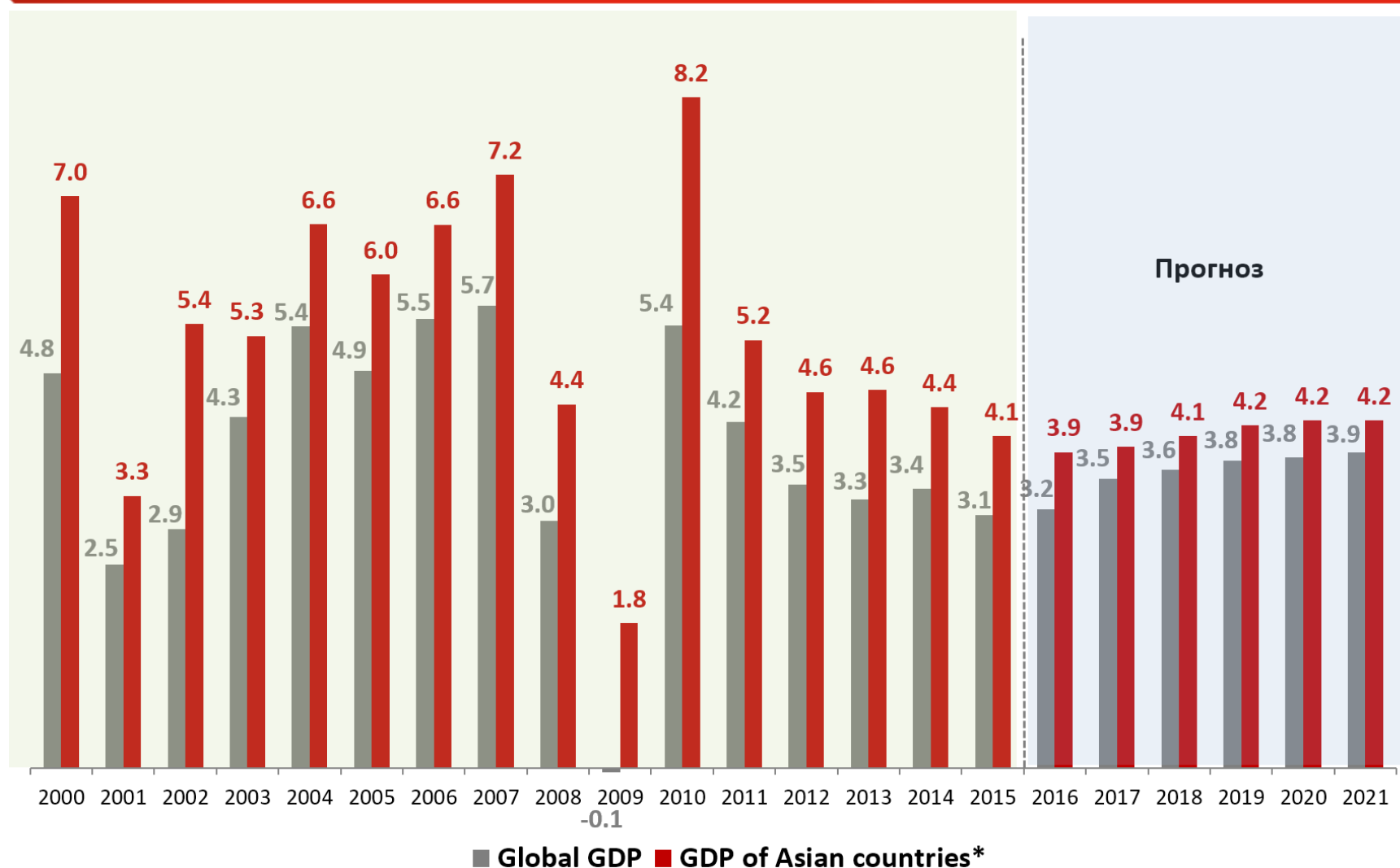


Increasing Russia's Transit Potential

Mikhail Goncharov
Advisor to President of RZD

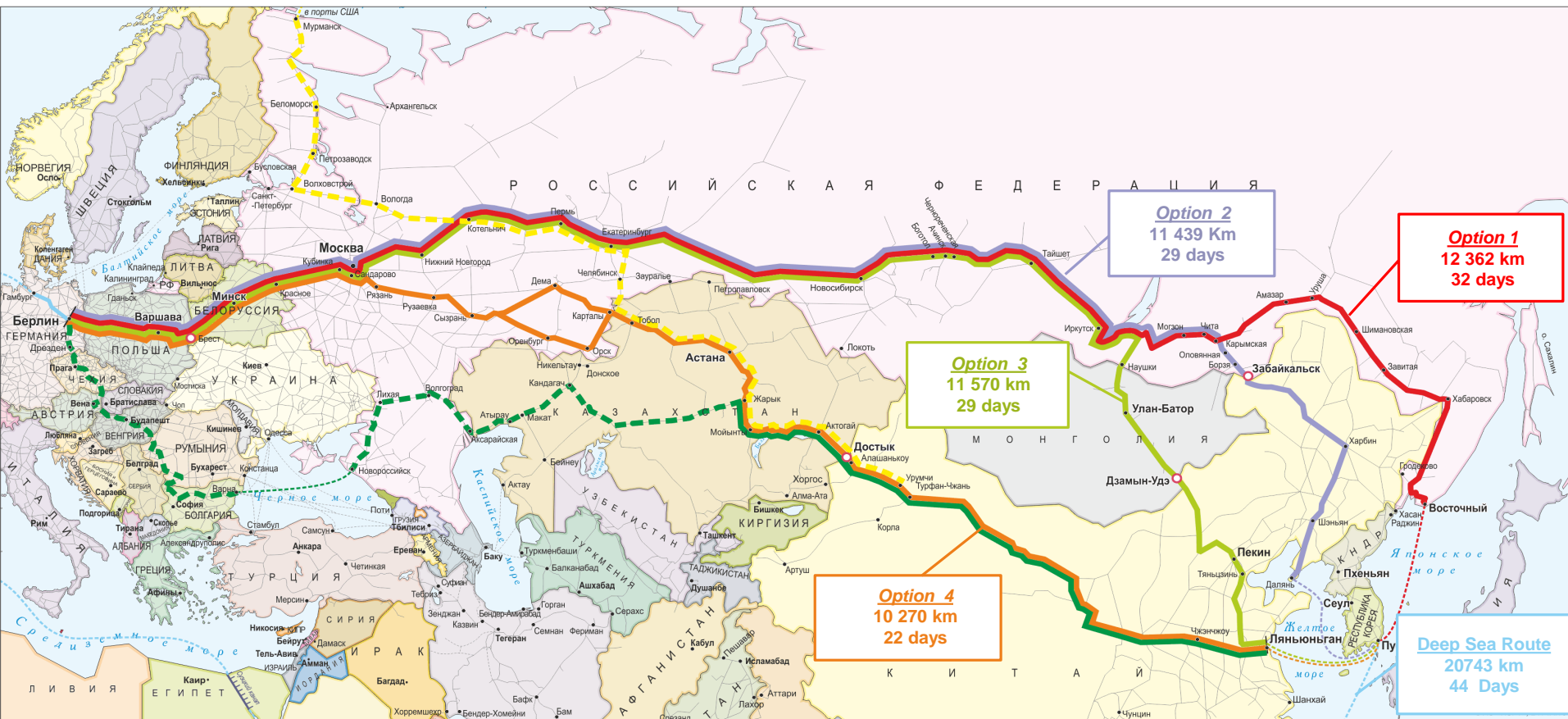
Global GDP growth rate and GDP (on average) of individual countries in Asia, %



* - average growth in the countries : Vietnam, Indonesia, China, Korea, Malaysia, Singapore

According to IMF

East – West Routes of Freight Traffic



Routes options

- Option 1: Trans-Siberian, Far East
- Option 2: Trans-Siberian, Zabaikalsk
- Option 3: Trans-Siberian, Naushki
- Option 4: Kazakhstan, Russia

