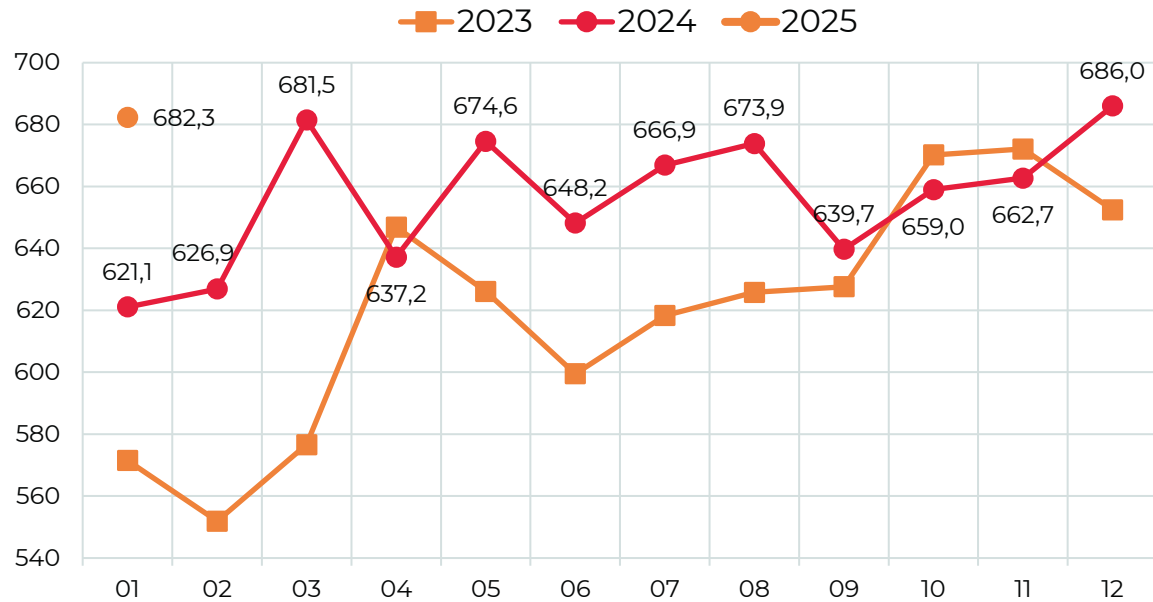
RAIL FREIGHT TRANSPORT: YOY GROWTH, MAINTAINING STRONG PERFORMANCE FOR THE SECOND CONSECUTIVE MONTH.

▲ In January 2025, Russian Railways (RZD) transported 682,3 thousand TEUs, marking a 9,8% YoY increase.

- Of this, 253.8 thousand TEUs were transported on domestic routes, reflecting a 0.5% decline. The number of laden containers transported across all types of traffic amounted to 490.1 thousand TEUs, a 10.8% YoY increase.

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

2023 – 2024, thousand TEU



OTHER LOGISTICS TRENDS

- **Russia – China border** According to [InfraNews](#), as of early February, approximately 400 empty well wagons had accumulated at the Zabaikalsk railway station. However, the volume of imported cargo arriving at Zabaikalsk from China is insufficient to load all the rolling stock that has accumulated there, while other stations in Russia are experiencing a shortage of well wagons.
 - Starting from February 6, the situation began to gradually improve. Russian Railways eased the restrictions on dispatching empty platforms for loading. [[InfraNews](#)] According to railway undertakings, the current arrangement allows for the dispatch of no more than three container trains with empty well cars per day.
- **Russia's Far East ports** In the Far East of Russia, terminal congestion remains high, [the Ministry of Transport of Russia](#) continues to assist in addressing this issue.
 - Container terminals at seaports in the Far East are operating at 66% capacity, while inland terminals are at 56%.
 - On average, about 3,6 thousand TEUs are exported daily from Far Eastern ports.
 - The Ministry of Transport has prepared a draft resolution for the Government of Russia outlining new rules for the movement of empty freight wagons from port stations. These changes will allow for the transportation of empty wagons over greater distances than currently permitted.
- ▼ **Kazakhstan – China boarder** Kazakhstan Railways has imposed a ban on accepting all cargo and empty owned or leased wagons for transportation from Dostyk station to Altynkol station and vice versa. The restrictions are set to remain in effect until the end of 2025 [[APK News](#), [LogiStan](#)].
 - The reason cited is the ongoing critical situation regarding the accumulation of laden and empty wagons at border stations, as well as the presence of temporarily halted trains with empty wagons heading towards Dostyk and Altynkol, which leads to inefficient use of capacity on these sections and restrictions on accepting import cargo and delivering export cargo to China.
- ▲ **Infrastructure changes** During the final board meeting of Russian Railways (RZD), held on February 12, the launch of a new tariff system was announced, set to take effect on January 1, 2026 [[TASS](#)].
 - The foundation of the new model is a "fair and economically justified tariff," which incorporates components aimed at addressing infrastructure development goals and takes into account the company's key debt indicators.

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

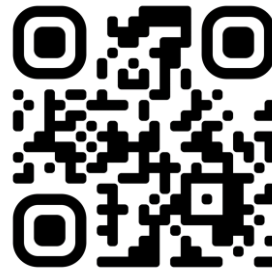
Update frequency

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.



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