

# 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 4: February 27, 2025



Issue 5: March 13, 2025

# CHINA-EUROPE CONTAINER LOGISTICS MARKET

## Demand outlook

Mixed

- **The eurozone's manufacturing sector shows signs of stabilization in February**, with improved delivery times, a slowdown in production cuts and purchasing activity [[S&P Global](#)]. However, weak demand continues to have a negative impact. **The situation remains critical in the machinery and automotive sectors, reinforcing the general pessimism in the export sector on the horizon of the next 12 months** [[S&P Global](#)].
- **Trade between China and Europe is facing two key challenges: the growth of mutual barriers and the tightening of the US tariff policy. The most likely scenario is a partial normalization of relations between China and Europe** while maintaining pressure on the Chinese car industry and other sectors. The EU has to balance between protecting its market and trying to avoid a full-scale trade war with the US and China.
- **In January, the volume of rail container freight between China and Europe decreased by 4% 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).
- **There are no significant changes in demand in the sea transportation market. In the near term, the market is likely to remain under pressure due to overcapacity.** With no systemic cancellations of shipments, the balance between supply and demand may worsen. At the same time, there are no problems with container availability in China. According to [Container xChange](#), container rental rates continued to decline in February.

## Freight rate trends

Negative

- **Rail freight rates for the major China-Europe routes (SOC) have decreased by 3-4% over the last two weeks. The average rate ranges from \$5 550 (Chengdu) to \$7 200/FEU (Shenzhen).** Container lease rates remains unchanged.
- **WCI Shanghai-Rotterdam dropped by 24% MoM, to \$3 125/FEU (-38% YoY) [[Drewry](#)]. Lines take the initiative and shift towards the strategy of raising rates.** In the short term, freight rates may repeat the usual cycle: growth amid GRI and subsequent downward pullback. In the long term, rates are likely to continue to decline.

## Other trends

- **Turkey modernizes railway infrastructure in a bid to strengthen its role in the China-Europe route via Middle Corridor** [[The Loadstar](#)]. China is considering investing \$60 billion to expand and electrify Turkey's rail network.
- **Kazakhstan is also actively developing infrastructure and strengthening its status as a key transit center: Chinese Railways will join "MIDDLE CORRIDOR MULTIMODAL Ltd." (Joint Venture of Kazakhstan, Azerbaijan and Georgian Railways) in March 2025.** [[Қазақстан теміржолшысы](#)]; construction of a container hub in the port of Aktau (a joint project of KTZ and Lianyungang Port GC LLC) will be completed in 2025 [[Қазақстан теміржолшысы](#)]; Shaanxi province invests 2.5 billion yuan (~\$340 million) to develop China-Europe container trains [[Қазақстан теміржолшысы](#)].



