



Railway to China awaits exporters

What a waste, all those trains returning from Europe to China half-empty, thought Xiaoyong Zhang of Wageningen UR. China is such a big market for Dutch dairy produce, vegetables, fruit and flowers. Transporting these goods along the Silk Road is faster than shipping them and cheaper than airfreight.

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Last year a train came from China to Europe on the Yu-xin-ou railway almost every day. The line starts in the fast-growing industrial city of Chongqing and runs through Kazakhstan and Siberia. Most of the trains packed with car parts, instant coffee, electronic goods and laptops are destined for Duisburg in Germany. But no more than half of the containers they carry return to China full.

The train could also continue from Duisburg to other European destinations such as the Dutch port of Rotterdam. What if these trains were to return eastwards carrying Dutch agricultural and horticultural produce? This idea occurred to Xiaoyong Zhang, account manager for China at Wageningen UR and a researcher at agricultural economics institute LEI Wageningen UR, during the opening ceremony for the Yu-xin-ou railway in Chongqing in December 2014. 'China has a big market for dairy produce, flowers, fruit and vegetables. People with good incomes, 5 to 10 percent of the urban population, easily pay twice as much as Europeans for fresh quality products. They'll pay 10 euros for an apple,' says Zhang.

NEW SILK ROAD

The trading routes between China and Europe grew up over 2000 years ago. It was the popularity of Chinese silk in the Roman empire that gave rise to the name Silk Road. The Chinese name is 一带一路, Yi-dai-yi-lu: one belt, one road.

In those days the journey took many months. Now the roughly 11,350-kilometre train journey from Rotterdam to Chongqing takes 13 days. A ship takes five to six weeks. 'The train is one and a half to two times more expensive than the boat and five times cheaper than flying,' calculated Zhang. Chongqing lies centrally in southwest China and forms a transport hub that is ideally placed for distribution in the Chinese interior. Zhang researched the options for train transport from Rotterdam to China and presented her findings at the end of October 2015 to a Dutch trade delegation in China accompanied by the director of the Port of Rotterdam and the mayor of Rotterdam, Ahmed Aboutaleb. Many Dutch companies have shown an interest in this new Silk Road, including dairy company Friesland Campina and vegetable, fruit and dairy exporters such

as The Greenery, Floraholland and Levarht, which currently ships Conference pears to China. They are following developments closely. Zhang: 'A train has already gone from Denmark to Chongqing carrying 40 tons of milk powder. But in the Netherlands we are still waiting for the first person to eat the crab, as the Chinese saying goes.'

The Rabobank is studying the possibilities as well. 'Economic growth in China is currently going more slowly than expected, but is still much greater than in other countries, especially compared with European growth. That is why we are looking for new opportunities for European food products and exporters,' says Paul Bosch, analyst at the Food and Agribusiness Research department at the Rabobank. 'A lot of things have gone wrong with food in China and consumers are suspicious. They often trust imported food more than local products,' he adds.

IMPROVED CLIMATE CONTROL

To maintain the quality of Dutch products such as pears, meat and cheese, improvements would have to be made to the cold storage and transport facilities in China. 'The more is invested in the distribution system, the less food is lost and the lower the prices work out,' says Bosch. There is a role here, he expects, for Dutch logistics companies, which could provide expertise, materials and technologies.

LEI researcher Zhang scrutinized the train route itself as part of her study. Along the way the outdoor temperature can go up to plus 45 degrees Celsius in the summer and down to minus 45 in the winter. 'You can transport laptops at above minus 20 and food between freezer temperatures and plus 8 degrees. So the freight containers you

use must have a reliable and sturdy climate control system. We can only really test that when a company actually wants to transport fresh produce on the Yu-Xin-Ou railway,' explains Xiaoyong Zhang. One tricky obstacle is the EU sanctions against Russia and Russia's counter-sanctions, which currently make it impossible to transport European food products across Russia. There is no problem with permits and customs controls though, says Zhang. 'The Chinese have declared Chongqing a free trade zone for foreign imports. There are no controls en route, only on departure and arrival' This represents a fantastic opportunity, says Zhang, who plans to submit a Top Sector project proposal and funding application to the Dutch ministry of Economic Affairs. 'There is a big demand in China which Dutch food producers and exporters can meet, and they can make a good profit out of it. It would be a pity if they missed the train.' ■

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