

ERAI

Eurasian Rail Alliance Index

EURASIAN LOGISTICS MARKET UPDATE

MAIN INSIGHTS FOR THE SECOND HALF OF JANUARY

Container
volume



Freight
rates



Ocean
freight



Rail
freight



Other logistics
trends



Issue 2: January 30, 2025



Issue 3: February 13, 2025

CHINA-EUROPE LOGISTICS MARKET

Demand outlook

Mixed

- The HCOB Flash Eurozone PMI by [S&P Global](#) indicates that **manufacturing activity in the Eurozone remained in recession in January, though the decline slowed. Weak demand and reduced export orders continue to hinder economic recovery and demands prospects for container logistics.**
- **The Chinese New Year and sluggish economic conditions in Europe are dampening demand. 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

Negative

- **WCI Shanghai-Rotterdam dropped 31% in the past month – to \$3,274/FEU [[Drewry](#)].** Although reportedly there are rates on the market with severe discounts (Shanghai-UK: \$2,300/FEU) [[The Loadstar](#)]. Rates may continue to decline both in the short and long term due to a multitude of market-related and other factors.

Other trends

- In Kazakhstan, train traffic has been launched ahead of schedule on the second track of the Balkhash – Moyunty section as part of the construction of second tracks on the Dostyk – Moyunty line [[Қазақстан теміржолшысы](#)]. This project stands as one of the largest and most strategically important infrastructure developments for the central Eurasian railway corridor, linking China with Europe and the EAEU.
- The Kazakh government has fast-tracked transport infrastructure development to enhance the Trans-Caspian route [[Қазақстан теміржолшысы](#)]. Key projects include: construction of the Moyunty – Kyzylzhar railway line, upgrades to the Kyzylzhar-Aktau railway corridor, expansion of the Altynkol – Zhetigen route.
- ADY Express and Hellmann Worldwide Logistics have launched a joint cargo transport service via the Trans-Caspian International Transport Route (The Middle Corridor, TITR) [[ADY Express](#)]. A 55 FEU container train traveled through Kazakhstan, the Caspian Sea, Azerbaijan, and Georgia, reaching destinations in Eastern Europe, Turkey, and Germany.
- "China-Europe Express" now connects Ningbo and Wilhelmshaven with a 26-day transit time, positioning itself as a viable alternative to rail transport [[Global Times](#)].