# CHINA-EUROPE RAIL CONTAINER VOLUME: JANUARY 2025

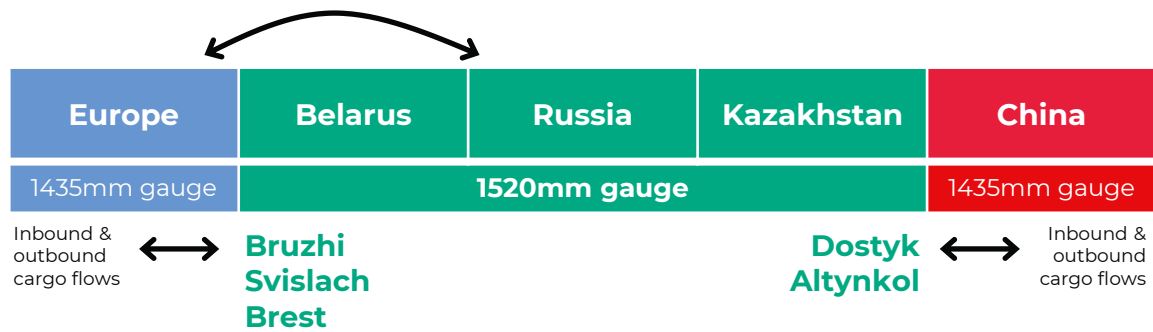
## China-Europe-China, 2025

**25,8** thousand TEUs **↑18%** YoY

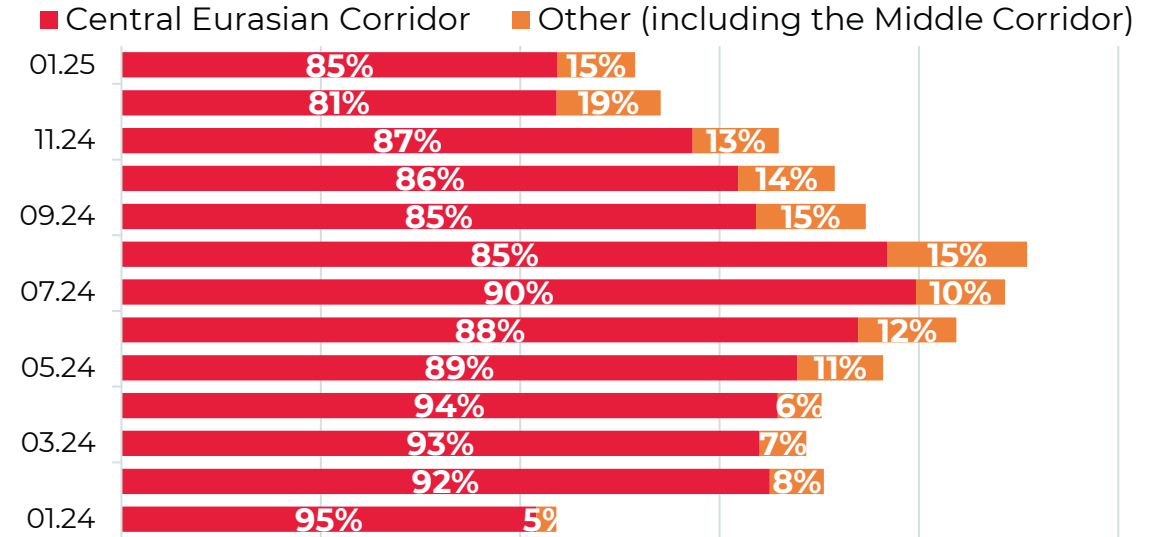
**89%** share of the Central Eurasian Corridor

