

Podcast: Rail emerging as a 'real alternative' between Asia - Europe

Marcus Hand | Sep 14, 2021



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In Conversation with Thomas Knudsen, MD of Toll Group



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As shippers have sought to beat the container shipping supply crunch rail between Asia and Europe has emerged as a real alternative for some, according to Toll Group Managing Director Thomas Knudsen.

Speaking to the Maritime Podcast Knudsen says the company has tried to find solutions for Toll's customers in its global forwarding business who have become very frustrated with the situation in the container shipping markets.

"We've tried to be as flexible as possible and find solutions. We've trucked containers across country borders to find ports that perhaps had a little more equipment or had more space," he explains, in the podcast with Seatrade Maritime News Editor Marcus Hand.

"We've worked on different modals, so if we've had customers who've had delays in container shipping, we've offered them sea/air, we've offered them air solutions or rail solutions."

Looking at the Asia – Europe trade, which has been hit by both the closure of the Suez Canal and the suspension of operations of Yantian Port in China due to a Covid-19 outbreak, Knudsen says

that rail has “emerged as a real alternative” for some shippers.

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While noting rail cannot handle the same kind of volumes as ocean shipping, he says, “We're now seeing blocktrains and from China and from Vietnam into Europe, we're seeing regular rail movements. So, rail has probably benefited more than anyone else from this.”

Compared to when Knudsen was working China 10 years ago he says rail freight to Europe is now far more reliable than it was in the early days of such services.

“If you look at what is offered in the market today is much more consistent, the lead times are better. And I would say certainly for Eastern Europe, for Central Europe, its a great product, but we also now seeing real movements into the UK.

“So, rail has become both more reliable and more frequent. And I think that's really helped over the last 18 months,” he says.

Going beyond rail as a land-based solution some have even tried trucking between Asia – Europe although remains at the experimental stage.

“The trucking product, I would say is probably the exception, but people have been testing it just to see whether it was viable. It's obviously a very long way and roads and customs and so on are not making it easy as I wouldn't say it's a normal product,” Knudsen explains.

The company sees a combination of sea and air as the best intermediate alternative product. Knudsen explains it roughly half the price of air freight and has much lower carbon footprint, with a lead time door-to-door of two weeks, around half that for ocean freight. “So, I think sea-air is a great alternative.”

However, the sheer scale of ocean freight means that alternative modes are limited in how much they can be used a replacement option. “But ultimately, you can't replace 23,000 teu of a very large container carrier by any other means. So that is the key product,” Knudsen states.

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