CHINA-EUROPE RAIL CONTAINER VOLUME: JANUARY-DECEMBER 2024

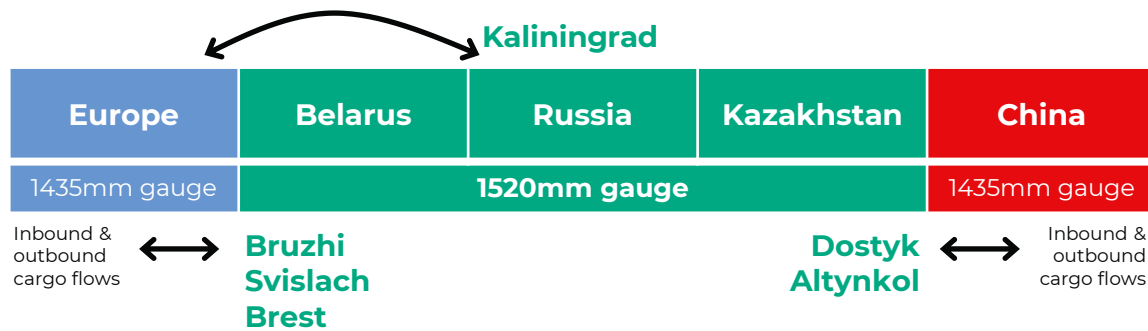
China-Europe-China, total

429,5 thousand TEUs **↑95%** YoY

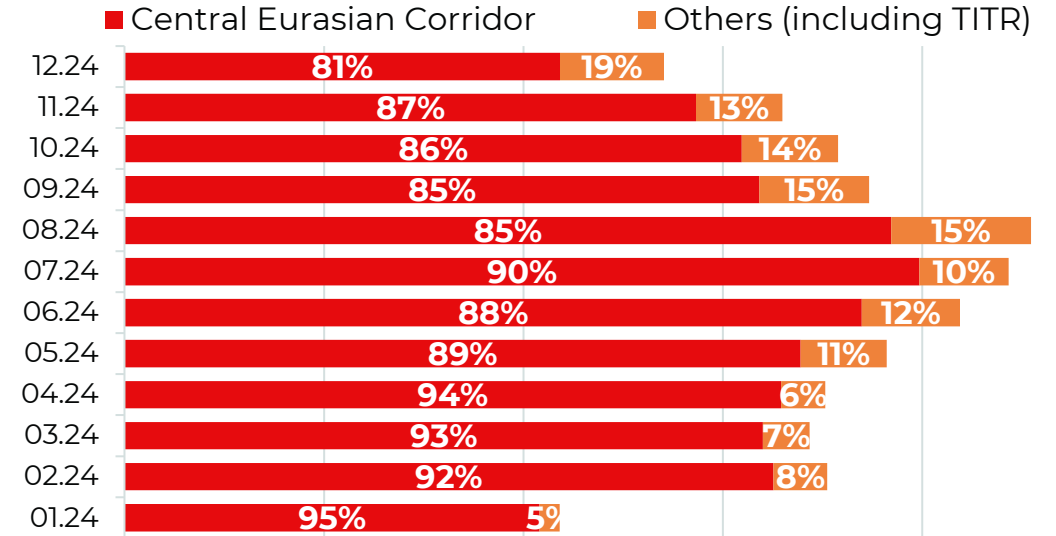
89% share of the Central Eurasian Corridor

