



Intermodal Solutions Between Europe and Turkey: What is the State of the Art?

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Agenda

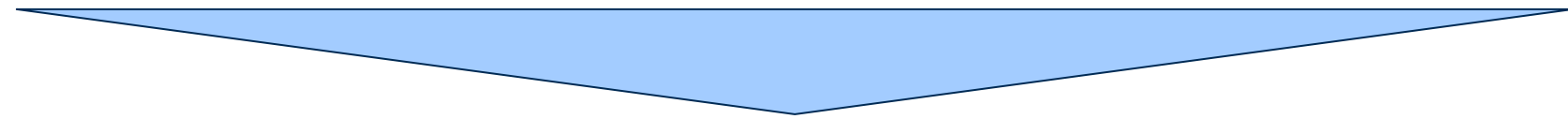
- Introduction
- Turkey's Trade – The Big Picture
- Overview of Current Activities of KN in the Region
- Analysis of the Logistics Market between Europe and Turkey
- Q&A



Introduction

Serviceportfolio of Kuehne + Nagel Rail Logistics

Rail Logistics	Intermodal	Special Transportation
<ul style="list-style-type: none">• Block Trains with scheduled departures• Grouped Wagons• Single Wagons• Pre-/Onwardcarriage (door-to-door)• Industry customized solutions• Interim Storage in warehouses with siding• Re-Expedition• Tracking&Tracing	<ul style="list-style-type: none">• Block Trains• Single Containers• Pre-/Onwardcarriage (door-to-door)• Transshipment• Tracking&Tracing	<ul style="list-style-type: none">• Dangerous Goods• Out-of-gauge loads• Bulk Traffic• Project Shipments• Transport Safeguarding• Special Equipment• Tracking&Tracing

