



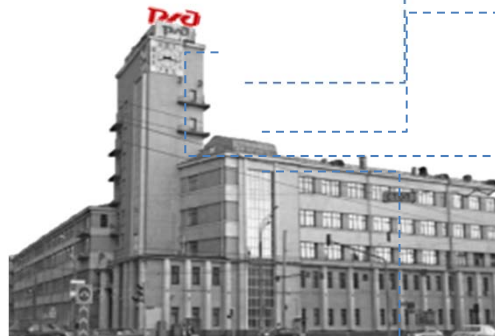
**Ways to increase the competitiveness of the railway
transport of Russia**

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Railway Transport – a Locomotive of the National Economy



National income

VAT

Social Tax

Income Tax

~1.6 % of the National GDP
~1.0 % of the consolidated state budget

Workforce

1070 thousand employees



A strategic element of the transport system

The value of net assets amounted to 3.5 trillion rubles (€73.5 billion) in 2013

One of the largest consumers of products and services in the country

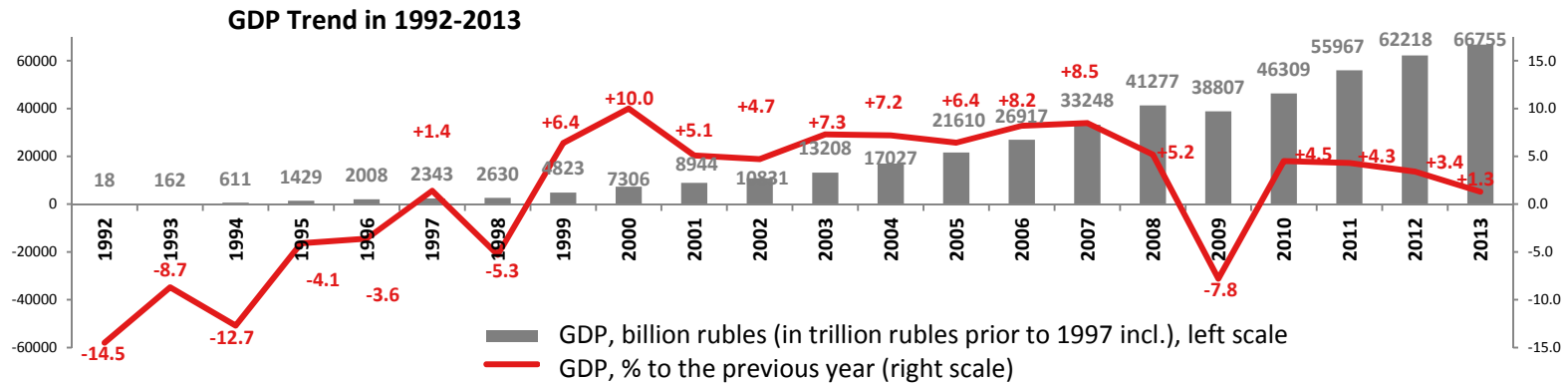


Diesel fuel – 10% in Russian Federation

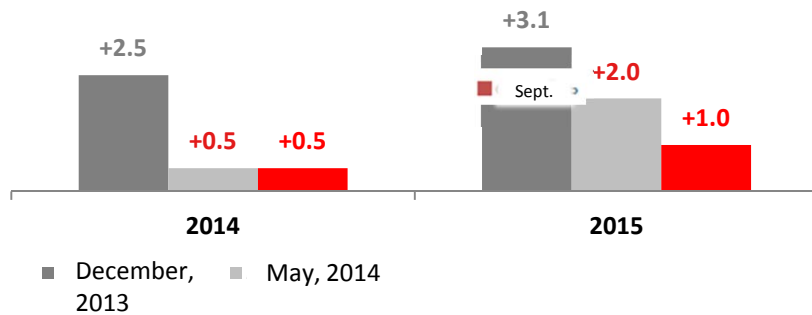
Electric energy – 5% in Russian Federation

