

Issues and Development Tactics for the Operation of Chang'an Cargo Train*

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Abstract—The XiXin EU, the freight transport channels of "Chang'an Cargo train", is in the aorta of the new Silk Road which makes "Chang'an Cargo train" as an important starting point for the new Silk Road Economic Zone. But in the process of gradual normalization of operations, the "Chang'an Cargo train" not only faces the competition of other Central Europe trains [1], but also has obvious problems in itself. In order to solve the problems of insufficient supply of goods, high transportation cost and complicated customs clearance procedures, various departments should innovate management modes to realize trade facilitation and set up logistics companies along the line with enterprises participating in by shares. Also the article put forward solutions to develop the supply from two aspects: seeking trade cooperation, attracting the surrounding supply of goods in the short term; and adjusting the development strategy of Shaanxi's foreign trade and economy in the long run, so as to promote the stable development of Chang'an cargo train.

Keywords—The Chang'an Cargo Train; Xi Xin Europe; The Silk Road; Central European Train

I. INTRODUCTION

In September 2013, Chinese president, Xi Jinping, put forward to build "Economic Belt of Silk Road" when he visited central Asia. After that, Based on the location advantage and a new starting point of the Silk Road Economic Belt, Xi'an International Logistics Park and the local Railway Bureau decided to build an international trade railway which start from Xi'an, through Sinkiang and finally to Central Asia and Europe [2] ("Xi Xin EU" for short). The trains running on the railway were called "Chang'an Cargo train".

II. STATUS OF CHANG'AN CARGO TRAIN

Western New Europe plan is to build one trunk and two branches. One trunk means Xi'an to Rotterdam, the whole distance is 9850km. The two branches are Xi'an to Zhem and Xi'an to Moscow. The Xi'an-Zhem passage passes through

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Alashan, Aktouka and Almaty, covering a total length of 3866 kilometres and running for 8 days, which takes almost 5 days shorter than the time in international agreement. Line Aktogay-Zhem total length is 1161km, takes only 4 days. The long of line Xi'an-Moscow by the way of Alashankoy, Aktogay, Astana total is 7251km, takes about 14 days, 10-15 days shorter than general freight, but only line Xi'an-Zhem of Chang'an Cargo train have being opened till the end of 2015. Combine the running of Straight line freight train from Xi'an to Qingdao at the beginning of the same year, Chang'an Cargo train has linked the Maritime Belt and the Silk Road. It becomes the important carrier of the Belt and Road Initiative. The unit transportation cost on the channel is 40% lower than that of sea freight, and the highway is about 30% (In consideration of the time and efficiency of the funds for the goods), and it will show a downward trend. So the transport comprehensive benefit of the train class is obviously higher than other ways of transport.

As the opening of Chang'an Cargo train, it's not only a logistic channel, but also a trade tie between Xi'an and Central Asia, European countries. Logistics drives the flow of information, capital flows, and promotes industrial layout optimization, and meanwhile the advantages in location, transportation hub and industries are transformed into competitive advantage. Finally, all of those will help Shaanxi export-oriented economic development and industrial restructuring and upgrading. More enterprises equipped with the good opportunity of the Belt and Road to achieve their go out strategy. Aiju Group have been achieved a cooperative intention with Kazakhstan to import raw materials of grain and oil and export local specialties as well. So that many enterprises gathered in Xi'an and a large number of goods was transited here. On September 22, 2015, promotion meeting of Xi'an port import commodity exchange center and E-commerce public entrepreneurship platform are held. ULife Xi'an Port imported goods outlets and Xiamen excellent transmission supply chain Co., Ltd. established in Xi'an. All of these force to promote the development of modern logistics industry, and to contribute to the development of foreign trade in Xi'an [3].

III. FEATURES OF CHANG'AN CARGO TRAIN

A. *The Good Advantage in Location*

Chang'an Cargo Train's channel is located in the main road of the Silk Road, and it takes the best advantage. Its start point Xi'an is also the start site of the New Silk Road. As the bridgehead of The Silk Road, it has the location advantage. In addition, Xi'an is the heart area of China and occupied the advantage of traffic. To the neighboring provinces and even the whole country, Xi'an plays a role in radiation, and conducive to the supply of the goods organization. The advantage of the one and only decided by the "Chang'an" is an important starting point along the bridge of national construction Silk Road Economic Belt. It's an important way to boost the development of export-oriented economy in the western region of China, and is the important consideration to promote the coordinated development of regional economy in the East and the West as well.

