

The Analysis on Competitive Environment and Development Strategy of CHINA Railway Express (Xiamen)

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Abstract. This paper analyzes the current situation of the development of the CHINA RAILWAY Express (Xiamen), using the SWOT analysis method to analyze the current situation, the opportunities and the threats of the current RAILWAY Express. In addition, this paper specific recommendations to provide a reference for the future development of RAILWAY Express.

1. Introduction

With the advance of the "the Belt and Road" initiative, the economic and trade exchanges between China and the along countries have been further strengthened, the forward transport requirements of speed and quality have put ^[1]. Compared with the shipping, RAILWAY Express run faster, more secure and meet the transport needs better between China and the along countries. Since the opening of the CHINA RAILWAY Express, it has made a very prominent contribution to the promotion of economic and trade development in China and the countries along the ranks. However, there are some practical problems that need to be solved in this process.

2. Development status

With propose of the "the Belt and Road" initiative and development of economic and trade exchanges between China and alongside countries, Xiamen responded to the national "the Belt and Road" initiative and introduced the 2016 Work Plan of Xiamen to build the strategic fulcrum city of Maritime Silk Road to promote the building of CHINA RAILWAY Express (Xiamen). August 16, 2015, CHINA RAILWAY Express (Xiamen) first running from Haicang Free trade zone, become the first railway express in China's four major free trade pilot zone and achieve the connection between the Maritime Silk Road and the Land Silk Road^[2].

The Railway Express start from Xiamen, docked in Chengdu and into Central Asia after the Alashankou, and ultimately arrived in Poland Lodz. The Route is 12043 km, of which 5324 km of the domestic section, the whole time about 14 days. The Railway Express has been widely favored by the market with its safe, fast, convenient and so on advantages. To July 18, 2017, the Railway Express has reached at 147cumulatively, the value of 2.144 billion Yuan and becoming the second largest export way of transport in Xiamen. In addition, the CHINA Railway Express (Xiamen - Moscow) on April 21, 2017 smoothly opening, as of July 4, a total of 38 TEUs shipped, the cumulative value of \$ 16 million. After the Nanchang, Nanjing, Jinan, Jinzhou in Manchuria after entering Russia, then reach Moscow directly after Baikal, the whole distance is 10920 km in 13-14 days, which4354 km in China, the Railway Express can save 3-5 days compared with the traditional shipping transport mode which improve the operational efficiency.



3. SWOT analysis

3.1 Advantages

(1) Location Advantages

Xiamen located in the southeastern part of Fujian Province and facing Taiwan across the straits, Xiamen have great advantages in cooperation with Taiwan's economic and trade^[3]. Xiamen is the closest region in cross-strait economic and trade cooperation, and serves as the main platform role in the cultural exchanges between the two sides of the Taiwan Strait. It also is one of the most convenient channels for direct cross-strait exchanges. Xiamen maintain long-term close trade partnership with Taiwan with its unique geographical and cultural conditions, and will become its important advantages and characteristics in response of "the Belt and Road" initiative,.

(2) Advantages of Industrial Clusters

Xiamen industrial structure gradually evolved into a service-oriented "321" structure With the rapid development of economy since the reform and opening up, 2016 three industrial structure of 0.6:41.2:58.2, technology-intensive industries have become the main pillar industry in Xiamen industrial economy especially the electronic and mechanical pillar industry has made considerable progress in 2016 to complete the industrial output value of 354.411 billion Yuan, accounting for 68.4% of the city's above-scale industries. The high-end and the technical level of industrial continue increase and the scale, intensive degree of continuous improvement. In addition, biomedical, software, cultural industries and other emerging industries are also growing rapidly. The development of pillar industry and the emergence of new industries provide adequate structural support and development potential for the RAILWAY Express development, which is a strong guarantee for the development of CHINA Railway Express.

(3) Free Trade Area Advantage

There are a series of measures to optimize the business environment in Xiamen to promote investment and trade facilitation since Fujian Free Trade Area Xiamen Area was established on April 12, 2015. The promotion and implement of "Single Window" construction, paperless inspection system, port quarantine processing pre-model and a series of promotion of trade development initiatives has played an important promote role in create a good investment business and innovative environment in Xiamen. FTA will be a strategic fence for Xiamen to become a strategic fulcrum of the Silk Road, expand regional cooperation and enhance regional competitiveness, and will play a positive role in expanding its influence on the surrounding areas.