Ferrous metals – 2% in Russian Federation

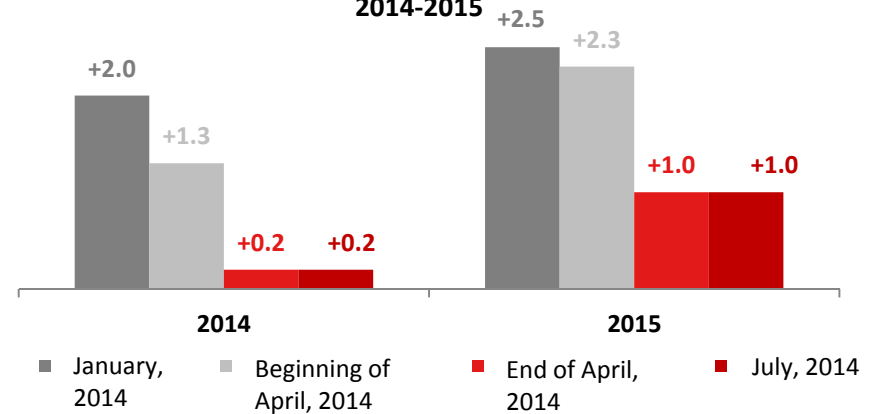
GDP of Russia – Trends and Forecasts



Forecast of the Ministry of Economic Development of the Russian Federation for the period 2014-2015.

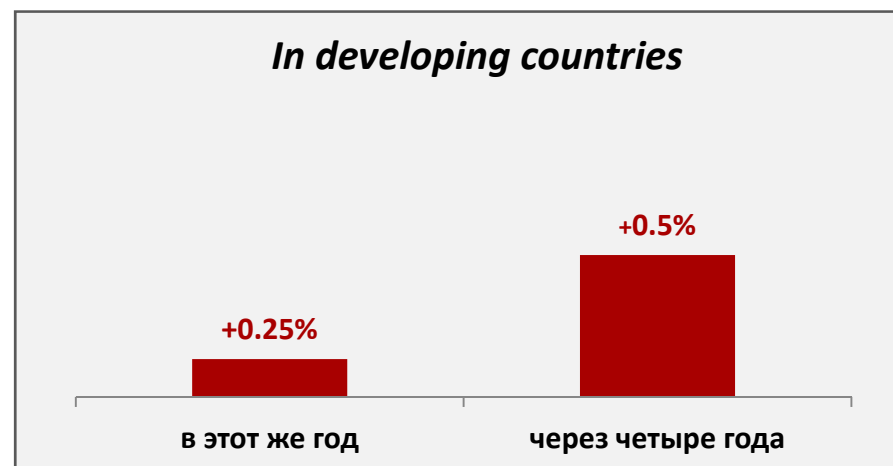
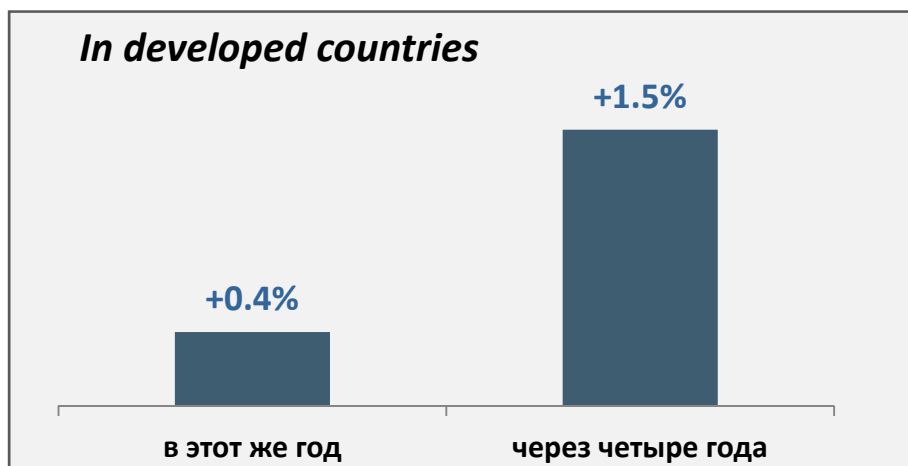


