

Rail Services China / Europe

V3.5-20082012



China – Europe Rail Services

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Road Freight & Multimodal Strategic Accounts- Asia Pacific



Multimodal Services Structure China

Rail (Rail RDM)



- ▶ Central Asia
CIS Countries
Connection
- ▶ Europe
Connection
- ▶ Mongolia
Connection

Air (AFR RDM)



- ▶ RailAir
- ▶ SeAir

Land Bridge (RDM)



- ▶ Mini Land Bridge
(Port to inland
connection)
- ▶ Land Bridge
Transit via China to
CIS and Russia

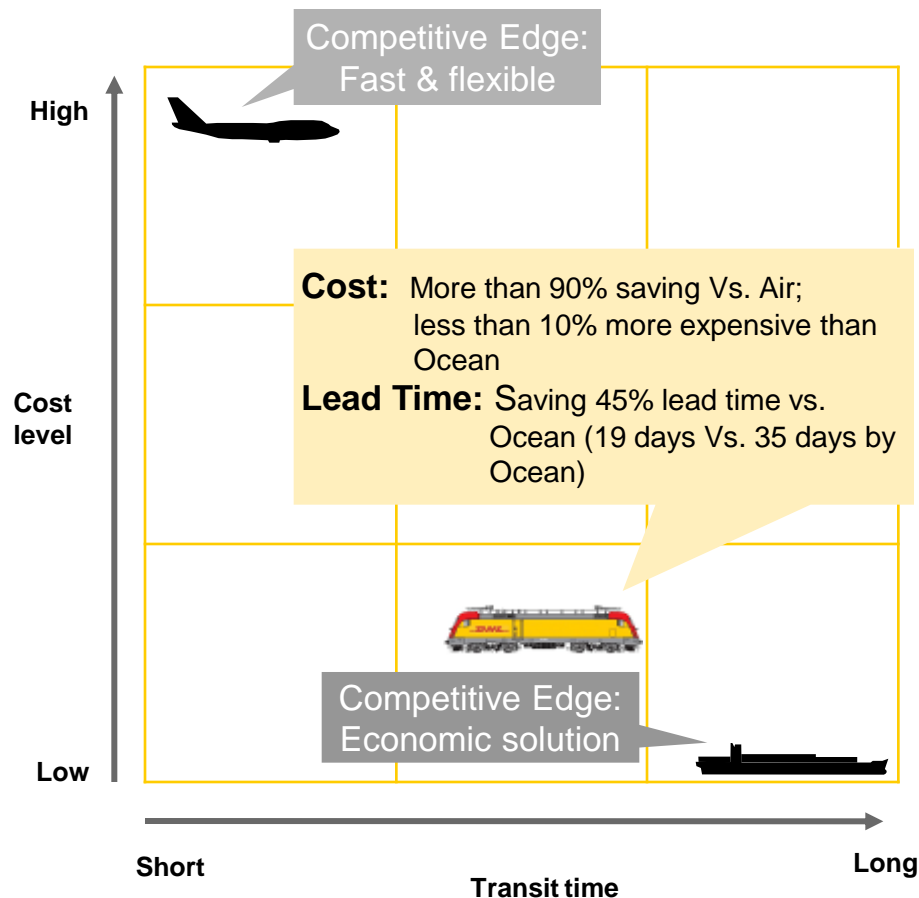
Road Freight



- ▶ Vietnam
(Truck)
Shenzhen BLP
- ▶ Russia
(Rail + Truck)
Urumqi
- ▶ Kazakhstan
(Rail + Truck)
Urumqi
- ▶ Mongolia
(Rail + Truck)
Tianjin

Why Rail?

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Main Benefits

- Cost savings - versus normal Air freight
- Short lead time – much faster than normal Ocean freight
- Simple Customs clearance on origin stations and same railway rate for bonded and non-bonded cargo
- Via our HUB Malaszewicze:
 - Split the cargo and go into delivery all over Europe, making use of DHL extensive Euroconnect Network, or
 - Use the Full Load Capacities either by Road or Rail for final destination in Europe
- Economic solution for heavy and bulk cargo
- Environment-friendly transportation

- All rates and transit times: MAY 2012
 - Based on Shanghai-Warsaw

Our Competitive Edge

The advantages of using DHL Rail China – Europe at a glance



Solution

Defined schedule and capacity providing fast and secure connection between Asia and Europe and/or Europe to Asia



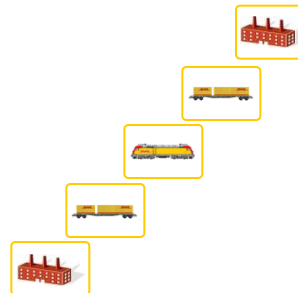
Reliability

You benefit from highly reliable door-to-door lead times



Flexibility

Whatever the load, whatever the destination, we have the best experts in the industry who can provide you the solutions you need



Tracking & Tracing

With our state-of-art Track & Trace system you are always informed of your shipment status



Security

Different level of security during the trip: physical security on the wide gauge route + RFID – Monitoring (min. twice a day)