**11%** share of other routes

## Central Eurasian Corridor illustrated



## Container volume trends 2024-2025 гг.

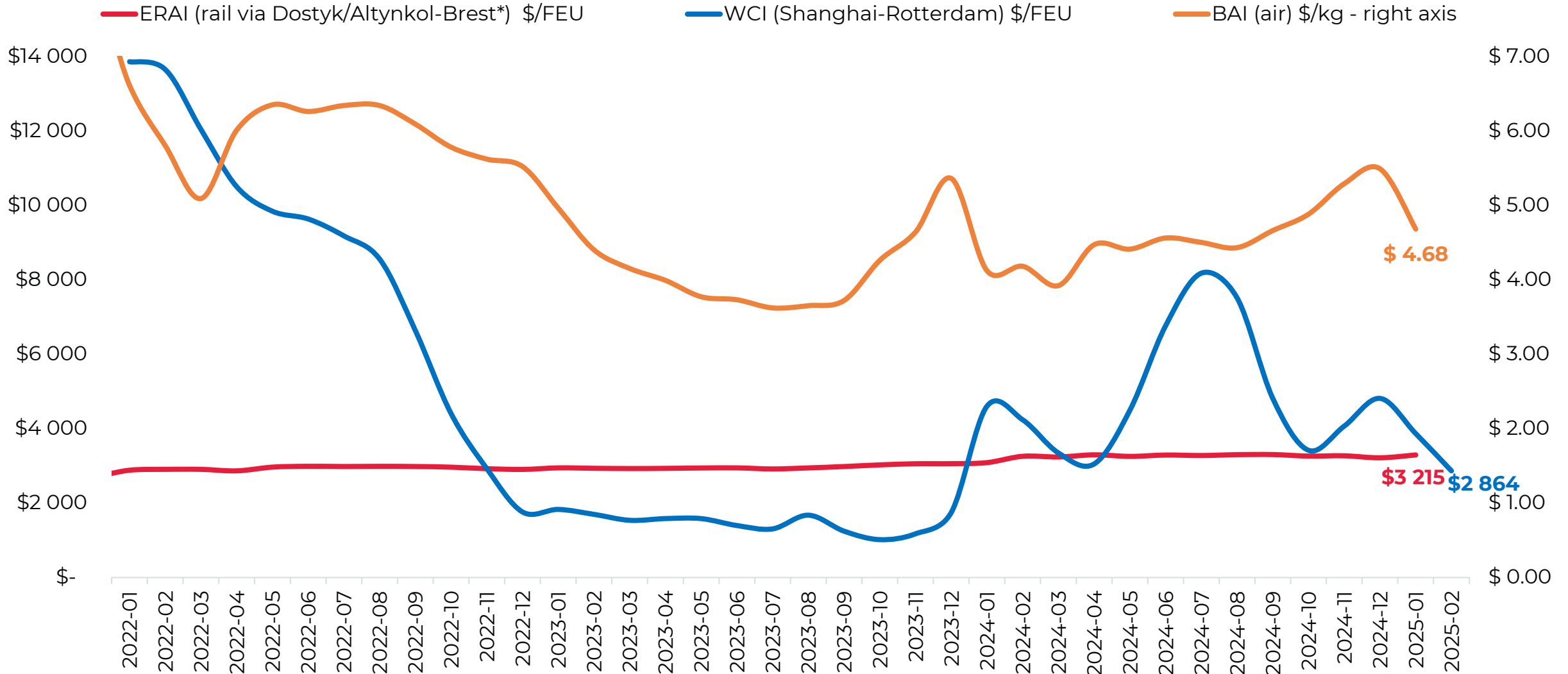


## Freight flow by direction, January 2025





# COMPARISON OF FREIGHT INDICES: RAIL, OCEAN AND