Forecast of the IMF for the period 2014-2015



The effect of investment into infrastructure on growth of output (according to IMF)

IMF estimation: an increase of state investment into infrastructure by 1 percentage point of GDP provides for an additional increase of output:



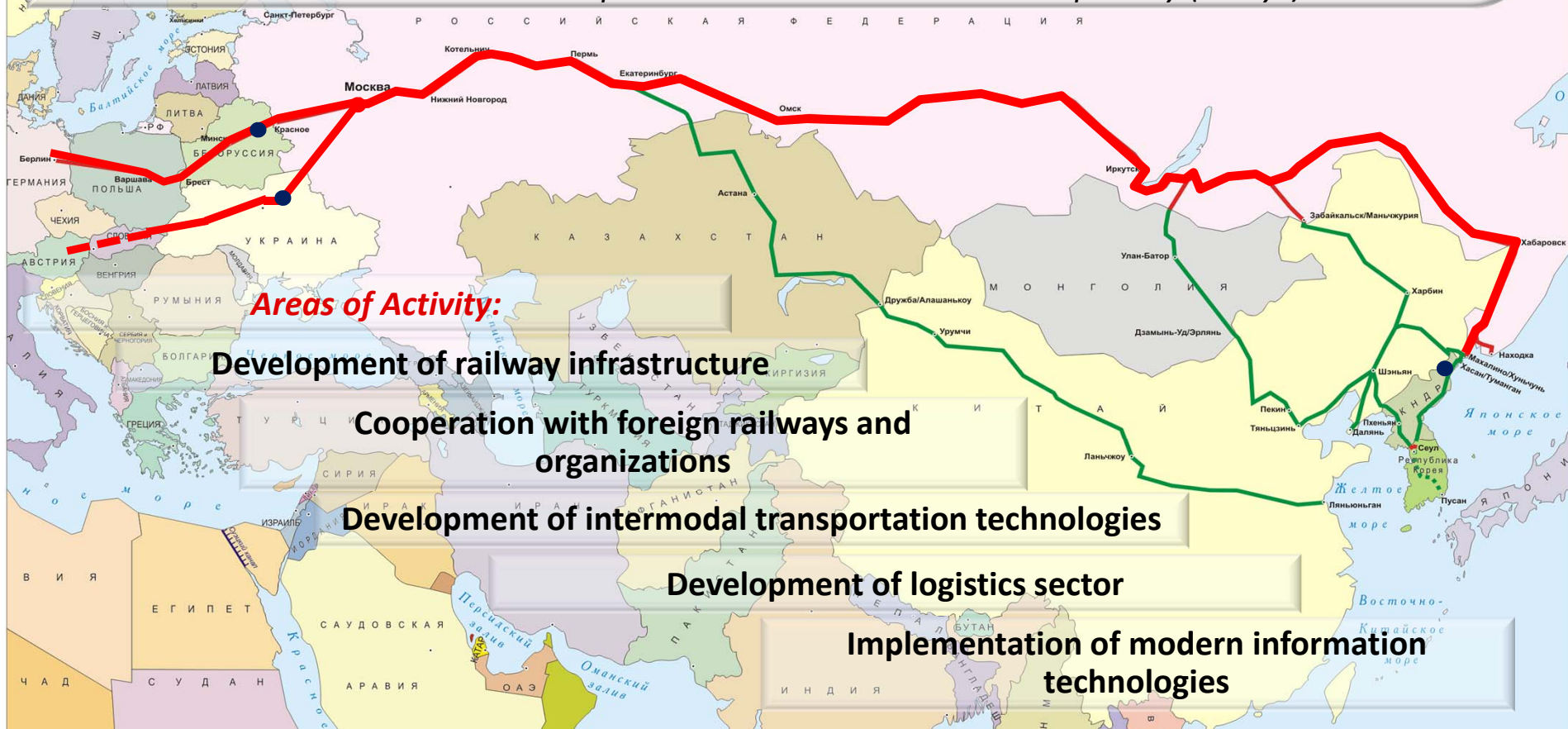
Given an increase of state investment into infrastructure in Russia in 2015 by 1 percentage point of GDP (about 770 billion rubles) the growth of industrial output in the same year would increase from 1.6 to 1.85% according to the forecast of the Ministry of Economic Development of the Russian Federation, whereas in four years the additional increase would amount to +0.5 percentage points per year.