3.2 Disadvantages

(1) Smaller Economic Volume

Xiamen economy and hinterland range have some certain gaps in terms of GDP and total imports and exports compared with other similar cities like Dalian, Ningbo, and other cities. The disadvantages on Economic and import and export trade will lead to weak support for RAILWAY Express, limit the initial stage of the development and will hinder the opening of the situation quickly and need a longer financial subsidies time. The disadvantages of the hinterland range lead to the limited potential of the future development of RAILWAY Express, which will hinder the further development and expansion of RAILWAY Express, and the positioning in the national Railway Express arrangement has also been affected.

Table 1 Xiamen, Dalian, Ningbo 2016 urban economic scale table

Urban	GDP (billion)	Import and Export Volume (billion)
Xiamen	378	509
Dalian	673	---
Ningbo	854	1167

(2) Import and Export Policy limits

Xiamen's economic development has made a great progress after the reform and opening up and most of the foreign trade policies covered Xiamen, but there are still some foreign trade convenience

policies and measures not such as goods transit port city and other policies, which has a obvious impact in the development of Railway Express supply and also limits the future development.

(3) Weak Service Capacity

Xiamen has a significant disadvantage compared with other cities in railway transport infrastructure. Compared with the advantages of shipping, Xiamen railway development is lagging behind. The proportion of shipping transport is low compared with Dalian, Lianyungang and other port city. The cooperation between railway and water transport is poor and the transport is not smooth enough, which also to has a certain impact on future development goals that connect the Maritime Silk Road and the land silk road closely.

(4) Shortage of Returned Goods

The speed of the liner will be improved for the picking up the shipping market and the Railway Express time advantage will have a certain degree, especially the goods transported from Taiwan, ASEAN countries to Europe. The further weakened attractiveness of RAILWAY Express will has adverse effect particularly to the Railway Express which takes goods from Taiwan and ASEAN-European countries to Europe as important target sources. In addition, the main trade concentrated in the export trade and the amount of import trade is small from the trade structure between Xiamen and Central Asia, European countries. The weak support ability of return trip put a brake the reduce cost abilities through transport returned goods. It is unfavorable to the operation healthy and stably.

3.3 Opportunity

(1) Policy Opportunities

Chinese President Xi Jinping has proposed a major initiative to build the Silk Road Economic Zone and the 21st century Maritime Silk Road during his visit to Central Asia and Southeast Asian countries in September and October 2013 which has received wide attention and positive response from the international community. Then Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road issued and put clearly forward to support Fujian to construct the 21st century core area of the Maritime Silk Road. Fujian Provincial Development and Reform Commission, the Provincial Foreign Affairs Office and the Provincial Department of Commerce jointly issued The Plan for Building Fujian into the Core Area of the 21st-Century Maritime Silk Road on November 17, 2015, which clear the four Functional positioning, key cooperation direction, the main task of Fujian Province build the Maritime Silk Road core area in 21st century^[4]. Xiamen responded to the national "The Belt and Road" initiative actively, put forward "The Action Plan about Xiamen Implementation the Silk Road Economic Zone and the 21st Century Maritime Silk Road Construction Strategy " to build Xiamen into the center hub city in 21st century Silk Road. The introduction of the above-mentioned strategies coupled with the formulation and implementation of a series kinds of trade promotion policies, provided important policy support for the development of CHINA Railway Express (Xiamen). It is the basis and the golden age of the rapid development of Railway^[5].

(2) Multimodal Transport

In recent years, the state introduced a number of policies such as The Development Planning of Railway Container Multimodal Transport in 13th Five-Year, the Notice on Carrying out Multimodal Transport Demonstration Project, and the Notice on Further Encouragement to Carry out Multimodal Transport Work to support the sea-rail, sea-road, road-rail and other multimodal transport development. The development of Railway Express (Xiamen) regards the part of the goods from Taiwan and ASEAN to Europe as one of the target goods. The policies which encourage multimodal transport developing will promote the development of RAILWAY Express. It is benefit Xiamen to play a hub node role in Silk Road and Maritime Silk Road to connect the city along side and promote the transfer business from Taiwan, ASEAN regions to the inland, Central Asia, Europe and other countries through Xiamen.

(3) Cross-Border Electricity Business

With the improvement of the income level and living standard of Chinese residents, the demand for high quality foreign goods has increased rapidly which leading a rapid development of cross-border electricity business. The main cross-border electricity business goods focus on food, clothing, drinks, meat products, electronic products and other categories. Container transport is suitable for these high timeliness and value goods that provide objective and potential sources for the development of RAILWAY Express. In addition, the innovation in inspection, quarantine, customs clearance and other aspects provide convenient for the transportations of cross-border electric business products. These above reasons have played a certain role in promoting Railway Express rapid develop with the rise of cross-border electricity business.

