Transsib: Freight Transportation Development Trends in the Context of Globalization of the World Economy

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The Trans-Siberian Railway – one of the main TAR lines

More than 3.2 million TEU were transported across the Russian Railway network in 2014. 1.8 million TEU were carried along the Trans-Siberian Railway Mainline, of which 750 thousand TEU were international destination freight.
Modernization of the Railway Infrastructure of the Baikal-Amur and Trans-Siberian Railway Mainlines

1. OBJECTIVE

To ensure by 2020 an increase in the volumes of freight transportation from the main mineral deposits of the Eastern Polygon up to 66 million tons

2. EFFICIENCY

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment sum, billion rubles</td>
<td>562.4</td>
</tr>
<tr>
<td>Net present value of the project for the budget system, billion rubles</td>
<td>142.4</td>
</tr>
<tr>
<td>Discounted payback period of the project for the budget system, years</td>
<td>20</td>
</tr>
</tbody>
</table>

3. FINANCIAL STRUCTURE IN ACCORDANCE WITH THE RATIFIED PROJECT DESIGN PASSPORT

<table>
<thead>
<tr>
<th>Source of financing</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSC Russian Railways</td>
<td>33.5</td>
<td>46.4</td>
<td>57.5</td>
<td>87.6</td>
<td>77.2</td>
<td>302.2</td>
</tr>
<tr>
<td>National Wealth Fund</td>
<td>-</td>
<td>50¹</td>
<td>50.0</td>
<td>50.0</td>
<td>-</td>
<td>150.0</td>
</tr>
<tr>
<td>Federal Budget</td>
<td>4.6</td>
<td>-</td>
<td>21.5²</td>
<td>40.2</td>
<td>43.9</td>
<td>110.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38.1</td>
<td>96.4</td>
<td>129.0</td>
<td>177.8</td>
<td>121.1</td>
<td>562.4</td>
</tr>
</tbody>
</table>

¹ In 2014, JSC Russian Railways did not receive the first tranche of 50 billion rubles from the resources of the National Wealth Fund. These funds were received in 2015.
² The funds from the Federal Budget were received in June 2015 in the amount of 16.85 billion rubles, which is 4.6 billion rubles less than the originally planned amount.
Implementation of Hasan (Russia) – Rajin (DPRK) Project

Rail-freight traffic, million tons

Freight structure in 2014, 2020 and 2025, %

- coal
- timber freight
- other freight

Delivery of goods
Receipt of goods

2014
2020
2025

2012
2013
0.3
2.7
3.2
3.3
0.1

0.3
2.7
3.2

2014
2020
2025
Transit routes of the Eurasian transport connection

- Brest – Zabaikalsk, Zabaikalsk – Brest, 12 days
- Chongqing – Duisburg, 16 days
- Suzhou – Warsaw, 13 days
- Chengdu – Lodz, 15 days
- Zhengzhou – Hamburg, 15 days
- Pusan – Brest/Dobra, 24 days

- Application of unified CIM/SMGS consignment note
- Successful test transportation of high technology electronics in reefer containers during the winter period
New Transport Product “Baikal Shuttle”

This product provides "door to door" freight transportation services, focusing on a clear frequency and accuracy of delivery time.
Key problems, which must be resolved in order to ensure development of the international intermodal business within the East-West ITC

<table>
<thead>
<tr>
<th>PROBLEMS</th>
<th>WAYS OF SOLUTION</th>
</tr>
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<tbody>
<tr>
<td>1. A low number of transit container shipments along the Transsib, which do not correspond to its potential carrying capacity</td>
<td>Design and implementation of a range of commercial, technological and commercial issues; Involvement of the partners in the process of increasing the level of end-to-end service and improving price offer to the customers</td>
</tr>
<tr>
<td>2. A slowing down of cross-border movement of freight due to the presence of rigid customs and control procedures on the frontiers</td>
<td>Formation of favorable conditions for conduction of customs procedures in cooperation with Federal Customs Service; Informational interaction between JSC RZD and Federal Customs Service in the field of electronic data interchange</td>
</tr>
<tr>
<td>3. Imbalance and heterogeneity of freight flows on the East – West and West – East destinations</td>
<td>Attraction of all the market participants for solution of this problem</td>
</tr>
<tr>
<td>4. Establishment of a common regulatory and legal framework to govern the operations of all the participants of the international transportation process</td>
<td>Intensification of cooperation with international organizations in the field of harmonization of transport law</td>
</tr>
<tr>
<td>5. Absence of an end-to-end international schedule for the traffic of container trains</td>
<td>Harmonization of traffic schedule along the entire route in order to increase block speed of the trains and reduce operational costs</td>
</tr>
<tr>
<td>6. Absence of an electronic document interchange along the entirety of the Trans-Siberian route and its adjacent sections</td>
<td>Joint work on creation of a consolidated information system for rapid and efficient exchange of data on location and status of containers</td>
</tr>
<tr>
<td>7. Uncoordinated operation of various modes of transport, namely railway and maritime transport</td>
<td>Provision of efficient technological interaction between different modes of transport</td>
</tr>
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The Convention regulates both activities of the OSJD and legal base for carriages of goods and passengers on the Euro-Asian space:

- aims, principles and activities of the OSJD
- OSJD structure
- decision-making procedure of the OSJD governing bodies
- contract of carriage of goods (including railway ferry carriages) and passengers
- use of freight wagons and passenger coaches
- conciliation procedure and arbitration within OSJD Committee
- technical requirements to railway infrastructure and railway rolling stock
Unified CIM/SMGS Consignment Note

Advantages of using the Unified Consignment Note

- Reduction of delays at border crossing points (up to 10-12 hours)
- Reduction of freight costs for the sum of documents re-issuing process
- Simplification of customs procedures due to acceptance of CIM/SMGS consignment note as a transit customs and bank document
- Provision of strong legal guarantees (the route is clearly defined, the transport costs are divided, compensation provided in case of freight loss or damage)
- Absence of system errors in documents re-issuing process
- Overall reduction in document flow due to the possibility of using electronic version of the consignment note

In 2014, JSC Russian Railways has ensured more than 66 thousand shipments, including approximately 95 thousand containers, with the use of the CIM/SMGS consignment note
Thank you for your attention!