Estimation of the Centre for Strategic Research: one ruble of state investment into infrastructure multiplies into 1.46 rubles of GDP

Projects of development of the Trans-Siberian Railway Line

By 2015 the transportation of containers along the Trans-Siberian Railway line from the eastern to the western frontiers of Russia will take 7 days

The current movement speed amounts to about 1100 km per day (8 days)



Prospective network of terminal and logistics centers on the Russian railways



Measures to augment the client-oriented approach

Organizational

1. Formation of a TLC network
2. Provision of services on the basis of “single point of contact” principle
3. Development of batch shipments
4. Flexibility in finalizing purchase orders in “regular” shipments
5. Formation of flexible logistics schemes for unladen train runs

Regulatory

1. Adoption of sector-wide quality standards for provision of services
2. Improvement of the regulatory and legal framework
3. Introduction of liability for untimely finalization of purchase orders

Technological

1. Implementation of new technical resources (freight cars, containers, etc)
2. Increase of the level of routing of unladen cars
3. Modernization of infrastructure in public domain

Additional transport and logistics solutions



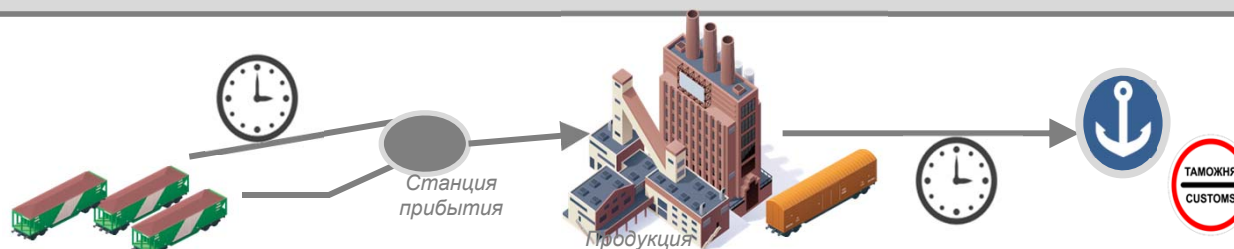
Organization of freight train transportation in accordance with schedule



СУЭК
СИБИРСКАЯ УГОЛЬНАЯ
ЭНЕРГЕТИЧЕСКАЯ КОМПАНИЯ



Provision of comprehensive transport and logistics services (CTLS)



Parking (paid temporary stationing of cars along the journey route on the public domain infrastructure upon request of the client)

Freight delivery routes from the countries of the Asia-Pacific Region to Europe



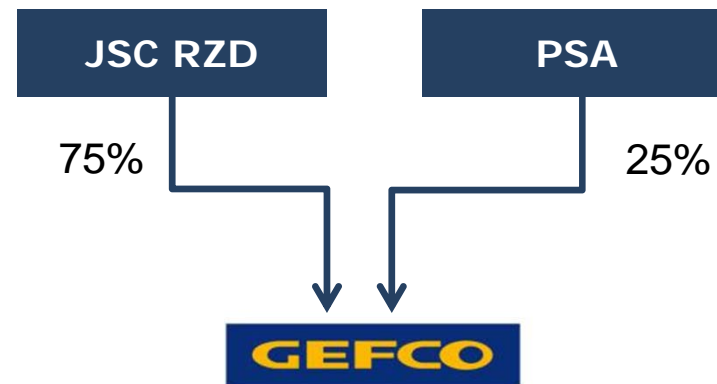
- Busan – Brest/Dobra, 15 trains
- Chongqing – Duisburg, 36 trains
- Suzhou – Warsaw, 1 train
- Zhengzhou – Hamburg, 9 trains
- Chengdu – Lodz, 31 trains
- Brest – Zabaikalsk, Zabaikalsk – Brest, 126 trains

