Measures for the Development of the Transit in the JSC “Russian Railways”

International Railway Advisor for Russian and CIS affairs, UIC

Roman REBETS

UIC/FIATA Rail group meeting
April 24, 2015, Vienna
Introduction of the modern information technologies

Development of the logistics sector

Development of the intermodal technologies

Cooperation with foreign railways and organizations

Development of the Railway Infrastructure

Trans-Siberian Railways is fully electrified and equipped with modern CCS appliances and information technologies
## Targeted Parameters of the Transport Product «TRANSSIB for 7 days»

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery speed and stability of the transit time</td>
<td>9806 km Nakhodka – Krasnoe 7 days 1500 km per day</td>
</tr>
<tr>
<td>Regularity of the service</td>
<td>Ability to organize up to 15 train-pairs per day</td>
</tr>
<tr>
<td>Following fixed traffic schedule</td>
<td>According to the travel time on the arrival to the destination</td>
</tr>
<tr>
<td>Competitive tariff evaluated according to the “price – delivery time”</td>
<td>Targeted tariff deep sea + $1000</td>
</tr>
<tr>
<td>Stability of the tariff policy</td>
<td>Minimum during 2-3 years period</td>
</tr>
<tr>
<td>Preliminary information about any changes in tariffs</td>
<td>60 days prior to the date of its official introduction</td>
</tr>
</tbody>
</table>
- Usage of the CIM/SMGS consignment note
- Successful test transportation of the high-tech electronics in refrigerated containers during winter time
Rail transit market

Potential of rail transit market EU-China-EU – 1.25 mln. TEU in 2020

Key growth factors

1. China’s policy of diversifying export routes
   - giving up 100% transport by sea

2. High proportion high-value goods in the structure of trade
   - share of goods with high added value critical to delivery times - up to 35% in the turnover of China-EU

3. Advanced development of the western and central China, the propensity for r/w transit

4. Potential growth of rates for sea freight
   - enhancing price competitiveness of r/w

Source of information: Global Insight; UN Contrade; BCG
Railway cross-border stations between Russia and China

Bordercrossings
Existing
Under construction
Through bordering countries
Transit Tarification

**Tariff rates** – transport between CIS and third countries (except for China, Vietnam, North Korea, Mongolia)

**CIS Tariff Policy**

**Tariff rates** – transport with participation of railways of China, Vietnam, North Korea, Mongolia

JSC “RZD”, as single carrier is ready to propose stable, meaning forecasted for the long-term period, tariff conditions

Possibility for the consignors to have long-term forecasts of the production volumes

Possibility to have long-term contracts with providers and consumers

The level of the transit tariffs on the Russian railways has not changed since 2011
United Transport and Logistics Company – key instrument for the integration of the transport and logistics systems of the countries of the Eurasian Economic Union

<table>
<thead>
<tr>
<th>Objectives of its creation</th>
<th>Business Tasks</th>
</tr>
</thead>
</table>
| 1 Ensuring the integration of transport processes within the Common Economic Space | • Creation of transport and logistics base for the development of economic relations within the Common Economic Space (CES)  
• Common principles of mutual use of the rolling stock  
• Unified transport technology  
• Common principles of pricing policy |
| 2 Improvement of the CES railway transport international competitiveness at the global transport market | • Providing business comparable with global industry leaders  
• Unified position in negotiations with China and the EU  
• Joint control of key transport assets in the CES |
| 3 Increase of revenues of the national railway companies through increase of the international transport volumes, including transit transport | • Development of a transit corridor from Asia to Europe through the territory of the CES  
• Reducing the time and cost of carriage by optimizing transport schemes  
• Proposal on the complex services based on the "one window" |
**UTLC will unite key container assets of CES**

**Marketing network**
- 14 agencies in Belarus
- 3 agencies abroad
- 147 agencies in Russia
- 8 representation offices
- 6 subsidiaries and associates
- 28 agents abroad
- 18 agencies in Kazakhstan
- 1 representation office
- 1 subsidiary
- 12 agents abroad

**Terminals**
- Terminals in Belarus (station Brest)
- Terminals in Russia (including stations Zabaikalsk and Dobra)
- Terminals in Kazakhstan (including stations Dostyk and Altynkol)

**Rolling Stock**
- 1200 wagons
- 3000 containers
- 25 000 wagons
- 61 000 containers
- 4 500 wagons
- 3 000 containers

**Between terminals, UTLC GUARANTEES:**
- Regularity of the train departures
- Stable delivery time
- Stable planning of delivery pricing
- Security of the cargo

Meeting the need of the international customers
8 well known companies, who are doing business on the East-West Corridor (DBSR, Transcontainer, RZD Logistics, UTLC, ČD Logistics, GEFCO, others).

- 4 companies from EU, 3 from Russia, 1 from Turkey
- 3 have office/agent in China
- 3 use own rolling stock, 4 – subcontracted, 1 – leasing
- 1 use own container fleet, 7 – subcontracted
Low freight maritime rates
Infrastructure constraints for transit trains (primarily in length, weight, speed)
Complexity and inconsistency of the tariff policy
The asymmetry of the flow of goods
Lack of uniform technical standards at border crossings, difference of railway systems
The lack of information transparency on transit services
Insufficient development of logistics terminals in the main nodes of corridors
Differences in transport law and the complexity of the registration / renewal documents
Complexity of border and customs procedures
Surplus container fleet

<table>
<thead>
<tr>
<th>Importance on the business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low freight maritime rates</td>
</tr>
<tr>
<td>Infrastructure constraints for transit trains (primarily in length, weight, speed)</td>
</tr>
<tr>
<td>Complexity and inconsistency of the tariff policy</td>
</tr>
<tr>
<td>The asymmetry of the flow of goods</td>
</tr>
<tr>
<td>Lack of uniform technical standards at border crossings, difference of railway systems</td>
</tr>
<tr>
<td>The lack of information transparency on transit services</td>
</tr>
<tr>
<td>Insufficient development of logistics terminals in the main nodes of corridors</td>
</tr>
<tr>
<td>Differences in transport law and the complexity of the registration / renewal documents</td>
</tr>
<tr>
<td>Complexity of border and customs procedures</td>
</tr>
<tr>
<td>Surplus container fleet</td>
</tr>
</tbody>
</table>
Thank you for your attention!

Roman REBETS
International Railway Advisor for
Russian and CIS affairs
GTE secretary
rebets@uic.org