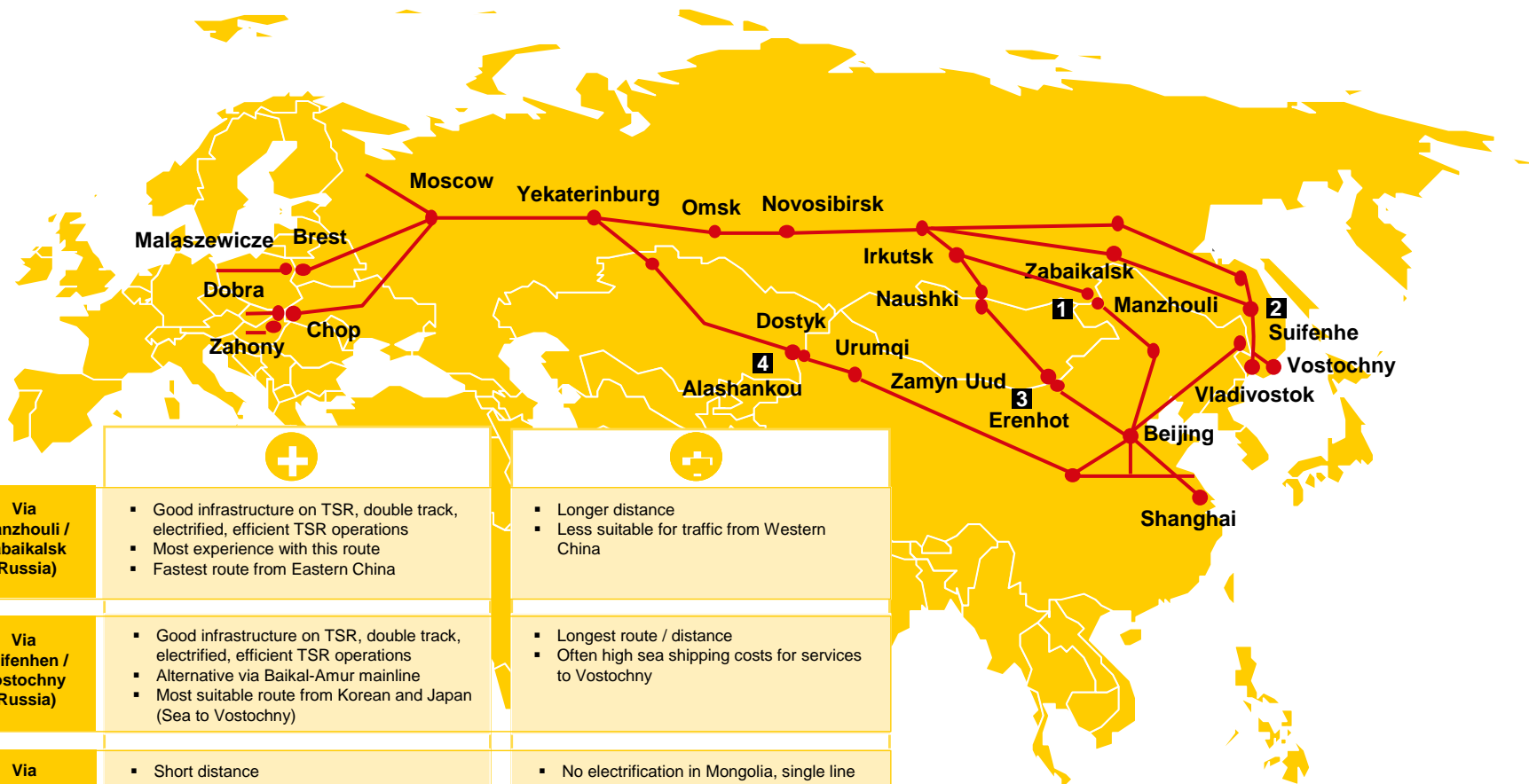


Climate Protection with Deutsche Post DHL

Environmental

We help you meet your environmental responsibility commitments

Asia – Europe Main Corridors



	+	+
1 Via Manzhouli / Zabaikalsk (Russia)	<ul style="list-style-type: none"> Good infrastructure on TSR, double track, electrified, efficient TSR operations Most experience with this route Fastest route from Eastern China 	<ul style="list-style-type: none"> Longer distance Less suitable for traffic from Western China
2 Via Suifenhen / Vostochny (Russia)	<ul style="list-style-type: none"> Good infrastructure on TSR, double track, electrified, efficient TSR operations Alternative via Baikal-Amur mainline Most suitable route from Korean and Japan (Sea to Vostochny) 	<ul style="list-style-type: none"> Longest route / distance Often high sea shipping costs for services to Vostochny
3 Via Erenhot / Zamyn-Uud (Mongolia)	<ul style="list-style-type: none"> Short distance 	<ul style="list-style-type: none"> No electrification in Mongolia, single line track, low capacity Security issues Additional border crossing
4 Via Alashankou / Dostyk (Kazakhstan)	<ul style="list-style-type: none"> Shortest route from China to Europe Strategic access to Western China Several terminal in Dostyk, alternative capacities constructed in Khorgos 	<ul style="list-style-type: none"> High frequency of trains, insufficient infrastructure Only in development stage, lack of wagons Security issues Additional border crossing

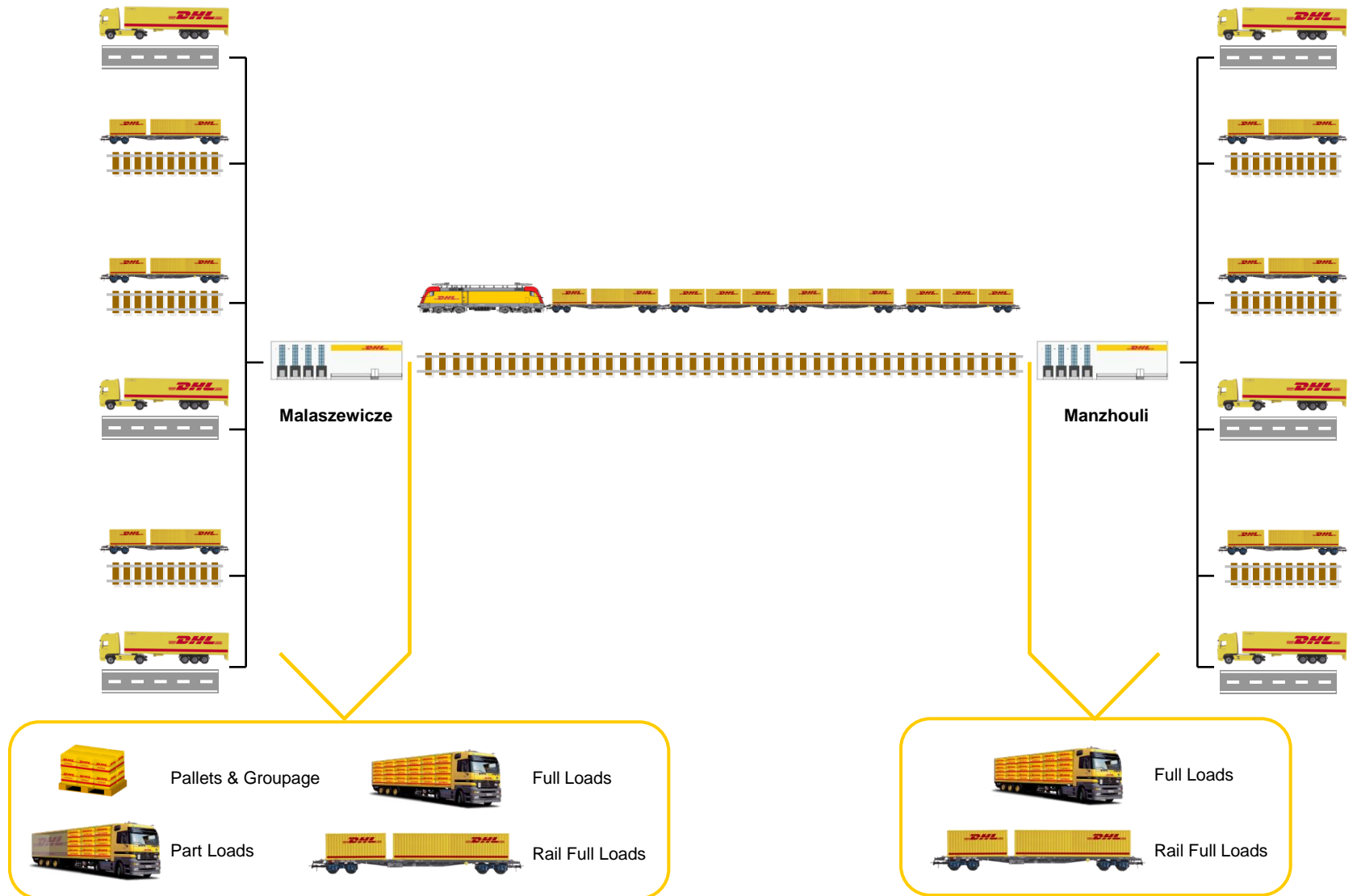
DHL Corridor



- Main Rail Lane
- Korea / Japan connections

Chinese Railway:	3,233 km for Shanghai to Manzhouli on standard gauge of 1,435 mm
Transfer Stations 1:	Manzhouli (CN) / Zabaikalsk (RU)
Trans Siberian Railway:	8,500 km for CIS Russia/Ukraine on wide gauge of 1,520 mm
Transfer Stations 2:	Brest (BY) / Malaszewicze (PL)