B. *The Special Point Whole Train Transportation*

The non-scheduled train of Chang'an carrier the oil rig drilling equipment installed by means of reinforcement technology, flat car gondola and high difficulty strengthening technique, which achieve the transportation of goods that cannot be transited by containers. Generally it takes 10 days to complete transport, and save about 30% of cost than ocean transportation. Chang'an Cargo Train makes the space transfer of extraordinary heavy goods economically and efficiently. This is a breakthrough in equipment handling technology. Chang'an Cargo train create a new era of China's international whole train transportation railway, and is a landmark significance in the history of China's international railway freight.

C. *Realization in Facilitation of Customs Clearance of Goods Trade in China*

1) *The use of "territorial customs, port clearance" mode:* To increase speed of Chang'an Cargo train, Xi'an customs and Sinkiang reached an agreement that inland A type of enterprise can choose to be in the place where the enterprise is located, for the customs declaration, the customs declaration, the examination and so on. Goods in Chang'an Cargo train do not need to be open for check and will be released directly after the arrival at the port, except goods that require import and export licenses. For example, it only takes half a minute for an order of goods to go through formalities in Alataw Pass, greatly reducing the time of customs clearance of goods.

2) *Shaanxi Entry-exit Inspection and Quarantine Bureau not only cancelled the export goods inspection and quarantine fee but also launched a "negative list" management system:* In order to reduce the freight cost of the Chang'an Cargo train, at the beginning of 2015, the inspection fees for export goods are completely abolished. To shorten the operation time of Chang'an and simplify procedures, on July 1, 2015, the Silk Road Economic Zone

inspection and quarantine named 9+1 is implemented. To carry out the inspection and Quarantine of the Silk Road Economic Zone integration, the B enterprises have not included in the "negative list" in the implementation of customs clearance integration can choose paperless inspection and receive customs clearance, no longer need to change when arrive at exit port.

3) *Implementing "three in one" customs inspection:* In 2015, Xi'an customs implement the customs inspection to be "three in one". These measures will not only improve the clearance efficiency of Chang'an Cargo train, but also lower the cost of the export goods.

D. *Xi'an International Port Customs to Boost the Development of Chang'an Cargo Train*

Xi'an port "international code (CNXAG), the domestic code (61900100) officially opened and Xi'an land port of entry meat and food at the port of entry is approved, all these further simplify the import and export of bulk commodities, shorten business processing time, improve the efficiency of international logistics, and promote the development of Chang'an Cargo train. On December 19, 2014, 18 thousand boxes of pure milk aboard in December 18th from the port of Melbourne in Australia straight to Xi'an port. The goods arrived in Xi'an in about 20 days. This is first land-sea international direct business after into the direct international age, realize the sea-rail transport and strengthen the role of Xi'an logistics center, also boost the development of Chang'an Cargo train.

IV. ISSUES OF THE OPERATION OF CHANG'AN CARGO TRAIN

Among all the line side new cargo trains of "new silk road", the Chang'an cargo train owns a weak competitive power, shorter route, also the only train without return shift. The main problems reflect in the following aspects:

A. *Lower Transport Efficiency for All the Lineside Countries Need to Check One by One*

China don't achieve the fully trade facilitation in the international trade, also Xi'an didn't get the permission to join the "An Zhi Mao" agreement, which lead our products need to suffer each line side countries state inspection and then slowdown the transportation, longer the shipping time also increase the extra inspection cost. While Chongqing customs joined "An Zhi Xie" contract, so the Europe customs recognize the inspection result from Chongqing customs without another inspection; meanwhile all the commodities of "YuXin Europe" enjoy the priority of declare at customs, lower inspection rate, common recognition of inspection result and the convenience bring by the guarantee from customs to ensure all the cargos will be declared as fast as they can. So obviously "Yu Xin Europe" train has higher transport efficiency than "Chang'an" cargo train.