11% share of other routes

Central Eurasian Corridor illustrated



Container volume trends over the year



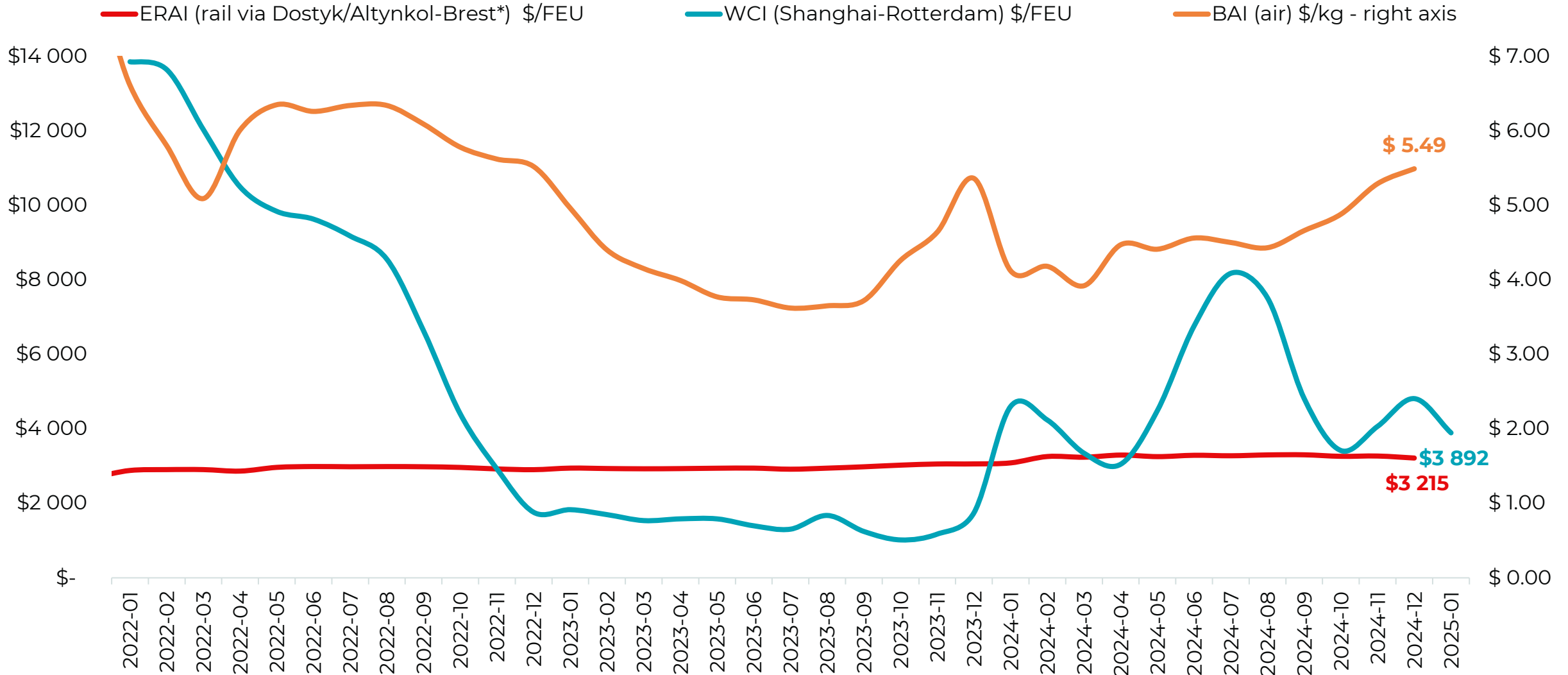
Freight flow by direction

■ China-Europe ■ Europe-China





COMPARISON OF FREIGHT INDICES: RAIL, OCEAN AND AIR



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



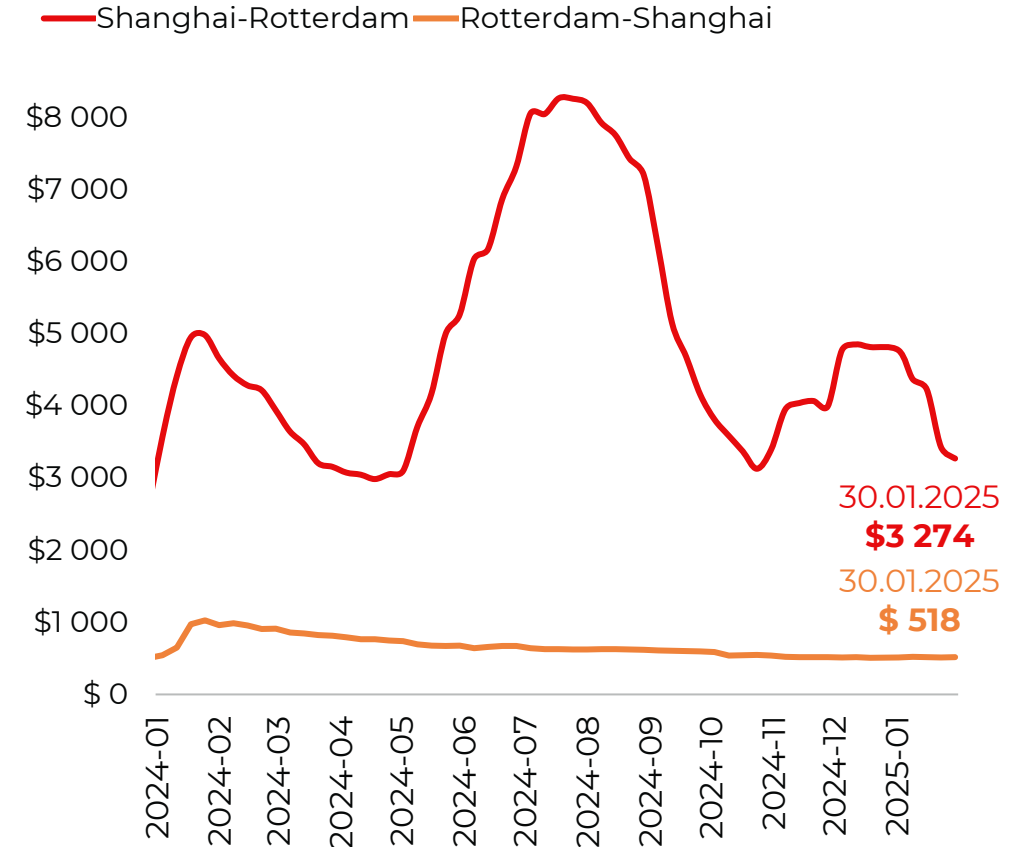
OCEAN FREIGHT (ASIA-EUROPE): SEASONAL DEMAND SLOWDOWN, INTENSE COMPETITION FOR CARGO, AND A DOWNWARD TREND IN FREIGHT RATES