Operational Model



DHL European Rail Center Hub Malaszewicze

DHL Hub Malaszewicze

- In our dedicated Malaszewicze Hub we will take care of your goods in transit from/to China and Europe
- Movements from/to Malaszewicze from the various European destinations will take place in your preferred transport mode
 - Road: as LTL, PTL or FTL
 - Rail as FCL
- Transport from/to China will be exploited by rail
- External supervision of re-loading from rail to truck included

Pallets & Groupage



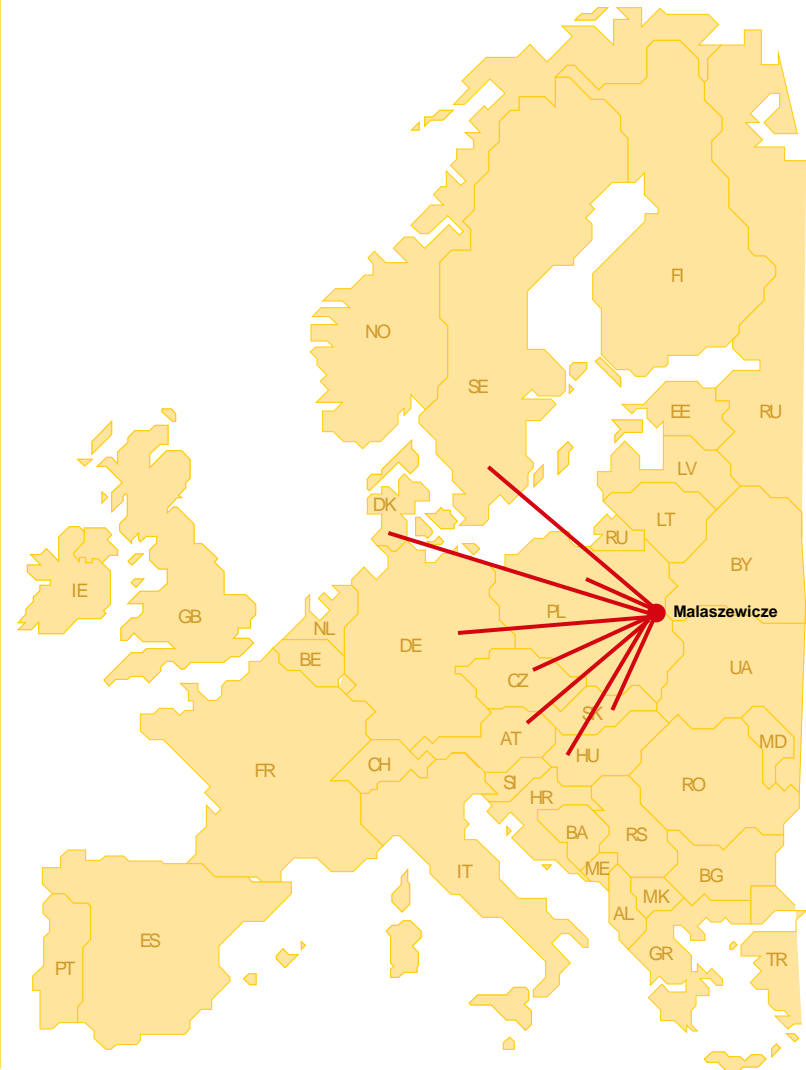
Part Loads



Full Loads



Rail Full Loads



Service Specifications – What is DHL Offering

Service Briefing

- Service Availability: East Bound and West Bound traffic – Block Train and Single Container Movement
- Equipment Control: Rail Operator own equipment
- North Route : Shanghai – Manzhouli – Zabaikalsk → Via Trans Siberian Rail and arriving at Brest/Malaszewicze
- Regular Origin Service Locations
 - Shanghai / Tianjin / Qingdao / Dalian /Shenyang / Chongqing
 - All other locations will be connected to above stations by bonded/non bonded trucking services
- Main Destinations:
 - Poland / Slovakia / Hungary / Czech Republic / Austria / Germany, Netherlands, Belgium, Nordics via Malaszewicze by truck connection

Transit Time & Schedule

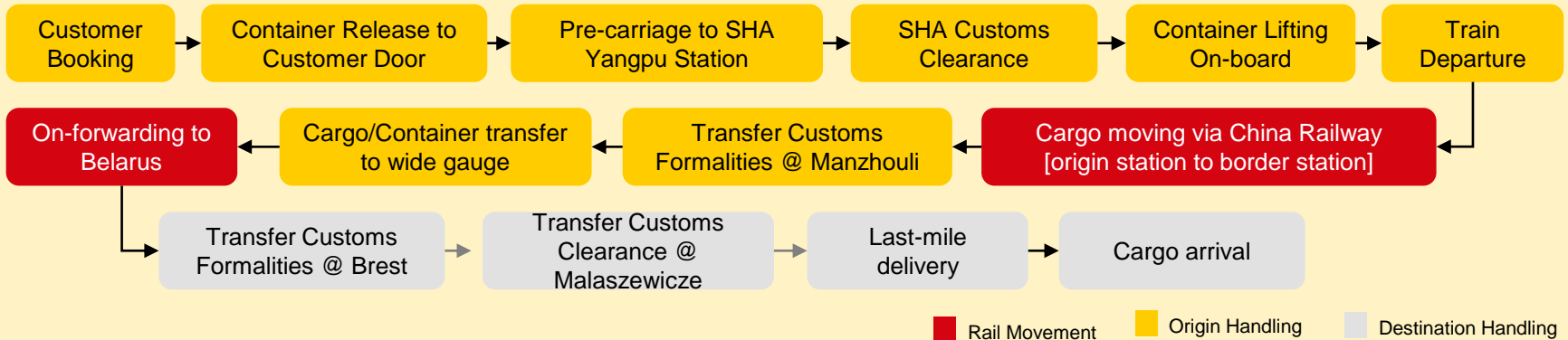
Examples	<u>Block Train (1 departure/week)</u>	<u>Single Container:</u>
▪ Shanghai-Warsaw	21 days	28 days
▪ Tianjin-Budapest	22 days	28 days
▪ Shenzhen-Frankfurt	22 days	30 days

Security & Insurance

- Security Solution: Physical Security on the wide gauge route + RFID – Monitoring (min. twice a day)
- Compensation Liability: In accordance with Convention concerning International Carriage by Rail (COTIF), Uniform Rules concerning the Contract for International Carriage of Goods by Rail (CIM) and/or Agreement on International Carriage of Goods by Rail (SMGS) whichever is higher

Basic Process and Transit Time

Process: Departure from Shanghai to Europe via Russia



Transit Time Sample (Westbound) – A Classical Benchmark

Country	Location	Activity	Days																						
			-1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
China		Dispatch Planning																							
China	Shanghai	Departure																							
Transit																									
China	Manzhouli	Customs Clearance																							
Russia	Zabaikailsk	Gauge Change																							
Russia	Zabaikailsk	Disptach planning																							
Russia	Zabaikailsk	Train Departure																							
Transit																									
Belarus	Brest	Customs Clearance																							
Poland	Malaszewicze	Gauge Change																							
Poland	Malaszewicze	Unloading Train																							

* Containers are shifted from Standard gauge train to Wide gauge trains, and vice versa, at China/Russia and Belarus/Poland borders. The shift is necessary because of the difference of track's gauge between Russia, including former CCCP countries, and other countries.