B. Longer Time of Standby and Slowly Transshipment of Cargo

There is no cargo transport service company for the line side countries, so the transport efficiency is low. Meanwhile for the size of Chinese rail is wider than all the middle Asian country's rail, then it is necessary to transship the cargo after the train entered Kazakhstan. According to the order of draw up at this station, Chang'an cargo train needs to wait one day then do the transshipment which means that it is needed to off-load all the cargos; then after inspection of Kazakhstan Customs, it is needed to load all the containers back to Kazakhstan train if there is no problem for this shipment. Each time of transshipment for each block train will spend 6 hours. "Yu Xin Europe" already set logistics service company with each line side companies which established by cooperation stock. So, "Yu Xin Europe" owns the priority for declare to customs, transshipment, no need for waiting. Relatively, "Xi Xin Europe" transshipment efficiency is much lower.

C. Insufficient Supply of Goods

1) *Insufficient & unstable supply of exporting goods:* According to the international trade situation from Shaanxi to the five Central Countries (Form 1), the export volume is very low, only accounted for 0.92% of the total Shaanxi export trade amount in 2011, rose up to 1.13% in 2012, decreased to 1.09% in 2013, climbed to 1.43% in 2014, there was a sharp drop happened in the first 3 quarters of 2015 export trade, reduced more than 50% on-year. The limited exporting value from Shaanxi to Central Asia decided there is only 30% of the exporting goods is supplied locally [4]. The rest 70% of the exporting goods which comes from the provinces around Shaanxi under the competitive pressure from the other 7 new block trains along the New Silk Road have become the focal issue, which also bring the instability for the goods supply.

2) *Shortage of return-way goods supply:* Shaanxi has a very limited import volume from Five Central Countries (Form 1), except the 21,000 USD import value, there is no import value for the rest 3 years. The growth rate also very low, until the end of October 2015 there still no goods imported from the Five Central Asia countries. Meanwhile there is no goods imported by all the surrounding provinces which need to transport back by CHANG AN HAO block train. So, the return-way goods have become the shackle for the development of Chang'an Cargo train.

3) *Limitation of minimum freight volume:* Usually only 40 FCL container is acceptable for Chang'an Cargo train, the insufficient 20 FCL will not be accepted and no LCL cargo transportation. For the shortage of goods supply and no LCL cargo transportation which bring a lot of negative impact for the goods supply.

D. High Cost of Logistics

The operation of Chang'an Cargo train is in growth stage, every step such as state inspection, transshipment of goods and so on of whole transportation process will generate the

relevant cost, which rises up the total transporting cost. More importantly this train always came back without bring any imported goods, which means the exporting cargo also need to share the cost of empty return train and brings a higher cost than other transport lines. From Xi'an to Alma-Ata 1 40 FCL container the price is 6000 USD, from Zhengzhou to Alma-Ata is 5600 USD. Being compared with Zheng Xin Europe who owns the same regional advantage the disadvantage of operation cost is prominent. So the difficulty in the organization of importing goods for the return train is the most critical constraint point of new block train operation.

V. THE STRATEGY FOR THE RAPID DEVELOPMENT AND OPERATION OF CHANG'AN CARGO TRAIN

A. Carrying out Proactive Communication with Foreign Countries and Internal Coordination by China Railway Corporation

To the foreign countries, the negotiation, about transport costs, customs clearance facilitation and so on between China Railway Corporation and other foreign countries, should be prompted. Also carrying out some effective measures to reduce the transportation cost, and improve the efficiency of customs clearance is important.

Then, it is important to create a unified and transparency foreign land logistics conditions for the development of Chang'an Cargo train. To the inside, holding the coordination conference for "China-Europe" cargo trains to harmonize the orderly competition is needed, mutually complementary, moving forward hand-in-hand.

In terms of goods supply problem, the source is organized according the area planning, the principle of proximity or the final destination and so on. For example, Treating Xi'an as the distribution center for all the goods exporting to the five Central Countries [5]. It is needed to make the most optimal using of all the sources to generate a stable, ordered train operation, to create an orderly competition internal development situation for Chang'an Cargo train.