- Usage of CIM/SMGS consignment note
 - Successful trial run transportation of high-technology electronics in refrigerator cars during the winter period

GEFCO – Subsidiary Company of Russian Railways

Lead supplier of integrated 3PL/4PL logistics services

One of the 10 largest logistics operators in Europe



- JSC Russian Railways has purchased from Peugeot S.A. 75% of shares of the GEFCO Company
- At the present time the plan to integrate GEFCO into the structure of the RZD Holding Company is carried out – a package of logistics services is being formed for Russian and international enterprises
- Since October 2013 – young employees of the RZD Holding Company undergo internships on the basis of GEFCO



UTLC – a key instrument for the integration of the transportation systems of the CES member-states

Facilitation of integration of transportation processes within the CES

Augmentation of international competitiveness of the CES railway transport upon the global transportation market

Growth of revenue of national railway enterprises due to increase in volumes of international and transit freight transportation

- **21st June 2013** – Agreement to establish UTLC
- **10th October 2013** – Agreement, stipulating basic principles of establishment and operation of UTLC
- **7th November 2013** – planning schedule of actions to establish the UTLC
- **25th November 2013** – Board of Directors approved the participation of JSC RZD in the charter capital of UTLC, in partnership with railway enterprises of Belarus and Kazakhstan
- **March 2014** – Memorandum of understanding between Project office UTLC LLC and DHL Global Forwarding (in June – 2 additional Agreements)
- **29th May 2014** – the Treaty on Eurasian Economic Union signed by the heads of the CES member states