3.4 Threats

(1) External Competition

It will face many external competition in the Railway Express development process especially the goods to European that can be transported by shipping. At present, the international shipping market is still in the trough, but the container liner route speed is bound to accelerate with the recovery of the shipping market and ease the timeliness advantages of RAILWAY Express in a large extent and take huge impact on the Railway Express development.

(2) Weaken of Free Trade Area Advantage

The free trade area has played a considerable role in promoting development process of Xiamen's economic in recently decades, it also is an important goal and direction of the future development. But Xiamen gradually lost the original compared with other cities advantage with the construction of national free trade area was promoted in the central and western provinces. It is tasks to face and solve in the develop process that how to play their own advantages in the process that free trade area gradually promote and enhance the ability to compete with the surrounding areas.

(3) Other Railway Express Competition

Throughout the CHINA Railway Express are constantly running and operating, the development process of the Xiamen Railway Express will inevitably face competition with other classes, especially from the city that hinterland coincide with Xiamen and can transport through shipping such as Fuzhou, Ningbo, the competition will be more direct. It will be the backbone of the Railway Express develop healthy and stably that how to deal with the relationship and position with other RAILWAY Express.

(4) Financial Subsidies

All place Railway Express have got different degree financial subsidies in the beginning to solve the problem that supply of RAILWAY Express is insufficient, the channel has not yet been fully completed, the promotion of the outside and other issues in order to promote the opening and operation of RAILWAY Express. These things result in chaos opening situation, numerous subsidies, scramble for goods and other phenomena. In the case of other Railway Express subsidy more than Xiamen, it became an important issue to be considered in the future development of RAILWAY Express that how to achieve the development and cooperate with other Railway Express in the future can cell action of subsidies.

4. Suggestions

4.1 Play the Advantages of Cooperation with Taiwan

CHINA Railway Express as a new international logistics channel should not be regarded as a channel which only service Xiamen local cargo. It should be considered from the overall layout of the national to play their own unique geographical advantages, and match the positioning of strategic fulcrum city in the "the Belt and Road" initiative. The transit functions that Xiamen as a areas which Taiwan, ASEAN cargo into the inland should be used to improve the international trade channel, optimize the transport organization, strengthen resource integration, innovative service model and open up a new international logistics channel for cargo that Taiwan, ASEAN to inland, Europe and Central Asian countries.

4.2 Strengthen Cooperation with other Railway Express

It should be pay attention to the competition and cooperation with the inland and coastal areas Railway Express during the process of RAILWAY Express open, and the Railway Express opening cities that have the possible cooperation such as Chengdu, Wuhan, Zhengzhou and so on can as the future cooperation choice. On the one hand the cooperation can increase the goods to improve the efficiency of the transport and reduce the operating costs of Railway Express; the other hand it also can avoid competition between different Railway Express that conducive to the Railway Express long-term, Health, stable development and avoid competition for the supply. In addition, the cooperation also conducive to play fully scale advantages in the destination to establish and improve distribution network in Europe, Central Asia and other places and enhance the voice in cooperation with overseas institutions.

4.3 Establish Market-Based Solicit Goods Mechanism

The return source will be one of the most important factors in reducing the operating costs of RAILWAY Express and the quickest solution at this stage is to work with existing international freight forwarding companies. International freight forwarding enterprises have a complete services network around the world that can assist solicit goods, provide a sound supply chain services and complete sea and rail transport bill maturity to make up the Railway Express lack quickly. The point that company should be cautious, careful consideration is how to establish a market-oriented mechanism, what way cooperation can quickly upgrade the capacity of solicit goods and not hand goods to others completely.

4.4 Improve the Port Function and Apply for Relevant Qualifications

In order to broaden the supply, enhance the scope of radiation range and expand the influence of Railway Express, CHINA Railway Express (Xiamen) should strive actively for national policy support, such as cross-border city qualifications to increase the supply especially outside goods transfer through Xiamen. Secondly the support come from China General Railway Company should be strived to enhance transport capacity, open the five scheduled trains in domestic section and the point directly RAILWAY Express line to EU. In the same time provide specialized transport support to the international mail Transport, refrigerated cargo transport, motor transport and other special cargo to meet the future development and business development needs.

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