▼ **WCI Shanghai-Rotterdam dropped by 31% MoM – to \$3,274/FEU (-30% YoY). WCI Rotterdam-Shanghai went up marginally MoM – to \$518/FEU (-50% YoY) [Drewry]. Rates may continue to decline both in the short and long term.**

- **Near-term outlook:** the Chinese New Year and sluggish economic conditions in Europe are dampening demand. The market will remain under pressure due to excess capacity and intense competition for cargo. Rates are most likely to continue declining unless there is a sharp increase in freight volumes. According to [Flexport](#)'s analysis, the trade tensions between the U.S. and China could provide a slight boost to China-Europe shipments. Current average rates on the Asia-Northern Europe market:
 - Around \$3,300/FEU for the first half of December [[Linerlytica](#), [GeekYum](#)];
 - The market has seen offers well below index values, reaching \$2,300/FEU on the Shanghai-UK route [[The Loadstar](#)].
- **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 expected annual capacity growth of 6% in 2025–2028 [[JOC](#)]. Market recovery will depend on the economic conditions in Europe and China, U.S. tariff policies and subsequent changes in global trade.
 - During the normalization of Red Sea shipping routes, a short-term period of increased volatility is possible due to adjustments in route networks and rising port congestion. This phase may lead to a temporary uptick in freight rates.
- ▲ **A new direct shipping route, "China-Europe Express", has been launched between Ningbo and Wilhelmshaven, with a 26-day port-to-port transit time [Global Times].**
 - The route operates directly, without calls at intermediate ports, making the service competitive with rail transport in terms of delivery speed. It is designed for high-value cargo, such as electronics, automobiles, solar panels, and other categories that typically favor rail transportation.

