CURRENT SITUATION AND DEVELOPMENT PROSPECTS
OF INTERNATIONAL PASSENGER CARRIAGE ON EAST – WEST DIRECTION

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Federal Passenger Company
JSC "Federal Passenger Company" in numbers

Socially oriented national rail carrier

**Assets**
- Railroad coaches, **20,6 thousand units**
- Passenger depots and coach servicing divisions, **55**
- Assets value, **3,0 bln euro**

**Activity indicators** (2016 estimates)
- Passenger traffic, **88,5 bln passengers-km**
- Income, **2,8 bln euro**
- Investment program, **285,0 mln euro per year**
- Net income, **45,7 mln euro**

**Personnel and structure**
- Employees, **65,1 thousand**
- Company branches, **15**
- Subsidiaries and affiliates, **3**
Principal target characteristics of passenger traffic on the Russian railways

- High traffic safety standards
- Service quality
- Order and payment accessibility
- Competitive price offer
- High-speed traffic
- Schedule compliance
- Innovative rolling-stock
- Customer oriented approach
Rolling-stock upgrade for transport connection with European countries

MODERN REGULAR TRAINS OF JSC FPC

JSC FPC's car fleet

200 RIC cars built in 2010-2015

New high-speed train Moscow-Berlin-Moscow

Distance: 1,896 km
Run time: 20 h. 14 min./20 h. 35 min
Train’s debut: December 17, 2016
Start of sales: October 27, 2016

In prospect up to 16 h.
Attractiveness Enhancement

Discounts in JSC FPC trains: 20% to 58%
- Senior
- Child fare
- Family
- Holiday
- Junior
- Child Group
- Group
- Voyage
- Wedding

Discounts for buying tickets in advance

Study of consumer satisfaction
- 30 studies
- 85 thous. respondents

Growth of Internet sales
- 10% per year
- 50% share of sales via websites and through the mobile application

RZD Bonus program
- 2 mln participants registered in the loyalty program
- 52% active participants
- 295 thous. joint bank cards VTB 24 - RZD
- 87 thous. joint bank cards Alfa Bank - RZD

Program partners:
- “TALLINK CLUB ONE”
- CityGuideCard – “a key to Latvia”
- Radisson Royal Moscow and hotel chain CityHotelGroup

Federal Passenger Company
Effectiveness of applied measures

Cost/Income ratio, %

- Latvia: 80.7 (9 mon. 2015), 107.8 (9 mon. 2016)
- Uzbekistan: 98.3 (9 mon. 2015), 117.4 (9 mon. 2016)
- Finland: 104 (9 mon. 2015), 117 (9 mon. 2016)
- Estonia: 80 (9 mon. 2015), 122.7 (9 mon. 2016)
- Lithuania: 57.8 (9 mon. 2016), 143.8 (9 mon. 2016)
Major innovations of the draft of new
Convention to Facilitate the Crossing of Borders
in the International Railway Passenger Traffic

- An actualized glossary
- Carriage of passengers, luggage and cargo-
luggage are exclusively regulated
- Optimized customs control procedures
  partially done at border stations and partially on
  board while train is moving
- Intention of participants to comply with
  international standards and to use modern
  technology and best practices in the area of
  railway carriage is confirmed
- The need to use modern data exchange
  methods
- Particularities of data transfer, being protected
  by legislation of a participant state
- A commitment to facilitate visa issuing
  procedures
- Possibility for train crew and staff to cross
  borders on the grounds of the agreed staff list
- Possibility for regional economic integration
  organizations to participate as party to the
  Convention
- A detailed mechanism of dispute resolution
- A new disposition providing a method of making
  amendments to the Convention
- An independent disposition allowing
  participants to enter into bilateral
  agreements
FPC - transit carrier connecting Europe and Asia
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2017
Dynamics of international passenger traffic and network in 2010-2016

In 2010-2016 due to economic and geopolitical reasons 169 international routes were canceled.

Risk of eventual extinction of international passenger transportation by rail

Urgent remedial action needed!
Comparison of approaches to the economy of international passenger trains

**Individual responsibility**

- Cost/income ratio less than 40%
- Fee for infrastructure - more than 60% of costs
- Fee for infrastructure does not depend on the number of passengers carried
- Limited effectiveness of available economy improvement tools
- Low motivation for joint work on improving the economy of trains

**Parity responsibility**

- Cost/income ratio from 55% to 144%
- Costs and income are divided proportionally to the train mileage through each country
- Direct interest in increasing the volume of traffic: more passengers - more income
- Available economy improvement tools allow to increase mutual benefit
JSC FPC’s appeal to the Inland Transport Committee of UN Economic Commission for Europe

JSC FPC addresses the Inland Transport Committee of UNECE with an appeal to recommend the governments of countries to pay attention to the situation with passenger traffic and to take effective measures for supporting international railway carriage in order to meet the needs of citizens in transportation:

- Application of governmental support mechanisms for international trains;
- Introducing a mechanism for parity partitioning of railway administrations’ responsibility regarding the economy of international trains;
- Optimizing border control procedures for all international trains
Basic principles of successful international cooperation

- mutually beneficial relationship
- equality of rights and parity
- non-discrimination