Shareholders



Operational Management Companies

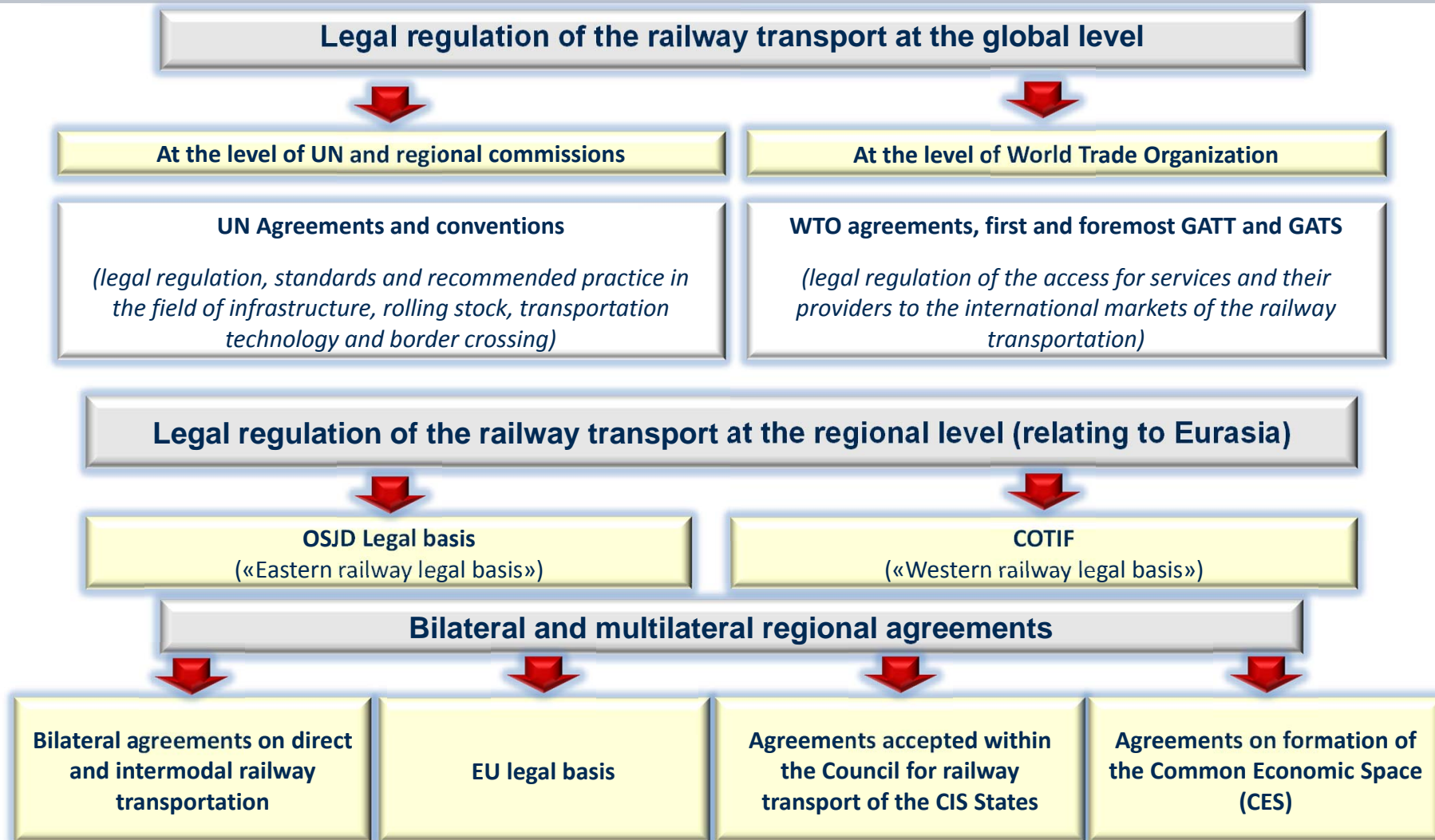


Transportation and Freight-Forwarding Services



30th August 2014 the Government of the Russian Federation approved the contribution of **50%+2 shares of JSC TransContainer** along with **100%-1 shares of JSC RZD Logistics** to the share capital of UTLC

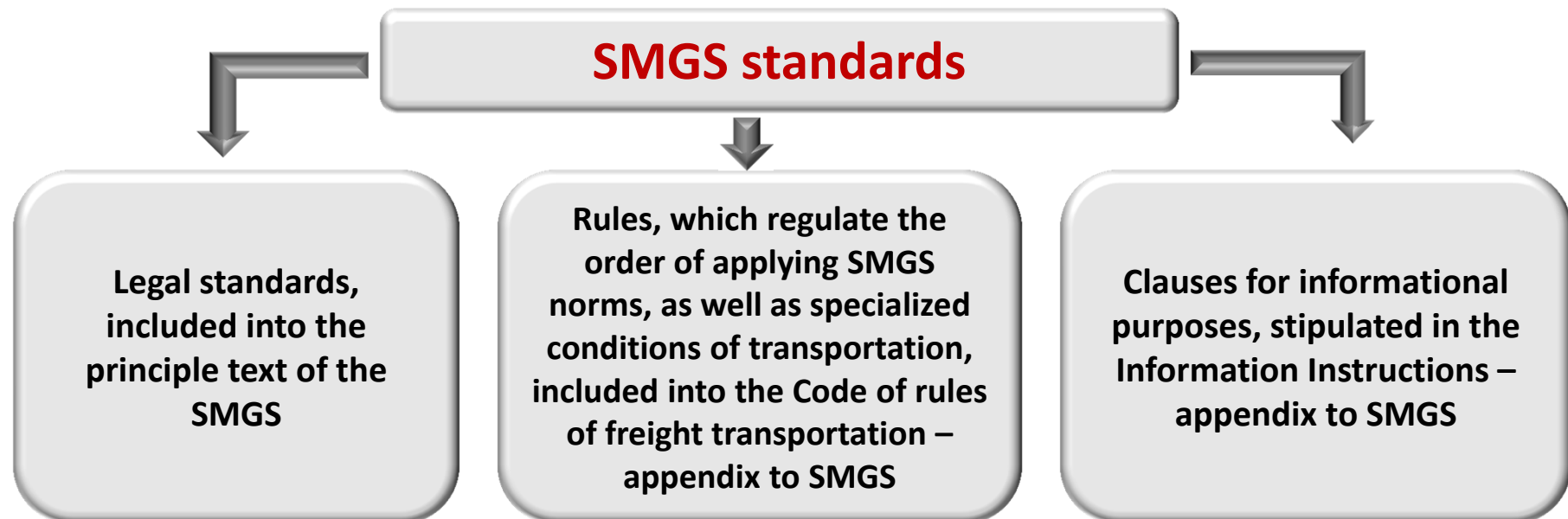
The current system of legal regulation of the railway transport