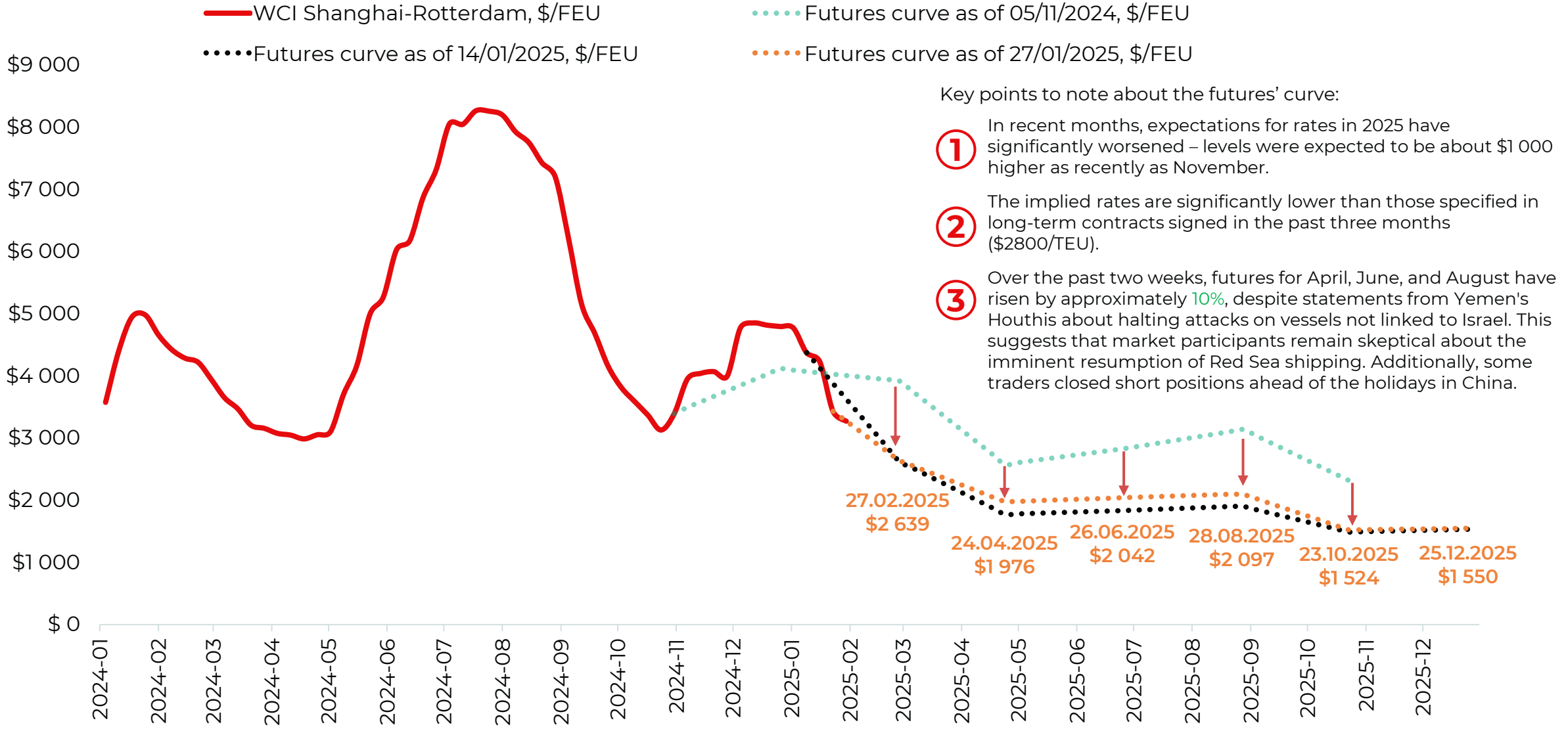
Asia-Northern Europe WCI readings

2024 – 2025, \$/FEU





OCEAN FREIGHT: FREIGHT RATE FUTURES (COFIF/EC) EXPECTATIONS HAVE RISEN BY 10% IN THE PAST TWO WEEKS



- Key points to note about the futures' curve:
- 1 In recent months, expectations for rates in 2025 have significantly worsened – levels were expected to be about \$1 000 higher as recently as November.
 - 2 The implied rates are significantly lower than those specified in long-term contracts signed in the past three months (\$2800/TEU).
 - 3 Over the past two weeks, futures for April, June, and August have risen by approximately 10%, despite statements from Yemen's Houthis about halting attacks on vessels not linked to Israel. This suggests that market participants remain skeptical about the imminent resumption of Red Sea shipping. Additionally, some traders closed short positions ahead of the holidays in China.