AIR



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



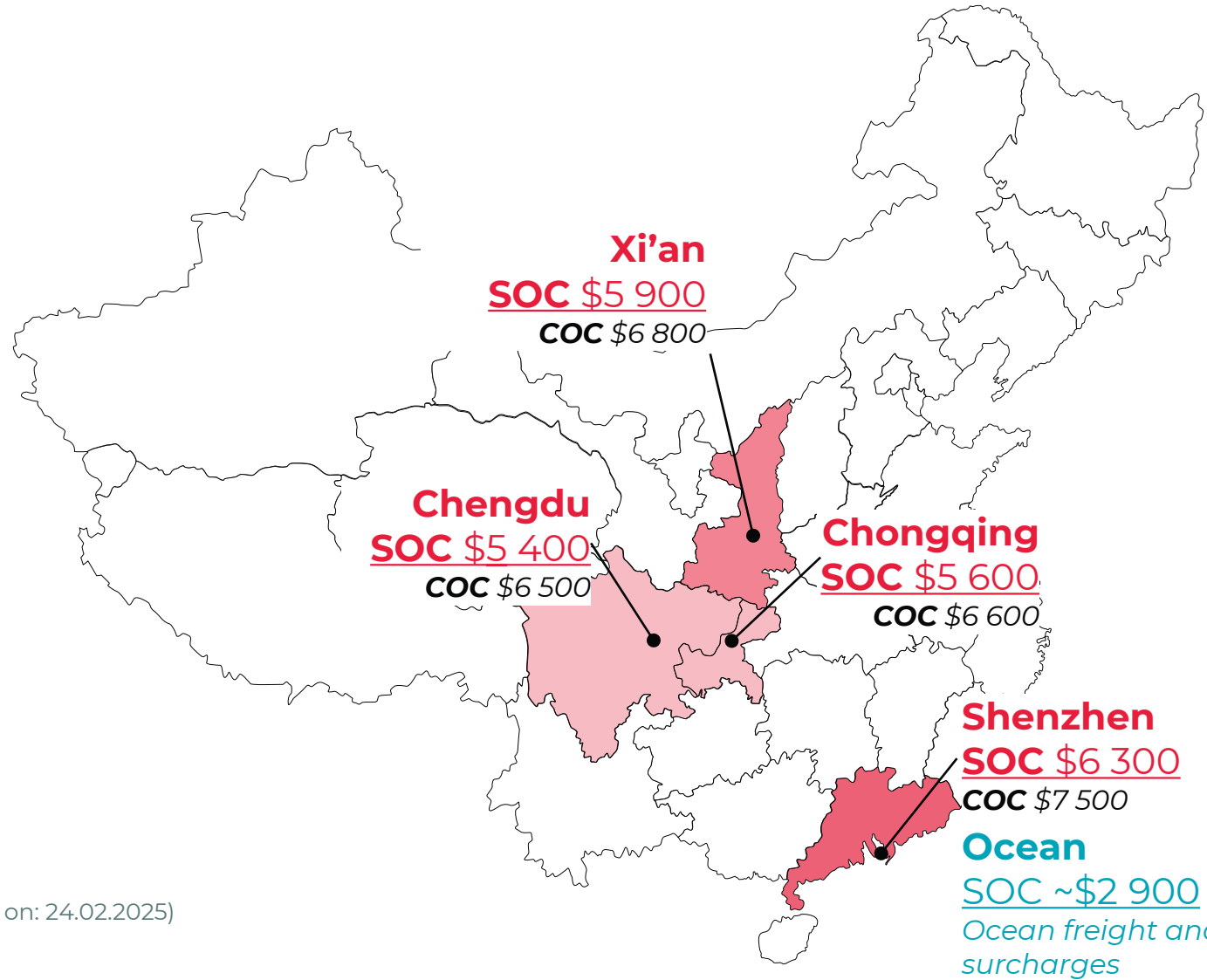
# CURRENT SNAPSHOT OF CHINA-EUROPE FREIGHT RATES: THE COST HAVE DECREASED BY 3-4% OVER THE LAST TWO WEEKS. CONTAINER LEASE RATES REMAINS UNCHANGED.