Benefits to Customers

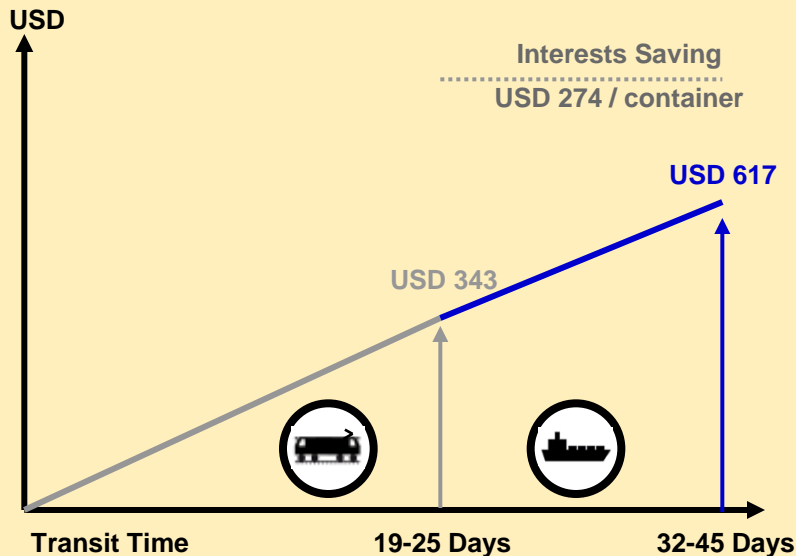
- ✓ • Extensive coverage across Europe
- ✓ • Complete transport concepts based on railway
- ✓ • Door-to-door solutions
- ✓ • Block train, wagon groups or single container service
- ✓ • Environmental friendly solutions
- ✓ • Flexibility to meet business peaks and market fluctuations
- ✓ • Multimodal service capabilities
- ✓ • Additional insurance coverage on request
- ✓ • Efficient handling of import, export and transit formalities
- ✓ • Up to 27 (or 30) Ton payload
- ✓ • Standard and on-demand service performance reports
- ✓ • DHL Rail Competence Center in place



Key Selling Points

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Saving Interests

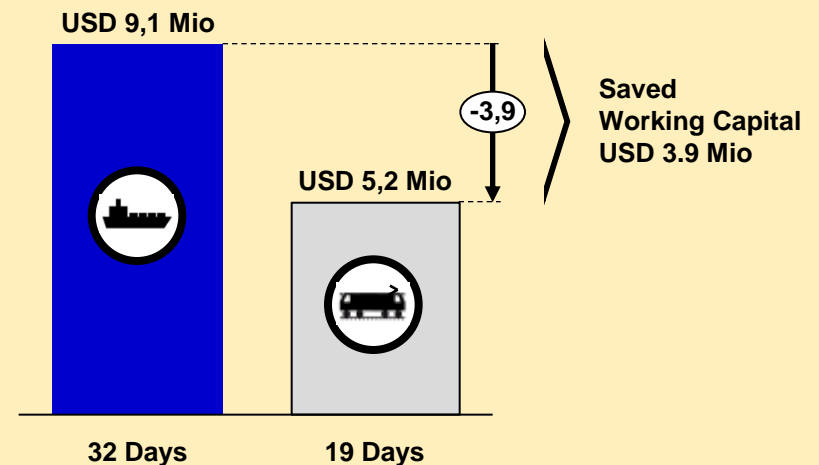


Value per Container USD 100,000	
Interest p.a.	USD 5,000
Interest per day	USD 13.70

45 days*	USD 617
25 days*	USD 343
Difference	USD 274

* Longest transit time considered

Reducing Working Capital



Value per Container USD 100,000 1,000 Container / Year	
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Mode	Rail	Sea
Transit time in days *	19	32
Shipment per year	19	11
Working Capital	USD 5.2 Mio	USD 9.1 Mio

* Eastern Europe Countries + Inland locations in EU including origin cut off time for OFR fastest transit time

* Block train transit time to EEC countries

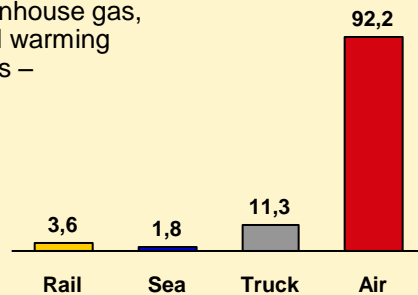
Rail Environmental Impact

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Ecological footprint of sample shipment of 15.3 Tons from Shanghai City District to Vienna City District

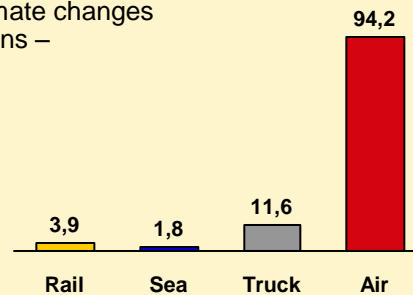
Carbon Dioxide (CO₂)

Greenhouse gas,
global warming
– tons –



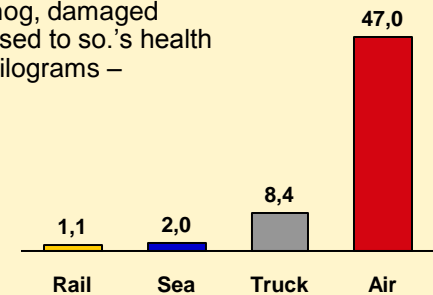
CO₂ Equivalent

Climate changes
– tons –



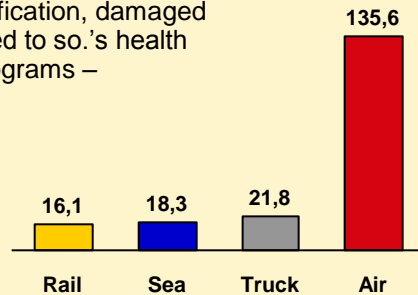
Nonmethane Hydrocarbon

Smog, damaged
caused to so.'s health
– kilograms –



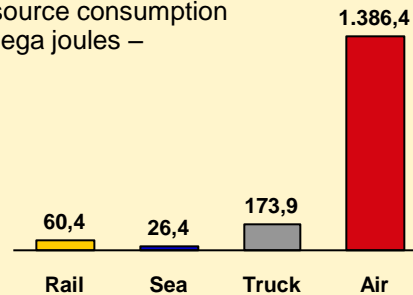
Sulfur Dioxide

Acidification, damaged
caused to so.'s health
– kilograms –



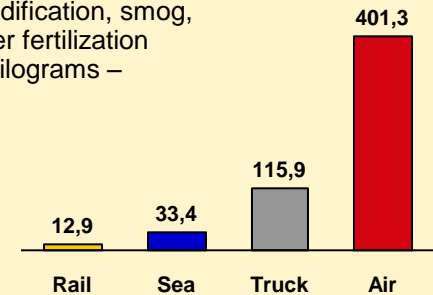
Primary Energy

Resource consumption
– mega joules –



Nitrogen Oxides

Acidification, smog,
over fertilization
– kilograms –



- Compared with Air, Rail has a significant ecological advantage
- Rail has slightly higher CO₂ emissions and uses more primary energy than Sea
- Rail has an advantage on all Air, Sea and Truck in non methane hydrocarbon and sulfur dioxide