B. Strengthening the Responsibility of Municipal Leaders in Shaanxi Province to Recommend Chang'an Cargo Train

The province government should organize more Chinese entrepreneurs to visit the central countries to find and catch the business opportunity, arrange more trade fairs to make the international trade stage for both sides then bring the development of import & export trade to form a normalization operation of Chang'an Cargo train. On 11th June 2015, the project signing ceremony and the Promotion & Introduction meeting for cross-border investment of New Silk Road economic zone was hold in Yang Lin of SHAANXI province. Making the special introduction for all these enterprises come from Tajikistan Kazakhstan Kyrgyzstan. This activity created a window of mutual understanding for both sides. In the following, it is necessary to strengthen the introduction and promotion activities.

C. *Establishing an Efficient Logistic Service Company for Chang'an Cargo Train and Strengthening the Relevant Promotion & Introduction Activities*

As the exclusive logistics service company of Chang'an Cargo train, the Xi'an land port Land Bridge international logistics LTD needs to improve the competitive strength at first, including the ability of international negotiation, business development, and second, do better job in self-introduction, set up their own official website as the cognitive media for domestic and foreign. Xi'an continental bridge International Logistics companies own their website while they still need to translate the contents into English, Russian, beauty the interface of the website to make all our customers feel that they are serving clients and changing the impression of a small company who just want to make money as much as they can, complete the relevant logistics information of the website which means to add an map to show the transport route and docking station as well as the information of price for FCL, LCL, the running time, departure time from departure station to each destination. At the same time it is also needed to make a details list for the whole process of booking space and transportation together with a logistics checking system to make it convenient for our client to get all the relevant logistics information of their goods whenever they want. "Yu Xin Europe" is doing a better job in this respect; the client will not only find the relevant information about booking space, but also can find the latest status of delivered goods at any time.

D. *Actively Developing Goods Supply*

In the short term, it is needed to make efforts in the following two aspects:

On the one hand, it is essential to strengthen the international relationship with the Five Central Asian countries by promoting the mutual understanding, meet each other wants by various promotion & introduction meetings between Shaanxi and the Five Central Asian countries to encourage trade development, then find enough goods supply for Chang'an Cargo train. Try to finding some complementary for the products composition and international trade on both sides. There is a great develop potential in our international trade which will be the supplies foundation for the growth of Chang'an Cargo train.

Also try to set our own goods supply companies in the 5 Central countries and establish a good relationship with the native known logistics companies or other goods supply agents to support Chang'an Cargo train and have a positive preparation for return train goods supply.

On the other hand, try to make a full of Xi'an bridgehead zone advantage and do our best to make Xi'an became the logistics distributing center. On this basis, apply the superior transportation, do a good publicity of Chang'an Cargo train, offer a good logistics service, meanwhile offer some favor price for Consignments or provide some Government subsidies to attract all the goods which will export to Five Middle countries from nearby provinces of Shaanxi such as Shaanxi, Hebei, and Gansu and so on. Our short-term strategy is to carry out the plan of stable goods supply.

In the long run, it is best to focus on adjusting the strategy of Shaanxi international investment and development, and speed the policy of "coming out and bringing in". Shaanxi international trade strategy is the east side for the marine trade which is the center of this strategy. This "one-side" strategy has lead Shaanxi didn't invest any companies in Middle Asia. The lower labor cost and high-quality planting base is the advantage of Middle Asia. By the multinational cooperation enterprise should build multinational industry chain which will produce in middle Asia and sale all over the world to make a full application of developed manufacturing industry and bring the international circulation to all these products then Shaanxi's source of goods achieves normalization. This is the core strategy of solving the insufficient of goods supply.

VI. CONCLUSION

After several years of development, Chang'an Cargo Train has made considerable progress, but its disadvantages are obvious compared with other Central European Cargo Train. In view of this, this paper puts forward the Countermeasures of internal and external coordination of China Railway Corporation, local government guidance, good service provided by logistics companies, and large-scale development of cargo sources.

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