Data collection period: 19/02/2025-25/02/2025,  
as reported by freight forwarders

Average total cost of rail transport for shippers (COC):  
~ **\$6 900/FEU**

- Container lease rate  
~\$1 000
- Rail China-Europe rate (SOC)  
~ **\$5 900/FEU** (additional +\$300-\$1 000 for the trains on a through schedule)

Ocean freight Shenzhen-Hamburg/Rotterdam (SOC)\*  
~ **\$2 900/FEU**

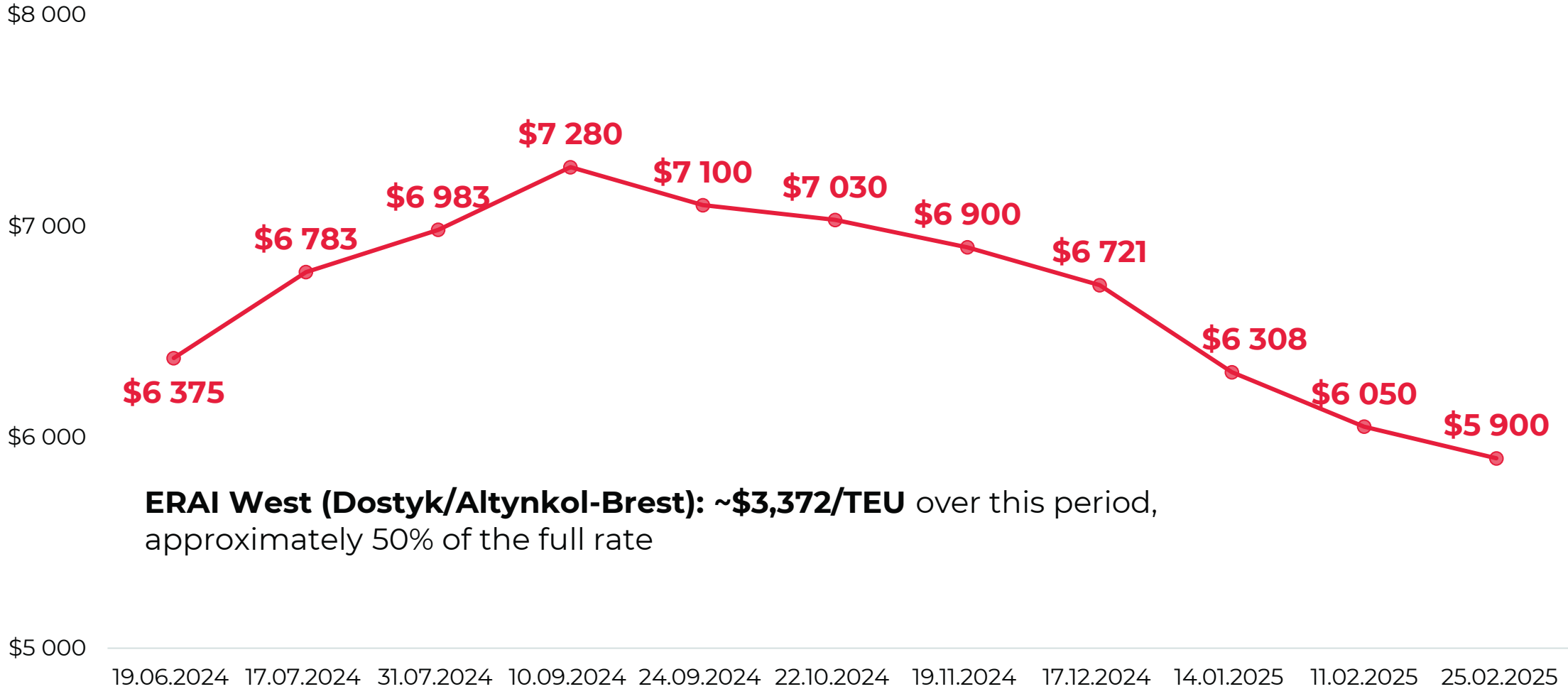


\* HMM and OOCL rates – lowest on the market, according to GeekYum (accessed on: 24.02.2025)



# 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

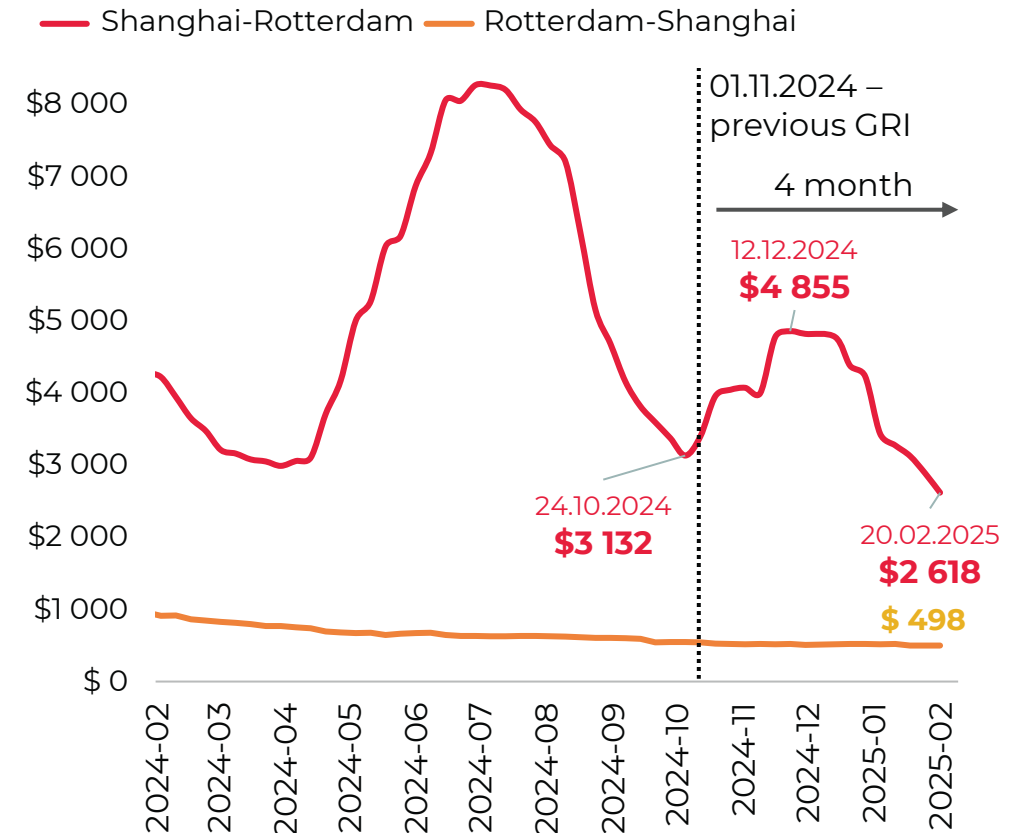


# OCEAN FREIGHT (ASIA-EUROPE): THE INDICES HAVE PROBABLY HIT A LOCALIZED LOW. LINES TAKE THE INITIATIVE AND SHIFT TOWARDS THE STRATEGY OF RAISING RATES.