Additional Security – Electronic Seal / GPS

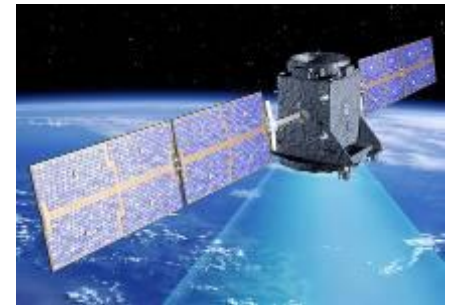
The Device



- based on the global GSM network for communications and the GPS system for positioning.
- Knows where the asset is, has it been tampered with and it can let you know

- GPRS communication interval (configurable). Default 4 inventory reports
- GSM reporting when GPRS is unavailable
- Position reports via GPRS at a little as 5mins intervals. (Configurable) nnn=0-288
- GPS positioning cycle during movement 5minutes adjustable (nnn=) to 288) (default 5min)
- Positional, Status and inventory stored onboard for automatic download when communications coverage is unavailable
- Automatic report of status change

Basic Parameters



The System



- configured in its default setting to automatically notify you through email and SMS of any alert situations that occur
- Fully managed tracking system with a manned control centre that can monitor and action alerts as they happen.

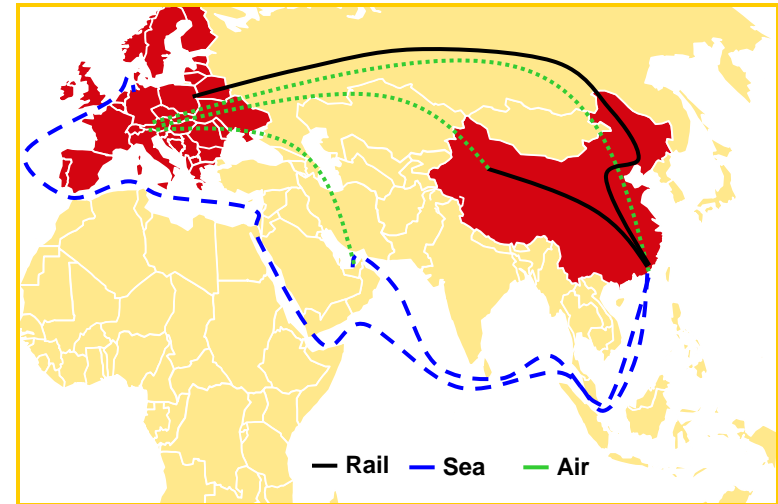
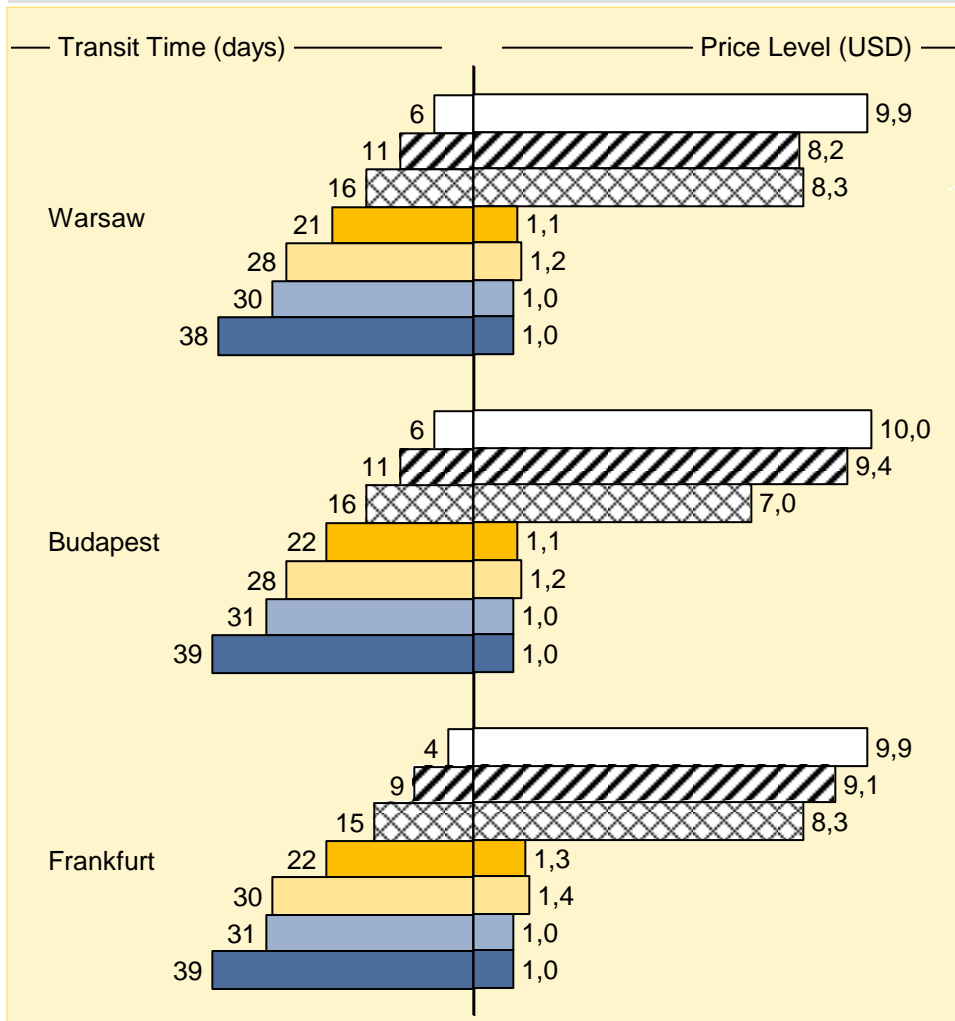
Costs and Transit Time Comparison Different Transport Mode (1/3)

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INFORMATION



From Shanghai to ... (Door to Door)



- Price level based on Ocean Freight = 1,0
- Costs calculated based on
 - 1 FEU = 15.3 Ton for Air Freight, RailAir and SeAir comparison

All rates and times: MAY 2012;

- 1) Transit time = Door to Door transit time
- 2) Frankfurt via Hamburg,
- 3) FOR T/T range means from best case to worst case