CHINA-EAEU LOGISTICS MARKET

Import and export trends

Mixed

- **The Bank of Russia is observing a gradual slowdown in business activity growth and a decline in market optimism [Kommersant].** Russian companies are anticipating an inflation rate of 10.7% in 2025 [Kommersant]. On February 14, the Central Bank of Russia will deliberate on potential adjustments to the key interest rate. Most analysts expect it to be lowered or kept at the same level - 21%. The balance of payments assessment for December indicates further deterioration in foreign trade trends [Bank of Russia].
- **According to market participants, container rates remained stable despite the high season. With expectations of a slowdown in trade with China following the Chinese New Year. This seasonal trend may lead to a decline in rates thereafter [SeaNews].**
- Import rates from China have shown minimal fluctuation over the past two weeks, with direct China-Russia train rates at ~\$8,900/FEU (COC). However, this is still a quite high level. **Rates for shipments through Far Eastern ports of Russia are also at an elevated level at ~\$6,000/FEU (SOC), of which ~\$4,500 is attributed to the rail component.**
- Russian Railways is working on additional measures to increase transportation from the Far East. At the same time, operators continue to face challenges in securing empty wagons for incoming imports. **Starting February 2nd, Russian Railways introduces a temporary ban on the transportation of empty wagons, regardless of ownership, from all stations of all railway administrations to all stations of Russian Railways to all consignees. The duration of the restriction is not specified.**
- **Belarusian tax authorities have begun imposing VAT on the transportation of containers to loading/unloading sites for shipments under SMGS consignment notes [MTD RB].** However, non-residents are exempt from this requirement, providing a competitive advantage to foreign freight forwarders.

Other trends

- In 2024, container turnover at Russia's Far East ports reached 2.7 million TEUs, marking a 5% YoY increase [InfraNews]. Imports surged by 20% YoY to 1.24 million TEUs, while exports declined by 6% YoY to 690 thousand TEUs.
- The road transportation sector has seen significant growth on eastbound routes. In 2024, 589,2 thousand trucks crossed the borders with Mongolia and China, reflecting a 48.8% YoY increase. Imports: 327.4 thousand trucks (+38.3% YoY). Exports: 261.8 thousand trucks (+64.4% YoY) [InfraNews].

OTHER LOGISTICS TRENDS

- ▲ **Russia's Far East ports** In 2024, container turnover of Far Eastern ports of Russia reached 2.7 million TEUs, (+5% YoY or by 119 thousand TEUs) [[InfraNews](#)].
 - Import container transshipments increased by 20% YoY – to 1.24 million TEUs. Exports decreased by 6% YoY – to 690 thousand TEUs.
 - The share of the Far Eastern ports in the total Russian container turnover structure decreased from over 50% in 2022-2023 to 48% in 2024.
- **Belarus Imports & Exports** Belarusian tax authorities, during audits and inspections of transport firms, have started issuing fines to carriers for failing to pay VAT on freight transportation from the loading site to the railway station of departure for export shipments [[MTD RB](#)].
 - For large-scale shipments, this trend could increase the cost of goods. A similar situation applies to the import of raw materials, goods, and products into Belarus.
- ▲ **Russian Railways** Based on the results of 2024, the average freeing-running speed* of freight trains decreased by 5.1% – to 35.7 km/h, while the operating speed** decreased by 4.2% to 40.6 km/h. [[Gruzopotok](#), [Russian Railways](#)].
 - The annual decline in performance was partially offset by growth in the fourth quarter, which resulted from measures taken by Russian Railways to reduce infrastructure congestion. However, market participants note that these measures are leading to the formation of an imbalance in the rolling stock at loading and unloading points, such as ports..
- ▲ **Road freight** In 2024, 1.77 million trucks passed through Russia's border crossings (+10.7% YoY) [[InfraNews](#)].
 - In the east, through border checkpoints with Mongolia and China, a total of 589,2 thousand trucks passed, marking a 48.8% YoY increase. Of these, 327,4 thousand trucks entered Russia from China and Mongolia (+38.3% YoY), while 261,8 thousand trucks went eastbound from Russia (+64.4% YoY).

*Freeing-running speed (km/h) – the average speed of a train along a section, taking into account net travel time, acceleration and deceleration times, as well as dwell time at intermediate stations.

** Operating speed (km/h) – the average speed of a train along a section, considering net travel time as well as acceleration and deceleration times.

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

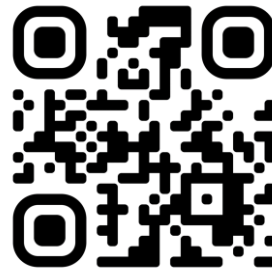
Update frequency

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

info@index1520.com

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