Eurasian transport link development by RZD

Remarks by RZD President Vladimir Yakunin

Geneva, Switzerland, 24 February 2010
Container transit time across Russia: 11 days
Long-term target: 7 days
Main priorities of the “Trans-Siberia in 7 days” product

- Adopting the Rules for container train transport
- Improving the international regulatory framework

• Competitive tariffs
• Stable tariff policy
• Stabilising tariffs’ period of operation to 2 – 3 years
• Establishing container transport tariffs per wagon, and later per container train

- Improving regulatory framework

- Changing technology

- Increasing speed to 1,400-1,500 km per day
- Updating rolling stock
- Introducing modern information systems

- Infrastructure development

- Increasing transport service quality

- Simple documentation systems
• Adherence to timetable
• Regular service

- Regulating tariffs

- Constructing new container terminals

- Removing infrastructure restrictions on speed

- Regular service
Project goal: creating a new competitive route for container cargo transport linked to the Trans-Siberian mainline

The project provides for:

- Reconstructing a 54km section of the Tumangan – Rajin railway line
- Building a container terminal with a capacity of 100,000 TEUs per year in the Rajin port
- Organising international East – West cargo freight based on the new infrastructure
The basis for cooperation is the transfer of Russia’s share stake (50%) in Ulan-Bator Railways into Russian Railways trust management for 5 years (Decree of the President of the Russian Federation No. 965 dated 22 August 2009).

**Cooperation in boosting the efficiency of Ulan-Bator Railways**

Within the framework of the Agreement on Expanding Cooperation between Russian Railways and Ulan-Bator Railways (February 2008):

- Providing Mongolian Railways with the necessary rolling stock
- Renovation of the track superstructure
- Introduction of innovative transport and information technology on Ulan-Bator Railways
- Integration of the IT systems of Russian and Mongolian Railways
- Development of transit from China to Europe and back
- Training and retraining of highly-qualified personnel in professions in urgent demand by Ulan-Bator Railways

In 2009, 2 Russian Railways representatives joined the Ulan-Bator Railways Management Board.

**Development and implementation of the concept for Mongolian Railways’ development**

In May 2009, the government of Mongolia and RZD established an Infrastructure Development company (with an RZD stake of 50%) as a site for developing the Concept for implementation of the joint project with Ulan-Bator Railways and construction of a new railway infrastructure in Mongolia on the principles:

- Unified network (on the basis of Ulan-Bator Railways)
- Single gauge track (1520mm)
- Financing of the project by Russian Railways (the funds) and the government of Mongolia (deposit development rights) on a parity basis
The length of the planned line will be 565km.
Expected North-South ITC commodity market volume: 25m-26m tonnes

Legend
- North-South corridor
- European cargo flows linked to the corridor

Freight routes within the North-South corridor:
1. Trans-Caspian
2. West (via Azerbaijan)
3. East (via Kazakhstan and Turkmenistan)
4. Traditional sea route via the Suez Canal
- Planned Astara – Rasht railway line
- Qazvin – Rasht and Uzen – Bereket – Gorgan lines under construction
- Potential North – South corridor lines

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Cooperation of JSC “Russian Railways” with foreign transportation companies to set up joint venture for freight service

- Joint Venture of JSC “TransContainer” and VR Ltd. “Container TransScandinavia” for composite service at container transportation between Finland and Russia
- Joint Venture of JSC “Russian Railways” and DB AG “Trans-Eurasia Logistics” for transportation of containerized cargo between Germany and Russia
- Joint Venture of JSC “TransContainer” and China Railway Container Transport Corporation (CRCT) for international transportation of containerized cargo
- Cooperation of JSC “TransContainer” and ZAO “Russkaya Troika” with the leading consignors and forwarders of Japan within the framework of concluded agent agreements

Strategic aim: Strengthening of JSC “Russian Railways” position at the Eurasian freight service market
Freight volume and investment in railway infrastructure around Russian ports until 2020

**North-West region**

<table>
<thead>
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<th>2008</th>
<th>2009</th>
<th>2015</th>
<th>2020</th>
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<tr>
<td>Min tonnes</td>
<td>83.4</td>
<td>81.8</td>
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<td>Bln roubles</td>
<td></td>
<td></td>
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<td><strong>between 2010 and 2020 – 362.0</strong></td>
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**Southern region**

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<tr>
<td>Min tonnes</td>
<td>61.2</td>
<td>63.8</td>
<td>122.6</td>
<td>137.3</td>
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<td><strong>between 2010 and 2020: 1,075.9</strong></td>
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**Total investment (in expected prices): 1,771.7 billion roubles**

**Far East region**

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<th>2020</th>
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</thead>
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<tr>
<td>Min tonnes</td>
<td>46.1</td>
<td>52.6</td>
<td>105.1</td>
<td>130.0</td>
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<tr>
<td>Bln roubles</td>
<td></td>
<td></td>
<td></td>
<td><strong>between 2010 and 2020: 333.8</strong></td>
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