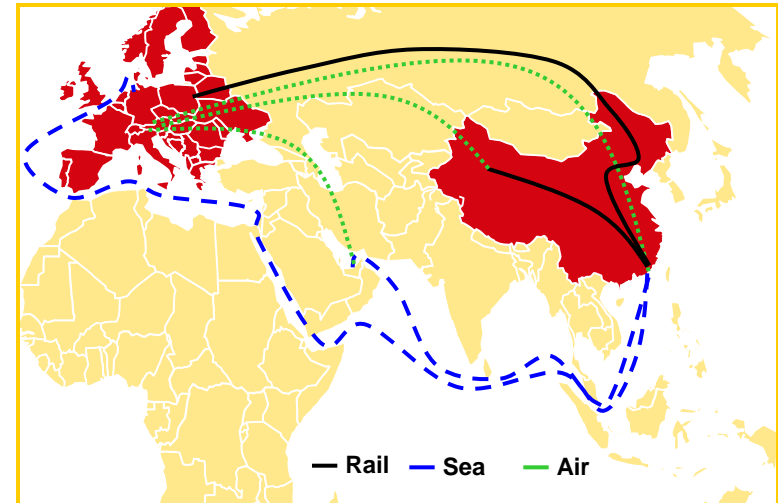
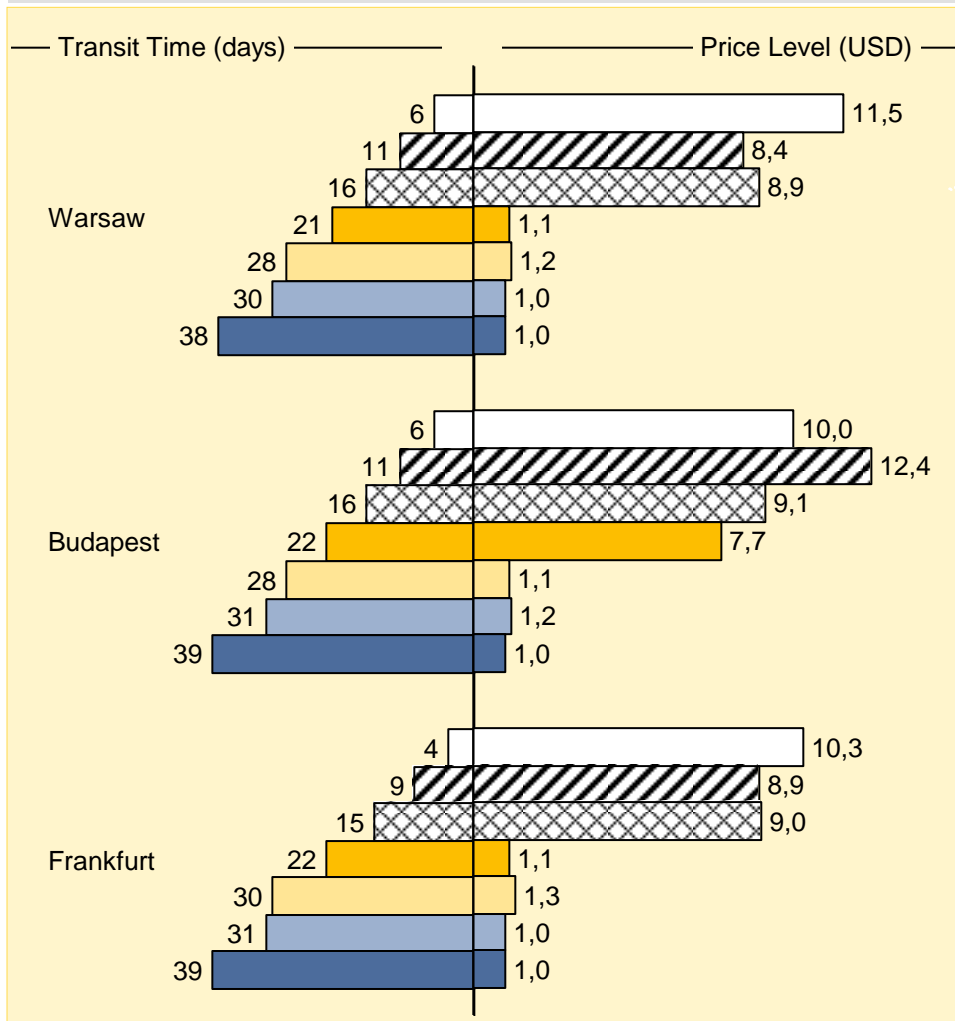
Costs and Transit Time Comparison Different Transport Mode (2/3)



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From Tianjin to ... (Door to Door)



- Price level based on Ocean Freight = 1,0
- Costs calculated based on
 - 1 FEU = 15.3 Ton for Air Freight, RailAir and SeAir comparison

All rates and times: MAY 2012;

- 1) Transit time = Door to Door transit time
- 2) Frankfurt via Hamburg,
- 3) FOR T/T range means from best case to worst case

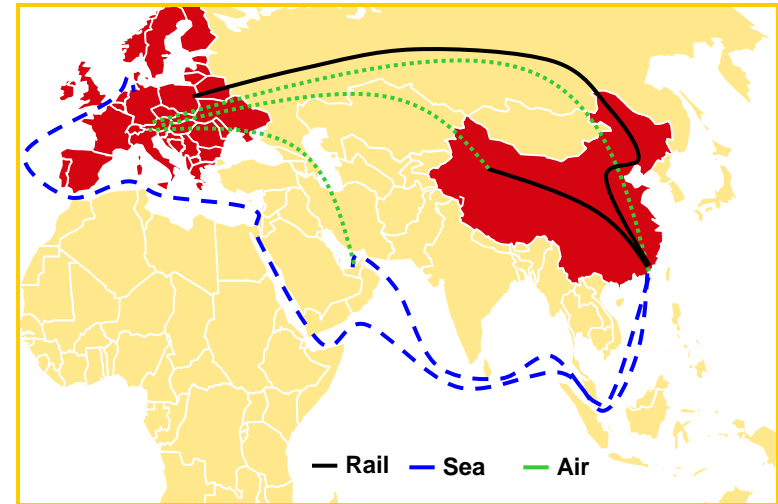
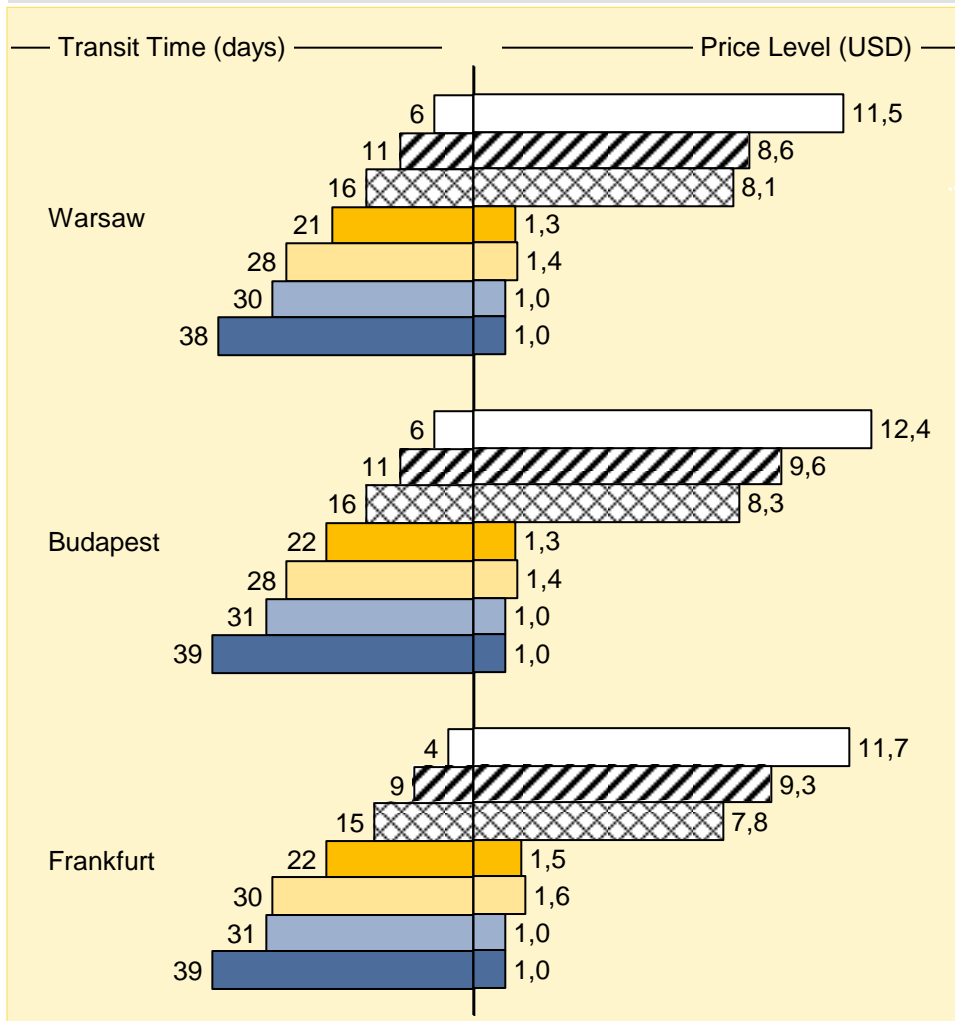
Costs and Transit Time Comparison Different Transport Mode (3/3)

