

Competitive Shortcomings of the Siberian Land Bridge

(Summary)

Ikuo Mitsuhashi

Senior Adviser, The Overseas Coastal Area Development Institute of Japan (OCDI)

Senior Fellow, ERINA

1. Differences between SLB and ALB

Although the North American Land Bridge transport system (abbreviated as ALB) and the Siberian Land Bridge transport system (abbreviated as SLB) both compete with all-water transport systems, the nature of the competition is quite different. In addition, while the ALB has been able to compete very successfully, the SLB has not fared well. The SLB's inability to compete successfully in the same manner as the ALB can be attributed to the following factors:

- 1) Passage restrictions at international canals in the relevant all-water system
The Panama Canal has limitations on the passage of large vessels. Conversely, there are few restrictions in the Suez Canal.
- 2) Competitive environment
In the ALB, severe competition is seen in maritime transport, railway transport and port operations. On the other hand, the SLB generally has no competition in such fields. In the case of container transport between Tokyo and Hamburg, there is one shipping line, one port operator and one railway management body.
- 3) Role of shipping companies
Generally speaking, in the ALB a shipping company takes prime responsibility in intermodal transportation for both maritime transport and land transport to its consigners or consignees. However, in the SLB, NVOCC forwarders take charge of cargo from consigner/consignee and convey it in collaboration with the relevant SLB authorities.
- 4) Transport capability
The capacity of one block train (SLB) is only one fourth that of an ALB container exclusive-use train. In addition, the speed of an SLB cargo train is 70% that of an ALB one. This is in spite of the fact that the ALB has many single track sections over the total length of its railway, while the SLB is a double track railroad, excluding a section of the Amur River and the border between Russia and Europe.
- 5) Discontinuous points
The SLB has a discontinuous point - the difference

in railway gauge at the border between Russia and Europe - however there is none in the ALB.

2. Issues to be tackled to enhance the transport efficiency of the Siberia Land Bridge

- (1) One of the merits of SLB transport is that the distance between East Asia and Europe is much shorter than by the all-water system. We believe that the SLB would be able to achieve faster transport than all-water if existing technology and the facilities of the SLB were improved. There are remarkable differences between cargo transported by air and that transported by sea with regard to their preferred travel cost and travel time. But there is a substantial volume of cargo that falls in the middle, that is, cargo that is equally sensitive to either cost or time. This cargo could potentially be transported by the SLB. In order to attract this cargo, the SLB should run at the same speed as the ALB, i.e. more than 50km/h.
- (2) In order to steadily expand SLB transport demand, in addition to technological development and the enhancement of transport services, it is necessary to create a competitive system in SLB transport. Concrete measures to be taken are as follows:
 - 1) Though some shipping line companies are in tough competition with SLB transport, they should receive a more positive introduction to the SLB. These shipping lines would be able to take advantage of combined maritime and land transport. In addition, more than two shipping lines, regardless of their vessels' nationality, should participate in maritime transport between Vostochny and Japanese ports.
 - 2) The SLB has several alternative routes in the eastern half of the railroad, such as Baikal-Amur, Ulaanbaatar-Beijing-Tianjin, Chita-Manzhouli-Harbin-Dalian etc. If these routes were utilized for Eurasian Land Bridge transport as well as the original SLB, the total demand for SLB transport would be expanded.