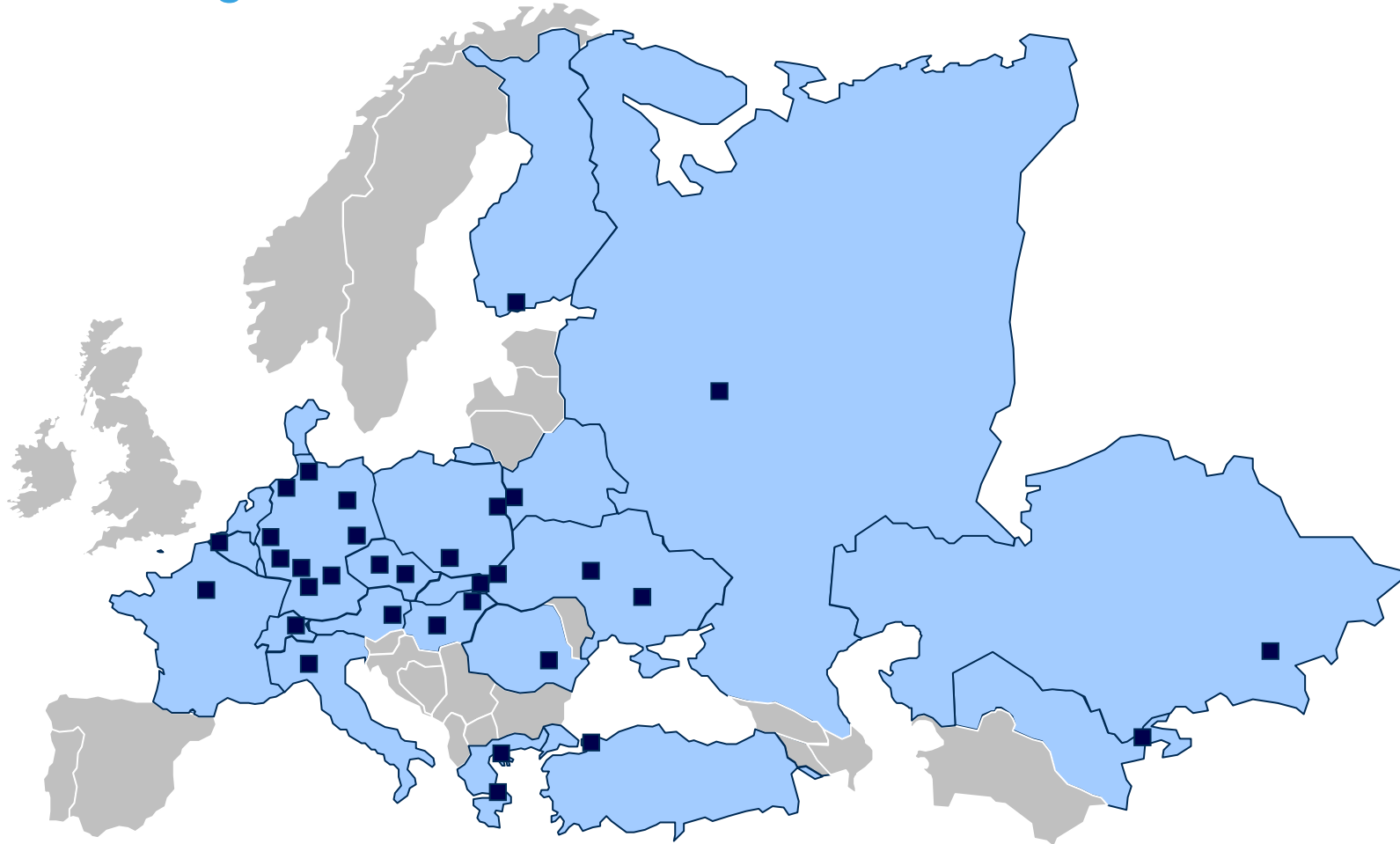


33 Offices **More than 200 Experts**



Introduction

Kuehne + Nagel Rail-Offices Network





Introduction

Advantages of Kuehne + Nagel Rail

- Comprehensive network of offices with more than 200 rail experts
- Product specialists at Rail Competence Centers
- Market leader in various segments
 - dangerous goods
 - bulk traffic
 - out-of-gauge loads
- Neutrality in carrier-selection ensures optimal solutions for the customer
- Access to all state-run and private carriers
- Successful block train network into the Balkan Area, Greece and Turkey



Turkey's Trade – The Big Picture

Significant Trade Volume between Turkey and the EU

Top 10 import goods were:

- Iron and Steel (4.8 Mio. t)
- Mineral Fuels and Oils (2.5 Mio. t)
- Plastics (1.1 Mio. t)
- Cereals (0.8 Mio. t)
- Paper (0.5 Mio. t)
- Ores (0.5 Mio. t)
- Organic Chemicals (0.4 Mio. t)
- Fertilizers (0.4 Mio. t)
- Machinery (0.3 Mio. t)
- Inorganic Chemicals (0.3 Mio. t)

In the first half of 2009, Turkey's **import** volume with the EU totaled **14.3 Mio. t**

High suitability for rail

Source: Eurostat



Turkey's Trade – The Big Picture

Significant Trade Volume between Turkey and the EU

Top 10 import goods were:

- Plastering Materials (3.6 Mio. t)
- Iron and Steel (1.0 Mio. t)
- Mineral Fuels and Oils (0.9 Mio.t)
- Vehicles other than Railway (0.5 Mio. t)
- Articles of Iron and Steel (0.5 Mio. t)
- Machinery (0.4 Mio. t)
- Fruits (0.3 Mio. t)
- Ceramic Products (0.3 Mio. t)
- Articles of Stone (0.3 Mio. t)
- Inorganic Chemicals (0.3 Mio. t)

In the first half of 2009, Turkey's **export** volume with the EU totaled **10.9 Mio. t**

High suitability for rail

Source: Eurostat



Activities of Kuehne + Nagel in the Region

Stable Business through our Proodos Network into Turkey

Through the Proodos block-train network (100% subsidiary) Kuehne+Nagel's business into Turkey reached from Jan-Aug 2009

- a total freight volume of 90.000 tons
- main goods transported are wood, plastics and staple fibres

In spite of significant trade volumes from Turkey into the EU, Kuehne+Nagel's volume in this direction is noteworthy smaller with