LEGEND

- Track gauge change
- Deep Sea route: ports of China, Korea – Suez Canal – Hamburg and railway line Hamburg-Berlin

Potential traffic routes from Asia Pacific to Europe and the USA

- Route China – Kazakhstan – Russian Murmansk port – US ports
- Route China – Kazakhstan – Russian Black Sea ports – Europe

Note: TEU – twenty-foot equivalent unit

What RZD do to increase transit traffic



Railway infrastructure modernization of selected transport corridors



Consistent logistics and service upgrade for transit and foreign trade traffic



Unification of information technologies and electronic document management



Competitive tariff proposal for all transit traffic



Coordination of all transport market players to provide high quality transport service



Information support of transportation process

Beneficial Tariff Policy for Container Traffic



2007

Setting unified tariffs for containers transported in container trains along the Trans-Siberian line, **differentiated only by East-West and West-East directions (discounted down to 69%)**

2011

Improved Tariff Policy in CIS-countries:

- Unified rules for calculation of transit traffic tariffs;
- 0,7 multiplier instead of 0,85 is applied for container cars and 1,15 for container shipment in general fleet of cars

2014

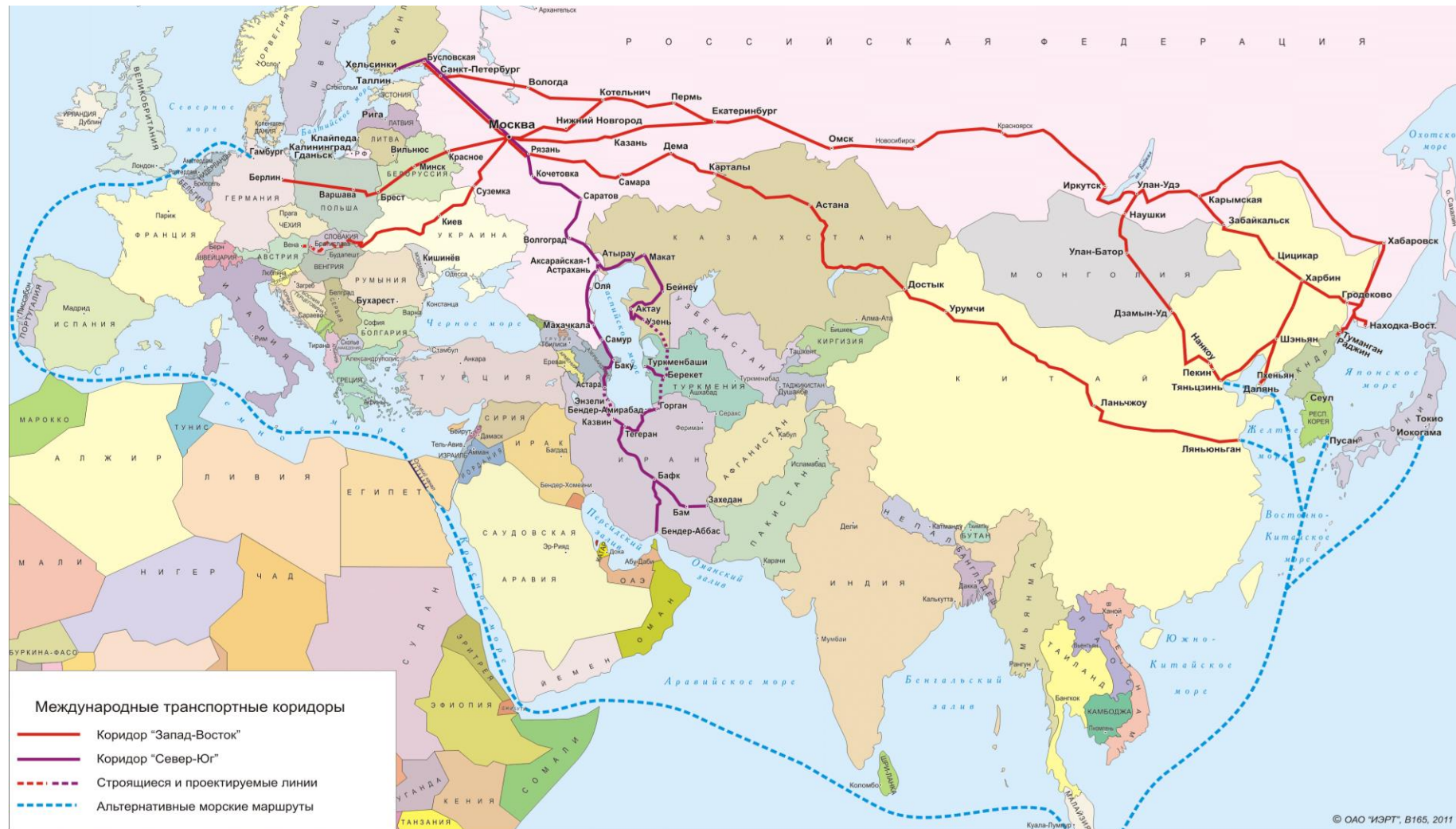
Tariffs reduced by 50% for container shipment in container trains and by 30% for groups of containers from Grodekovo - Far East Russian ports