Comprehensive amendments and additions into the Agreement on International Goods Transport by Rail (SMGS) and Procedure Instructions to SMGS

REVISED TEXT OF THE SMGS ENVISAGES:

- ✓ Regulation of the procedures on signing, amending and executing contracts for transportations
- ✓ Rights and obligations of parties to a contract for transportation
- ✓ Responsibility of the contacting parties
- ✓ Mutual responsibility of the freight carriers



Formation of the Unified Convention on Direct International Rail Transport

CONVENTION ON DIRECT INTERNATIONAL RAIL TRANSPORT

ATTACHMENTS:

General provisions for Agreement on freight international transportation

General provisions for agreement on passenger international transportation

General provisions for international railway infrastructure

General provisions for usage of the freight cars in terms of international transportation

General provisions for railway rolling stock in terms of international transportation

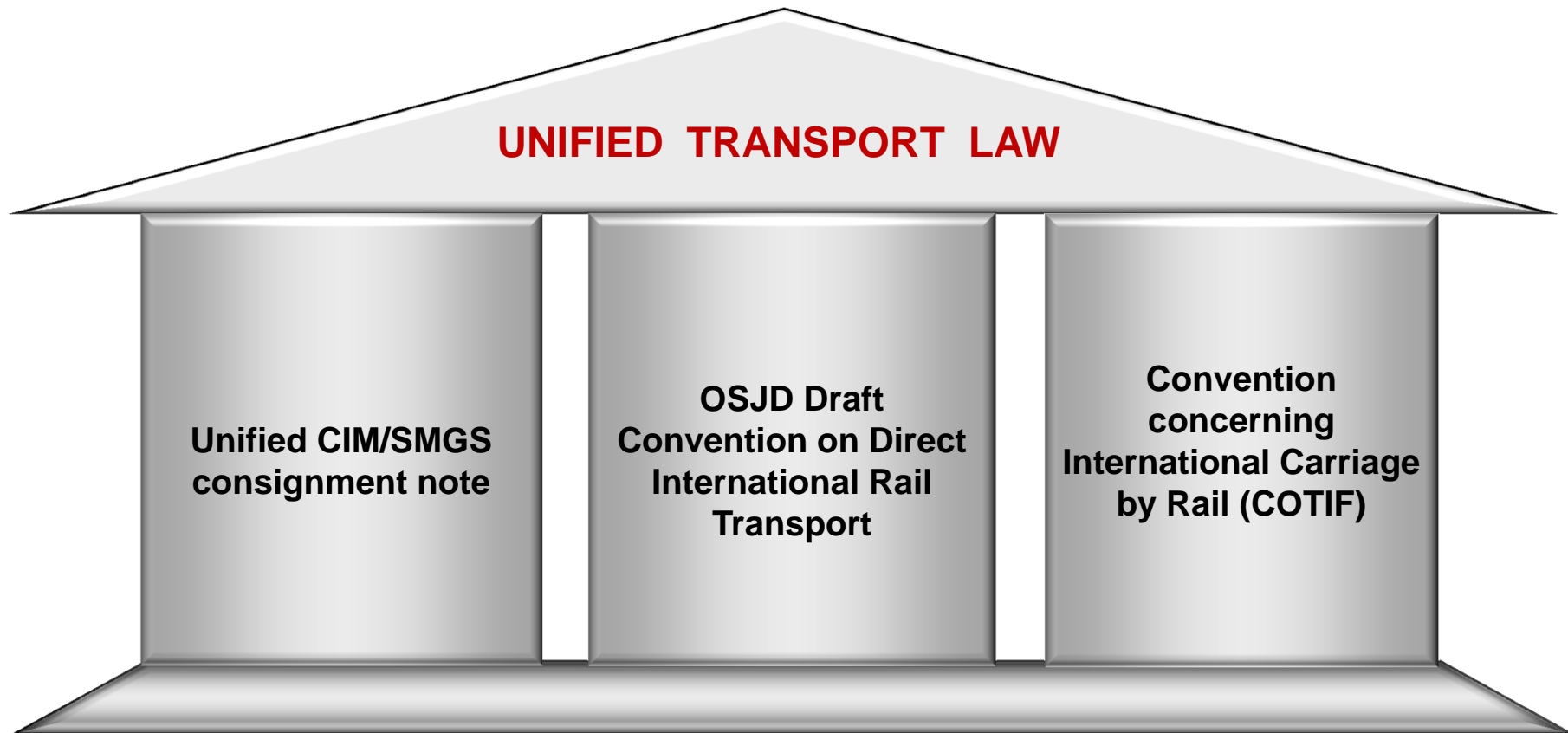
General provisions for international transportation of the dangerous goods