ILLUSTRATIVE

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INFORMATION



From Shenzhen to ... (Door to Door)

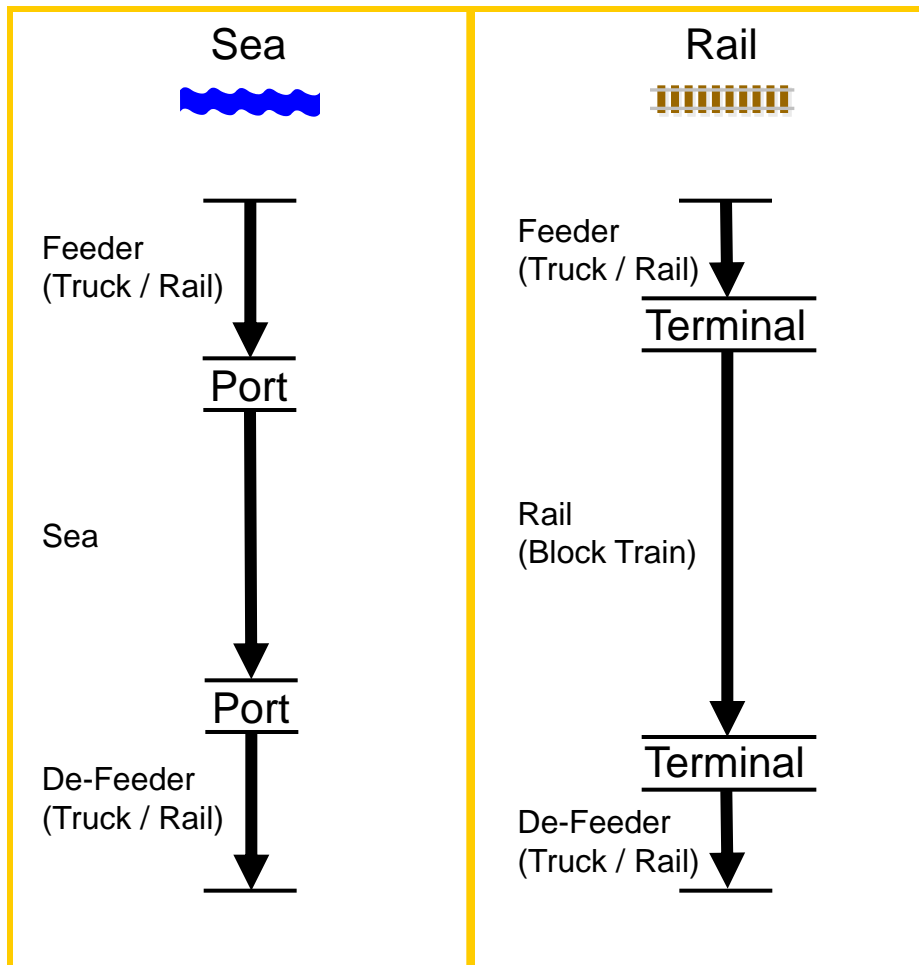


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- Costs calculated based on
 - 1 FEU = 15.3 Ton for Air Freight, RailAir and SeAir comparison

All rates and times: MAY 2012;

- 1) Transit time = Door to Door transit time
- 2) Frankfurt via Hamburg,
- 3) FOR T/T range means from best case to worst case

Comparison Sea Vs. Rail



Critical decision factors

- Sea freight cheaper than Rail when comparing main / long haul legs
- In overall Origin/Destination comparison the Rail pricing is closer to Sea pricing than often perceived

Analysis of the Europe-Asia Rail Corridor



Project by UIC to establish the viability of a rail link between Europe and Asia, thus responding

to the increasing demand for rail-based logistics systems in a context of globalised trade

Interview Partners

- Customers, Shippers
- Forwarders
- Associations
- Specialized Operators/Forwarders
- Railways
- Sea Shipping lines

Value of Goods

Medium Rail Affinity

- Rail to compete via time sensitivity and lead time
- Strong price competition Sea

High Rail Affinity

- High feeding cost Sea, e.g. lower price disadvantage Rail
- Best time positioning