Tariffs reduced by 64% for container shipment by container trains from China through Kazakhstan's Dostyk border crossing to Europe

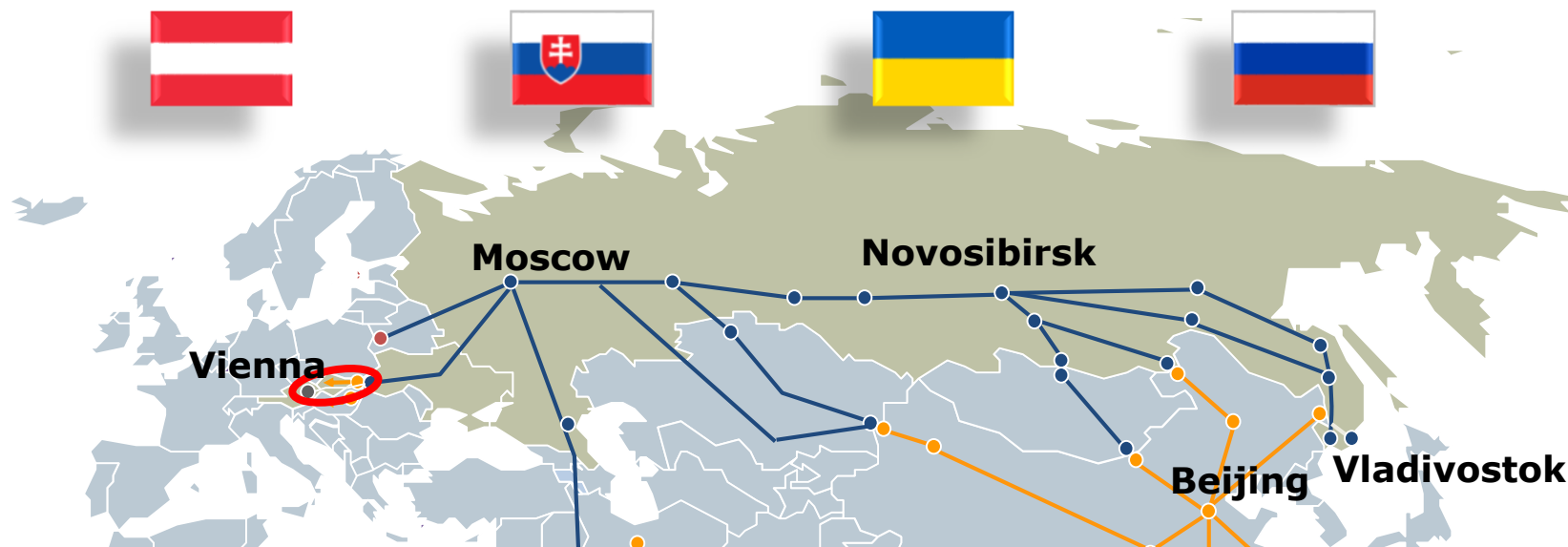
2015

Rates reduced down to 64% of the rate for the transportation of containerized cargo in container trains from Finland to China through Kazakhstan's Dostyk border crossing to Europe