- WCI Shanghai-Rotterdam dropped by 24% MoM, to \$2 618/FEU (-38% YoY). WCI Rotterdam-Shanghai dropped by 3% MoM, to \$498/FEU (-45% YoY) [Drewry]. In the short term, freight rates may repeat the usual cycle: growth amid GRI and subsequent downward pullback. In the long term, rates are likely to continue to decline.**
- Recent Market Offers on the Asia-Northern Europe Route [GeekYum, The Loadstar]:**
  - **About \$2 700/FEU** – on average for the end of February ;
  - **About \$4 000/FEU** – on average for March (offers published only by COSCO, Hapag-Lloyd, and ONE).
- Current Situation and Near-Term Outlook:** several lines announced a general rate increase (GRI) by approximately 40-50% starting March 1. Given the ongoing overcapacity and weak demand, rates are unlikely to stabilize at the new level. Thus, the market is entering another cycle: artificial rate increase via GRI, subsequent pullback due to market fundamentals and the need for new steps to support prices.
  - No shortage of container availability in China. Rental rates continued their decline in February, according to the [Container xChange](#) report.
- Medium- and Long-Term Outlook:** a return to the Red Sea transit will gradually release additional carriage capacity, which will eventually increase pressure on rates. New ship deliveries will continue to deteriorate the supply and demand balance: annual capacity growth of 6% in 2025-2028 is expected (changes in alliances may cause adjustments), with demand growth of 2,5% [JOC, DHL Global Forwarding]. Market recovery will depend on the state of the European and Chinese economies, U.S. tariff policy and changes in global trade.
  - Realignment of shipping alliances could reduce carriage capacity on the Asia-Northern Europe route by 11% [The Loadstar]. According to [Maersk](#), Gemini Alliance carriers will move to a completely revamped schedule from July 2025.