Low Rail Affinity

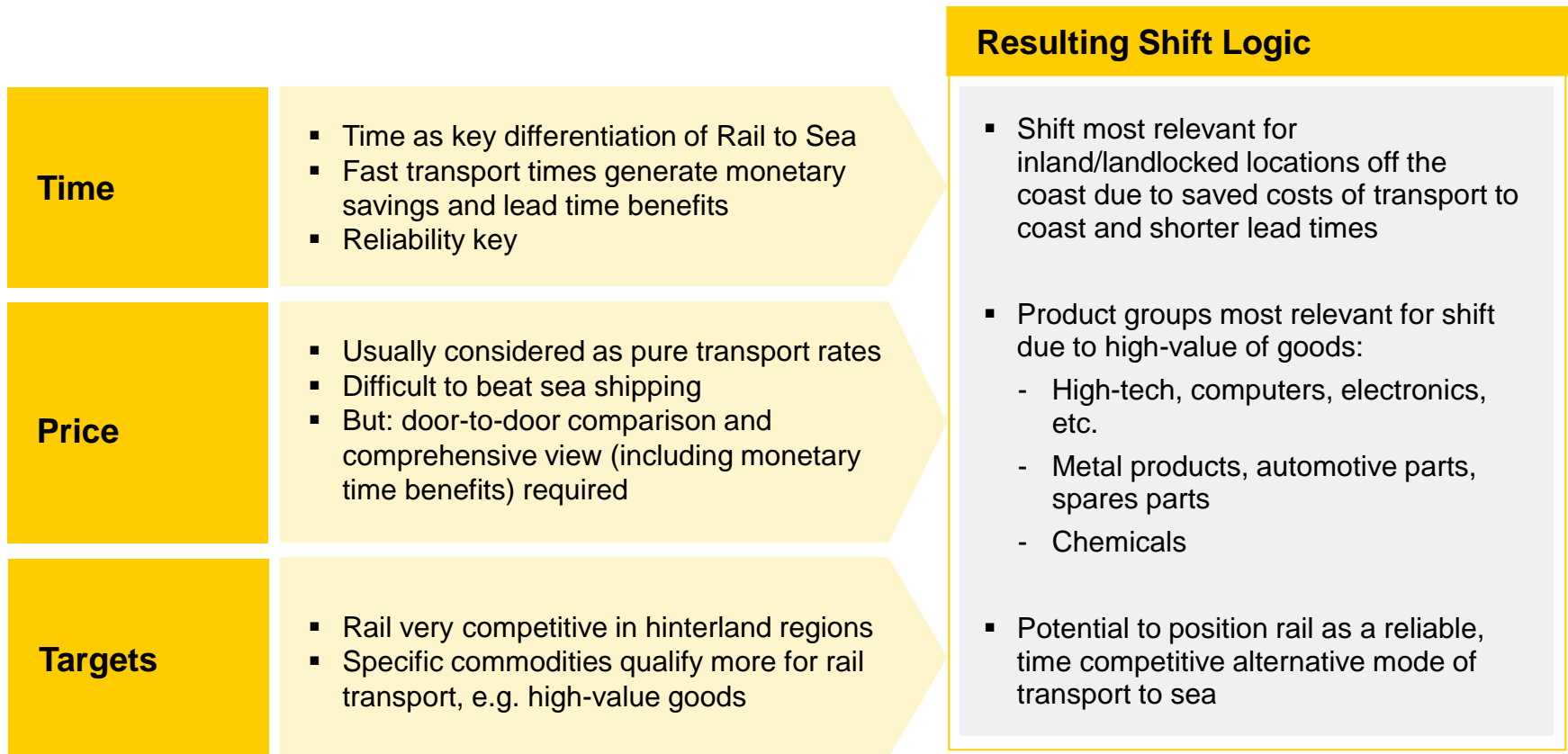
- Reduced time advantage
- Price key criteria, e.g. Sea advantageous

Medium Rail affinity









- High feeding cost Sea
- Rail can compete for low value cargo
- Case by case decision

Distance to next port

Logic of Rail Shift Scenarios / Shift Assumptions



On the Europe-Asia Corridor Rail should Focus on Specific Commodities

Commodities	Rail Target	Comments
High Value		<ul style="list-style-type: none"> Highest working capital savings
Automotive, parts		<ul style="list-style-type: none"> Time sensitive, just-in-time production, high value, often heavy
High-Tech, electronics, FMCG, Computers		<ul style="list-style-type: none"> Mostly high value, sometimes high volume/low weights Temperature sensitive
Chemicals		<ul style="list-style-type: none"> Low containerization for high value chemicals Dangerous goods mostly seen critical due to complex permissions, but also critical on other transport mode. Potential for rail positioning
Spare Parts		<ul style="list-style-type: none"> Time sensitive
White Goods		<ul style="list-style-type: none"> High volume and weight
Health Care		<ul style="list-style-type: none"> Only singularly mentioned
Fashion & Apparel		<ul style="list-style-type: none"> Price sensitive, prior start of season time sensitive
Food		<ul style="list-style-type: none"> Temperature/cooling issues, time sensitive

Source: UIC/Icomod 2011, RFM Team



To get your business connected today please contact us at:



Name

Position

Phone ###

Mobile###

Fax ###

Mail ###@dhl.com

DHL Global Forwarding

Street

Postal Code/City

Country

To be deleted if
not used

Back-up

Documents Required for the Loading



1 Customs declaration authorization with company stamp – original

2 Commercial invoice – 2 originals

- Indication of trade term and place (e.g. CIF Vienna)
- Indication of invoice number
- Indication of country of origin (e.g. Made in China)
- Commodity description in Chinese
- Indicate currency mark on both unit and total price, keep 2-digit decimal for total price (e.g. USD 5018.38)
- Indicate UOM following quantity (e.g. pcs.)
- For many items, list the same sequence with declaration form
- Signature and company stamp are required

3 Packing list – 2 originals

- For many items, each item has to be followed with its own gross and net weight, volume in cubic meter. Keep 2-digit decimal for weight and 3 for volume
- Indication of invoice number
- Commodity description, quantity and sequence are same with invoice
- Indicate total number of pieces (e.g. 50 boxes). For different packaging, indicate total number of pieces (e.g. 99 packages)
- Signature and company stamp are required

4 Contract – copy

5 Foreign exchange collection certificate – original (9400)

6 Customs declaration form filled in by the shipper

FECC Document Return Timeline

Items	CASE A – China Origin Cargo	CASE B – Bonded Area Cargo	CASE C – BLP Cargo
Cargo Origin	China origin	Cargo bonded / Shipper consolidation	Cargo need earlier FECC
Trucking	Non-bonded	bonded	bonded
Customs EXP—1 st leg	Yangpu station	First Customs envelop in Bonded	First customs envelop in FTZ
Customs transit- 2 nd leg	no	Transfer to Yangpu	Transfer to Yangpu
Gate in (Yangpu Station)	Day -2	Day -1	Day -1
Custom transit-3 rd leg	Transfer to Manzhouli	Transfer to Manzhouli (<i>new envelop</i>)	Transfer to Manzhouli (<i>new envelop</i>)
Customs envelop sent by courier	Day 0	Day 0	Day 0
FECC	Btw Day 15-Day 20	Btw Day 15-Day 20	Btw Day 4-Day 7

To be deleted if
not used

Remarks

- **Case A** apply to cargo from China origin
- **Case B** apply to all the bonded cargo, cargo transfer by importing, like Korea, Japan, or other processing districts
- **Case C** apply to those high value cargo or those cargo which is sensitive to the time of FECC returning. And by going into BLP or FTZ, export is done and verified inside the BLP or FTZ, then the FECC can be finished within 4-7 days, it is much earlier than the Case A and B, which will cost 15-20 days, due to the final export custom in these two cases are in Manzhouli custom, FECC will only get verified after train arrived to Manzhouli- one week, and about another week for Manzhouli to process;



THANK YOU FOR
YOUR ATTENTION