The New Eurasian Railway Corridor Project – ERC Project



The New Eurasian Railway Corridor Project – ERC Project



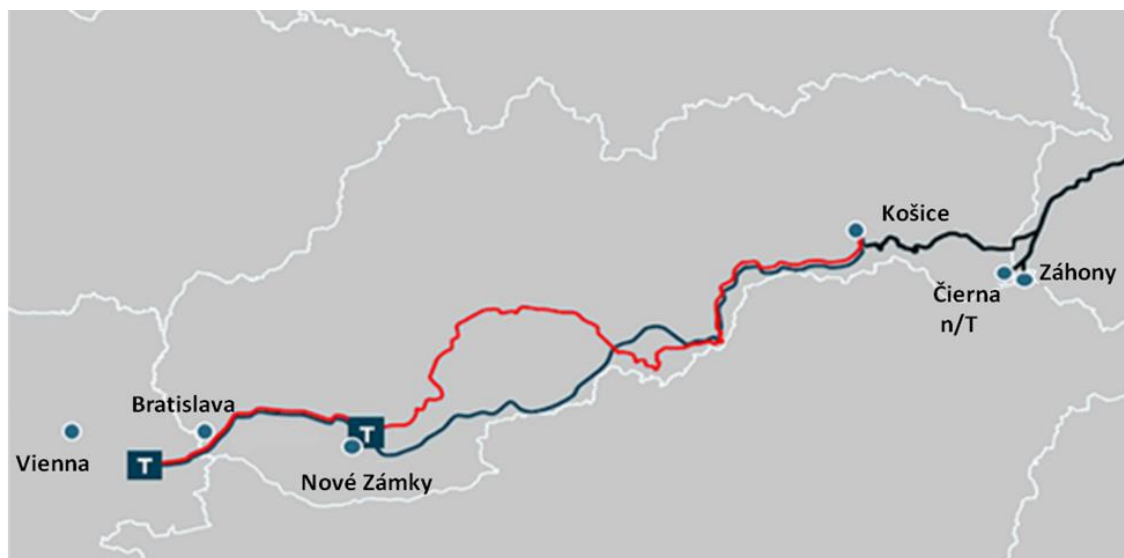
Russian Railways and railway administrations and authorities of Austria, Slovakia and Ukraine are jointly executing the works of the project on the basis of signed memoranda, bilateral agreements, protocols of intergovernmental commissions on trade, and agreements on economic, scientific and technical cooperation.

Results of the extended feasibility study of the project will be finalised by end of 2016.

The New Eurasian Railway Corridor Project – ERC Project



- Route length (depending on the route selection): **390km-430km**
- Capital investment required: up to 6.36 billion euros (in 2010 prices)
- Main type of freight carried along the route: **container freight**
- Volume of freight flow by 2050: preliminary estimate of **20–30 million tons per year.**
- The twin-city region of Vienna and Bratislava occupies a central position in Europe and has rail **access to the largest Northern and Southern European ports.**



The New Eurasian Railway Corridor Project – ERC Project: Conclusions



- ERC Project will create an integrated transport corridor between Europe and Asia, maximising efficiency and boosting global business in general.
- Implementation of the project will support integration and cooperation between the 1520mm and 1435mm gauge railway systems.
- Construction and operation of the new infrastructure will have major macro-economic effects: increased industrial activity and creation of new jobs.
- Transport cooperation will strengthen economic relations between the countries of the European Union and Commonwealth of Independent States, and between Europe and Asia in general.
- Integrated railways will allow European goods to be delivered more quickly and easily to the growing markets of Russia, Ukraine, Kazakhstan and Asia.
- The completion of the project will lead to the creation of a Eurasian land bridge with an integrated, approximately 11,000 km connection offering a 15-day (or less) sustainable rail freight connection between Europe and Asia; compared to 35 days by deep-sea transport today.

**Thank you
for your attention**