## Asia-Northern Europe WCI readings

2024 – 2025. \$/ FEU



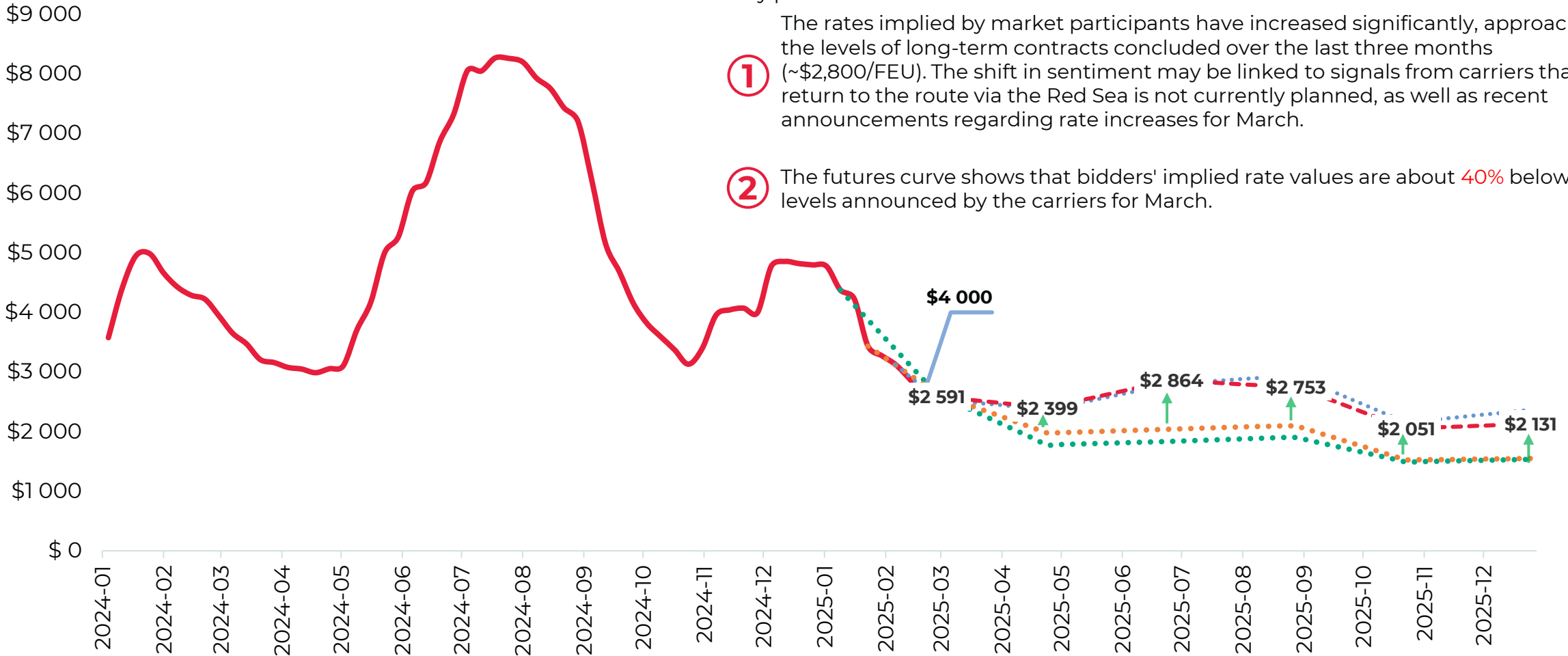


# OCEAN FREIGHT: OCEAN FREIGHT: EXPECTATIONS OF FUTURES MARKET PARTICIPANTS (COFIF/EC) FOR FREIGHT RATES HAVE REMAINED VIRTUALLY UNCHANGED OVER THE LAST 2 WEEKS.

— WCI Shanghai-Rotterdam, \$/FEU  
 ..... Futures curve as of 11/02/2025, \$/FEU

..... Futures curve as of 14/01/2024, \$/FEU  
 - - - Futures curve as of 25/02/2025, \$/FEU

..... Futures curve as of 27/01/2025, \$/FEU  
 — Market rates (indicative)



Key points to note about the futures' curve:

- 1 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.
- 2 The futures curve shows that bidders' implied rate values are about 40% below the levels announced by the carriers for March.



# CHINA-EAEU LOGISTICS MARKET

## Import and export trends

Negative

- **The Bank of Russia decided to keep the key rate at 21% on February 14, 2025.** Current inflationary pressures remain high. The growth of domestic demand continues to significantly outpace the expansion of the supply of goods and services. At the same time, the cooling of credit activity has become more evident, and the households' tendency to save is growing [[Bank of Russia](#)]. **Annual inflation is still well above 4%. A tight MPC will help to slow down the inflation rate and bring it back to the target in 2026** [[Bank of Russia](#)]. High price growth and reduced consumer demand will have a negative impact on imports into Russia in the short term.
- **EU approves 16th package of anti-Russian sanctions.** Among the areas affected: cutting off 13 banks from SWIFT, restrictions on 74 vessels of the “shadow fleet”, ban on supplies of software, equipment and technologies for oil and gas production, as well as sanctions against the ports of Astrakhan, Makhachkala, Ust-Luga, Primorsk, and Novorossiysk [[Kommersant](#), [Gruzopotok](#)].
- Sales of used passenger cars increased by **30%** YoY in January due to a low 2024 base, favorable offers and expected price revisions. **Demand is expected to shift further towards the aftermarket due to slower price growth compared to new cars** [[Kommersant](#)].
- **“Belaruskali” announced a possible reduction of potash fertilizer output in 2025 by 1 million tons due to repair works. The market expects potash prices to rise, including due to the expected introduction of US duties on Canadian exports** [[Kommersant](#)]. According to [Forbes](#), The US is ready to make a deal and ease sanctions against Belarusian potassium chloride, fertilizers may start to be supplied to the US market instead of Canadian ones.
- **Import rates from China to Moscow continued to decline via direct rail and multimodal transport.** Direct train rates are at ~\$7 300/FEU, which is ~\$500 lower than two weeks ago. **Rates for freight through the ports of the Far East decreased by ~\$150 up to ~\$5 650/FEU, while the railroad component increased to ~\$4,400, largely due to the exchange rate difference.**

## Other trends

- **The Government of the Russian Federation will additionally capitalize Russian Railways by 15 billion RUB to purchase locomotives and rolling stock** [[Interfax](#)].
- **According to Қазақстан теміржолшысы, 3 new Kazakhstan-China terminals will be launched in 2025: a logistics complex in Almaty, a logistics center CRK Terminal at Selyatino station in the Moscow region and a terminal at the port of Alyat in Azerbaijan.** Next year, the partners will launch logistics centers and terminals at Svisloch railway station (Belarus) and in Budapest (Hungary).
- **Kazakhstan and China parties agreed to double the train pass from Kazakhstan to China through the Altynkol-Khorgos border crossing starting March 1, from March 8 to up to 15 trains per day, and from July 1 through the Dostyk-Alashankou border crossing - from 14 up to 28 trains per day** [[Қазақстан теміржолшысы](#)].