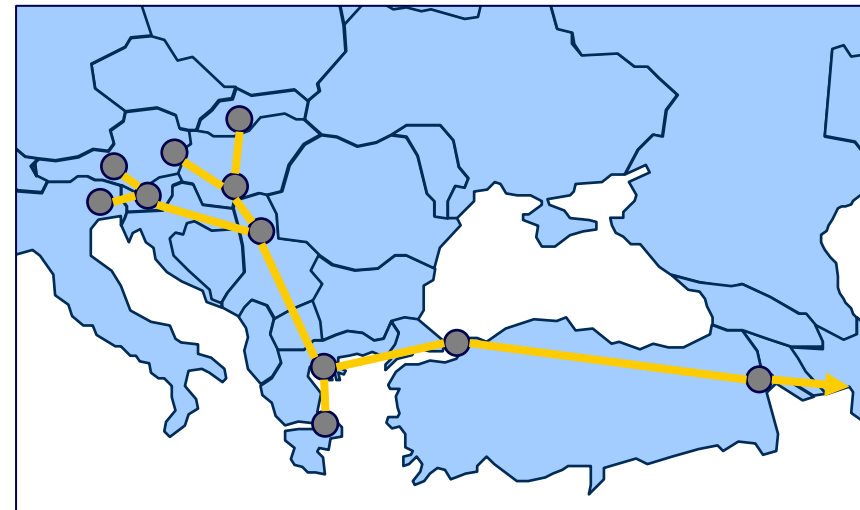
- a total freight volume of 7.000 tons
- main goods are glass, aluminium and ceramic products



Activities of Kuehne + Nagel in the Region

Special Routes to South-East Europe and Turkey

- Area-wide office network of KN Proodos in Greece
- Market leader with more than 267.000 t in the first half of 2009
- High frequent trains from/to Thessaloniki
 - Train departures in central Europe (Cervignano (IT), Villach (AT), Sopron (HU), Sturovo (SK), Kelebia (HU); Belgrad (RS))
 - Intermodal traffic via the Proodos Terminal in Thessaloniki
 - Shipment processing in own facilities in Thessaloniki
- Delivery to final destination
- Information provision in the internet





Analysis of the Logistics Market between Europe and Turkey

Strengths

- Main im- and export products have a high suitability for intermodal transportation
- Good availability of trucks, traction and standard wagons,
- Stable transit times (from Central Europe to Turkey (door-to-door) approx. 8-10 days for conventional and 5-7 days for intermodal traffic)
- Customs clearance processes rather uncomplicated
- Terminal Halkali can provide sufficient capacity
- Proven resilience after flood in September 2009
- Lead time advantages in comparison to sea freight



Analysis of the Logistics Market between Europe and Turkey

Challenges

- Imbalance of rail suitable Im- and Export goods
- Only limited access to bonded warehouses required for customs clearance
- Sea-freight rates dropped causing a decreased intermodal volume
- Relatively high trucking prices within Turkey
- Lack of special wagons; Central European Operators (e.g. DB/ÖBB) do not want to ship the wagons into turkey due to too long transit times
- Little awareness of intermodal capabilities among potential customers (Import/Export as well as transit)
- Lack of carrier competition in the different markets



Analysis of the Logistics Market between Europe and Turkey

Possible Efforts to Improve Situation

- Stronger marketing efforts to promote intermodal solutions on the Turkish market
- Increased competition in the carrier market
 - Not expected in the short-/medium term
- Construction/usage of tunnel from the European to the Asian part of Istanbul with additional terminal on the Asian side
 - significant time frame
 - reduced costs to be expected
- Improve wagon availability for specialized wagons
 - Either through Central European Operators and/or Turkish companies



Analysis of the Logistics Market between Europe and Turkey Summary

- The Turkish intermodal market shows high potential
- Current setup capabilities are well in place

However

- Marketing efforts for intermodal solutions are weak
- Improvements of infrastructure and competition cannot be achieved in the short term

The setup is in place but future efforts should focus on marketing of intermodal products



Thank you for your attention