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Press Release

“One Belt, One Road” Initiative

New Silk Road: Opportunity for European Logistics?

- How can Europe's logistics industry participate in China's initiative?
- Growing commodity flows open up new perspectives
- Global networking at transport logistic in Munich

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China's mega-project New Silk Road has shaken up the logistics world with an investment volume of approx. one trillion euros. Although there are uncertainties about how European companies can contribute to and benefit from the One Belt, One Road (OBOR) initiative, there are opportunities to participate in development with the right strategy.

China aims to revive the ancient Silk Road with the mega-project “One Belt, One Road”. The initiative aims to help transport goods by road, rail and ship between Asia, Africa and Europe, thereby promoting economic cooperation between the Eurasian countries and improving intercontinental trade and infrastructure networks. In addition, the Middle Kingdom plans to conclude free trade agreements, establish special economic zones and implement simplified customs clearance processes. The logistics and transport industry in Europe in particular can benefit significantly from this.

More flows of goods, more logistics

For example, Deutsche Bahn expects to significantly increase its goods transport by land. The company estimated that there were approx. 90,000 container movements distributed over more than 3,600 trains between China and Europe in 2018. It estimates that this number will be 100,000 containers in 2020. The logistics service provider Rhenus provides door-to-door transport both in Asia and in Europe via an international network. “We have responded to an increasing demand for alternative routes with projects for road and rail transport with the help of our own locations. Expertise on site is essential for the safe, fast and efficient transport of the goods,” Tobias Bartz, CEO of Rhenus, stated. One thing is clear: the New Silk Road will significantly increase the number of goods transported between China and Europe. “At the same time, it presents companies with major challenges, especially due to geographical, cultural and

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economic differences. transport logistic provides a platform to exchange and network internationally,” Gerhard Gerritzen explained, Member of the Executive Board of Messe München GmbH.

Where there are opportunities, there are also risks

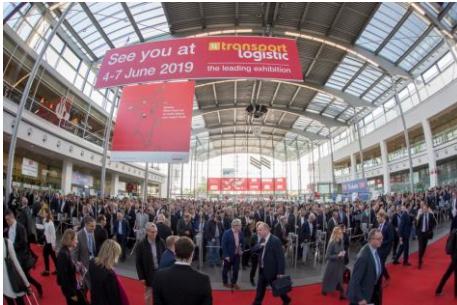
The Chinese government stresses that its initiative is about peace, integration and security. At the same time, China wants to strengthen its political influence and open up new sales markets. In practice, it is difficult for foreign companies to compete against Chinese competition or to find out about tenders in good time. Most of the projects are awarded to Chinese companies According to a survey conducted by the German Chamber of Commerce in 2017, two thirds of all German companies surveyed in China doubt whether their investments in the New Silk Road will have a positive impact on their business at all. However, approx. 30 percent of German companies operating in China are involved in OBOR or at least are considering participation. It is definitely the right step to make suitable business contacts early in China and third markets.

Pakistan as a model example

With all due caution, the Silk Road is already showing positive effects. Andreas Breinbauer, Vice Chancellor of the University of Applied Sciences of the Vocational Promotion Institute BFI Vienna and Department Head of the Logistics and Transport Management study major, pointed out Pakistan: Up to now, US \$60 billion has been invested there, and most of the projects have been completed. As a result, Pakistan's GDP growth increased from 3.5% to 6% between 2013 and 2017 according to Chinese data. However, it is also clear that China is pursuing geopolitical interests in the region and in particular with regard to India.

On the other hand, 70 percent of the Silk Road countries have a GDP/per capita income that is below the global average according to Mr. Breinbauer. There is a high demand for infrastructure investment between Europe and China, which cannot be met without China. A functioning infrastructure is in turn the basis for industrialization and further economic recovery. “Consequently, Chinese policymakers see the opportunity in this region to build regional value chains that benefit all participating countries,” Mr. Breinbauer explained. Chinese investments in crisis countries can also stabilize the region, i.e.” generate a kind of “peace return”. “Multilateral and above all Chinese investments in infrastructure and logistics should also benefit European companies.”

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transport logistic: strong growth among exhibitors, especially from abroad. Also reinforced by the spin-off transport logistic China in Shanghai, which will again take place in 2020.

Additional information is available at www.transportlogistic.de.

transport logistic

transport logistic is the International Exhibition for Logistics, Mobility, IT and Supply Chain Management and the world's biggest trade fair for freight transport by road, rail, water and in the air, in all its complexity. air cargo Europe, an exhibition of the global air freight industry, is integral to transport logistic. In 2017 more than 60.726 visitors from 123 countries and 2.162 exhibitors from 62 countries attended the event. transport logistic is held every two years in Munich. The next event will take place from June 4 to 7, 2019.

transport logistic exhibitions

The international industry network of transport logistic exhibitions consists of eighth events. In addition to the leading international trade fair transport logistic in Munich, transport logistic is held in China every two years and the transport logistic China Forum takes place in alternating years, both in Shanghai. Messe München and EKO Fair Limited jointly hold the logitrans International Transport Logistics Exhibition in Istanbul, Turkey, annually. The air cargo sector plays an important role at all trade fairs. air cargo Europe as part of the transport logistic in Munich is the largest air freight trade in the world, and air cargo China is the leading fair in Asia. In addition, air cargo India and air cargo Africa are held as independent trade fairs. Also part of the transport logistic exhibitions are the co-organized China International Transportation and Logistics Expo in Hangzhou and transport logistic India @ CTL in Mumbai, India.

Messe München

Messe München is one of the leading exhibition organizers worldwide with more than 50 of its own trade shows for capital goods, consumer goods and new technologies. Every year, a total of over 50,000 exhibitors and around three million visitors take part in more than 200 events at the exhibition center in Munich, at the ICM – Internationales Congress Center München and the MOC Veranstaltungszentrum München as well as abroad. Together with its subsidiary companies, Messe München organizes trade shows in China, India, Brazil, Russia, Turkey, South Africa, Nigeria, Vietnam and Iran. With a network of associated companies in Europe, Asia, Africa and South America as well as around 70 representations abroad for over 100 countries, Messe München has a global presence.