



## 15th Meeting of the CAREC Transport Sector Coordinating Committee

20-22 April 2016 • Bangkok, Thailand



# Integrated Logistics Service

## Discussion case study

Based on TransContainer and UTLC presentation materials



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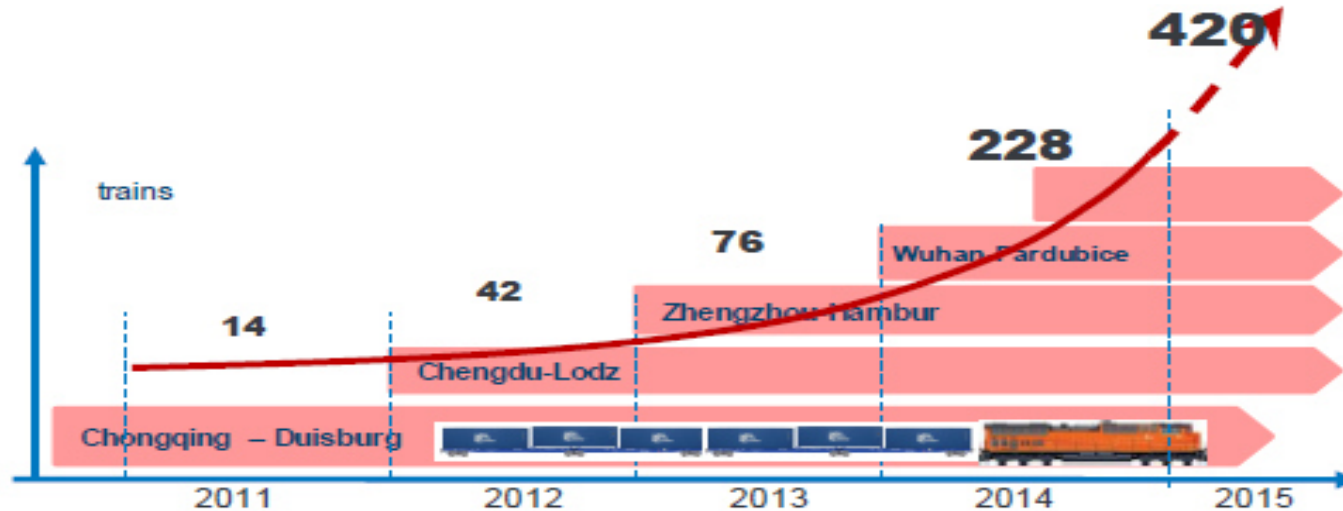
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# Growth of container traffic



Audi



Route	2011	2012	2013	2014
Chongqing - Duisburg	14	40	35	92
Chengdu - Lodz		1	30	45
Zhengzhou - Hamburg			11	71
Wuhan - Pardubice		1		19
Yiwu - Madrid				1
<b>Total</b>	<b>14</b>	<b>42</b>	<b>76</b>	<b>228</b>





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# Competition between rail and sea routes





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# **Unified Transport and Logistics Company (UTLC)**

- **Key Objectives:**
  - Improve balance of containerized freight between westbound (to EU) and eastbound (to PRC) traffic
  - Set competitive harmonized tariffs to increase freight volumes (taking over maritime and air market share)
  - Utilize logistics terminal network to improve utilization of backhauls
  - Improve utilization of dedicated assets of shareholders and improve logistics infrastructure
- Was established on 13 November 2014
- Volume of operations in 2015 – 48,300 FTE
- Plan for 2016 – 80,000 FTE



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# UTLC assets

- Border transshipment terminals – 5
- Cargo terminals – 67
- Fitting platforms – 33,000
- ISO containers – 71,000
- Delivery trucks – 870







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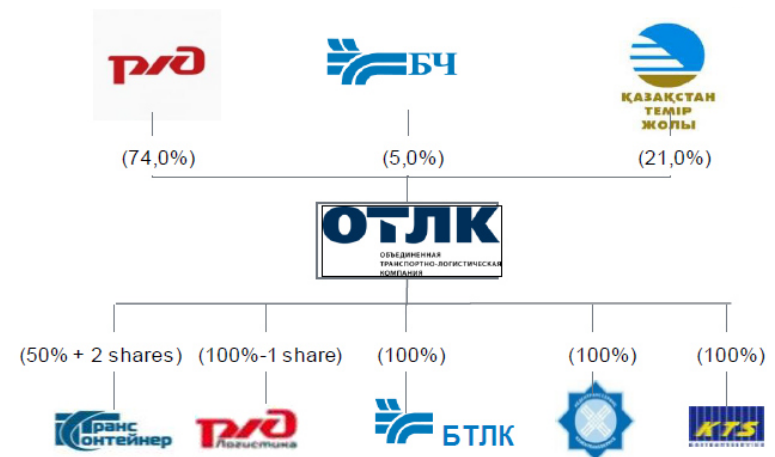
# United Transport and Logistics Company (UTLC)

### Current company



### Future company

#### Asset-based option



#### Non asset-based option





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# UTLC as integrated logistics provider?

## Benefits for Customers

- Full logistics solution from one provider
- Ability to meet increased customer requirements and potential growth of revenue and profitability
- Reduced operational expenses
- Reduced headcount in logistics function and improved resilience to staff changes
- Better handling of commercial and operational risks

## Benefits for provider

- Combination of logistics services increase revenue and profitability per unit load
- Improved customer services attracts new clients, who normally tend to avoid hassle of dealing with railways
- Better rolling stock utilization and lower cost of service
- Better service/cost mix increase market share of railway transport



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# Integrated Logistics Services

## Key Logistics services

- Transport (rail, road, sea, air)
- Multimodal freight handling

## Value-added services

- Customs clearance
- Document handling
- Storage
- Break bulk
- Pick and pack
- Labelling
- Intracity distribution
- Etc





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# Questions to CAREC railways

1. How to increase customer service and attract new clients?
2. How can railways provide end-2-end integrated logistics services to specialized shippers (bulk liquids, grain, containers, heavy equipment, etc?)
3. What Institutional and operational changes are required?