## ⇄ OTHER LOGISTICS TRENDS

- **Economics** The Government of the Russian Federation will additionally capitalize Russian Railways by 15 billion RUB to purchase locomotives and rolling stock [[Interfax](#)].
- **Key nomenclatures** The cost of potash fertilizers rose to \$214 per ton in early 2025. According to [Kommersant](#), this occurs due to the following trends:
  - Natural transition to growth after hitting bottom in 2024;
  - Expiration of long-term Indian and Chinese contracts;
  - Statements by major potash producers on volume reduction in 2025 amid planned repairs. “Belaruskali” announced possible output reduction by 1 million tons (~8-10% of annual production), ‘Uralkali’ - by 300 thousand tons;
  - US President imposed duties on Canadian imports, including potash, where Canada covers more than 85% of US demand. According to [Forbes](#), According to Forbes, the US is ready to make a deal and ease sanctions against Belarusian potassium chloride, fertilizers may start to be supplied to the US market instead of Canadian ones.
- ▲ **Infrastructure** According to [Қазақстан теміржолшысы](#), 3 new Kazakhstan-China terminals will be launched in 2025: a logistics complex in Almaty, a logistics center CRK Terminal at Selyatino station in the Moscow region and a terminal at the port of Alyat in Azerbaijan.
  - Next year, the partners will launch logistics centers and terminals at Svisloch railway station (Belarus) and in Budapest (Hungary).
- ▲ **Kazakhstan – China boarder** The meeting of the management of KTZ and the Chairman of the Board of Urumqi Railroad was held in Urumqi. It is noted that the volume of transportation between Kazakhstan and China amounted to a record 32 million tons, +13% YoY [[Қазақстан теміржолшысы](#)].
  - During the discussions, the Kazakh side reported on the early completion this year of the construction of second tracks on the section Dostyk - Moyinty and the railway line bypassing Almaty, which will significantly increase capacity in the direction of China.
  - The parties agreed to double the train pass from Kazakhstan to China through the Altynkol-Khorgos border crossing starting March 1, from March 8 to up to 15 trains per day, and from July 1 through the Dostyk-Alashankou border crossing - from 14 up to 28 trains per day.

# ← POSSIBLE SCENARIOS FOR THE DEVELOPMENT OF TRADE RELATIONS BETWEEN EUROPE AND CHINA UNDER THE INFLUENCE OF US TRADE POLICY →

Factor	Scenario 1: Escalation of trade wars	Scenario 2: Partial normalization	Scenario 3: Diplomatic rapprochement of the EU and China
<b>EU and China Tariff Policy</b>	Increased fees on both sides, new restrictions on Chinese electric cars, steel and aluminum. China responds with measures against imports of European agricultural products and industrial goods.	The EU reduces rates on vehicles for the US but maintains restrictions on the Chinese car industry. Spot concessions in other sectors are possible. China retains limited retaliatory measures on imports from the EU.	EU and China reach an agreement to reduce barriers in certain sectors (e.g., agricultural products, technology), but the Chinese car industry remains under restrictions.
<b>U.S. Tariff Policy</b>	The US is increasing rates against China and the EU. European industry, especially the auto industry and pharmaceuticals, is facing another serious blow.	The EU is seeking to avoid a trade tariff war with the US by offering concessions in the auto sector but remains under pressure on other positions.	The EU and US have an agreement on rates, but China gets limited benefits.
<b>Chinese exports to Europe</b>	Reduced exports of Chinese automobiles and potentially other nomenclature due to tariffs.	Further growth in industrial and consumer goods exports, but autos and electronics are under pressure.	Export growth in sectors where barriers have been removed, but auto industry remains limited.
<b>European exports to China</b>	Impact of mirror restrictions and reduction of imports of European agricultural products, equipment supplies.	Stagnation. Consumer appetite in China and the competitiveness of European manufacturers play a crucial role.	Export growth in priority sectors (agricultural products, pharmaceuticals, technologies).
<b>Overall effect</b>	Slowdown in trade circulation, rising cost of supplies.	Moderate growth rates of trade volumes between Europe and China (rates correlate with GDP dynamics), but risks remain. The EU has to maneuver between the US and China.	Accelerating trade, reducing barriers in certain sectors.

# 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

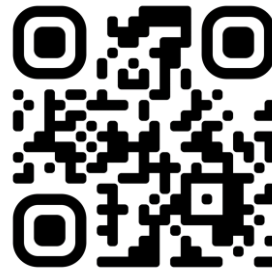
## Update frequency

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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