General provisions for usage of passenger cars in terms of international transportation

The Convention regulates both the activity of the OSJD itself and the legal basis for carrying smooth transportation of passengers and cargoes on the entire Eurasian domain:

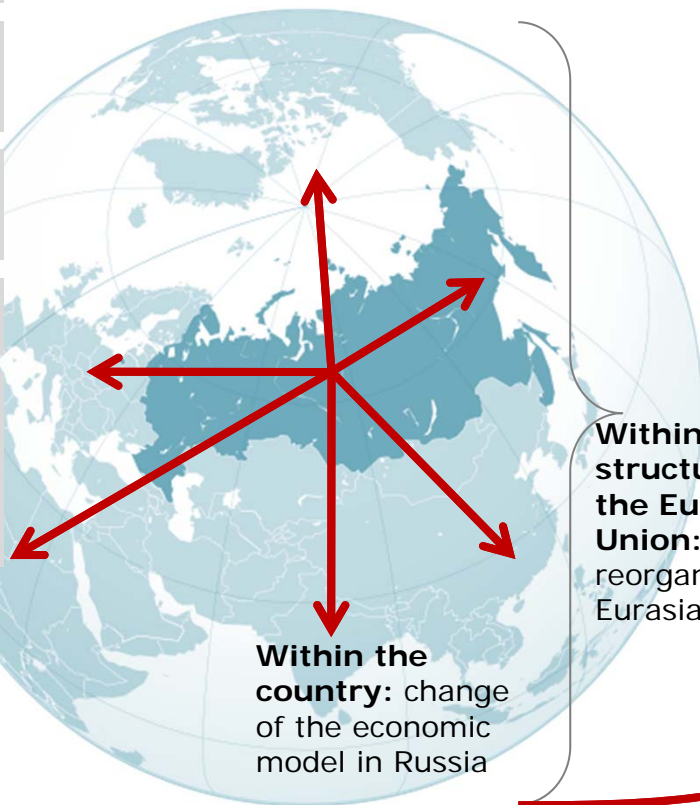
- Purposes, approaches and activity areas of the OSJD
- OSJD structure
- Decision-making procedure by the highest governing bodies of the Organization
- Conciliation procedures and arbitration at the OSJD Committee
- Contract for transportation of cargoes (incl. railway-ferry transportation) and passengers
- Usage of freight and passenger cars
- Technical requirements to the infrastructure and rolling stock

Unified transport law



Trans-Eurasian corridor RAZVITIE – project of planetary scale

- High speed transportation
- Power bridge
- Redistribution of the water resources
- Oil and gas transportation
- New cities
- New lines of industry in Europe, Russia, Kazakhstan and China



Thank you!