

International activity



International activity strategy

JSC Russian Railways has achieved significant results in developing international cooperation, which has a strategic mission to ensure the efficient fulfillment of Russia's transit potential.

Key strategic priorities:

- ▶ Creation of conditions for sustainable, safe and efficient operation of railway transport as an organizing element of the country's transportation system in order to achieve Russia's major geopolitical and geoeconomic goals;
- ▶ Integration of the main lines of the Russian railway network into the international transportation system and development of the International transportation corridors (East-West; North-South) which pass through Russian territory;
- ▶ Cooperation with adjoining railways in the field of freight transportation on the basis of mutual creation of through transport products; development of logistics and terminal capacities; definition of mutually advantageous tariff solutions, aimed at stimulating transportation growth; creation of international specialized freight carriers;
- ▶ Development of the activity aimed at providing transport and logistics services in neighboring countries on the basis of implementing corresponding investment projects (through establishing subsidiaries of carrier companies, freight terminals, freight-forwarding and logistics subunits and enterprises);
- ▶ Expansion of presence upon foreign infrastructure markets and increase of global competitiveness of the RZD Holding Company through promotion of Russian railway goods and services for the railway sector.

Modernization and augmentation of the carrying capacity of routes, which are part of the international transportation corridors, enabled to significantly increase the transit volume upon the Russian railway network, first of all in the "East-West" destination.

The geography of passenger railway routes from Russia to western countries has been significantly extended as well. Currently there are nearly 100 international direct and transit routes to more than 30 countries.

In 2013 JSC Russian Railways continued implementing projects to increase its competitiveness in the global market for passenger and freight transportation services and guarantee its integration into the Euro-Asian transport and logistics system.

JSC Russian Railways:

- ▶ Is actively interacting with the 1,520 mm gauge railways in CIS and Baltic countries – the Company's principal partners in freight and passenger transportation;
- ▶ Is involved in creation of a transport platform for the Common Economic Space (CES) created by Russia, Belarus and Kazakhstan;
- ▶ Along with its partners in Kazakhstan, Ukraine, Belarus, Finland, Slovakia, Germany, China and other countries, the company is successfully implementing projects aimed at development of railways and intermodal transportation¹;
- ▶ Is strengthening cooperation with global leaders in the field of railway machine construction and engineering;
- ▶ Is actively involved in the work of international and intergovernmental and nongovernment organizations;

- Is involved in the implementation of infrastructure projects abroad.

Cooperation with international organizations

Efficient cooperation of JSC Russian Railways with railway companies in the CIS and Baltic countries enables to maximize the use of the competitive advantages of the "1520² Domain".

Important work on strengthening such cooperation is being performed by the Railway Transportation Council of CIS countries. In 2013 the Council held two sessions, which were attended by the heads of railway administrations of the CIS member-countries as well as Georgia, Latvia, Lithuania, Estonia, Bulgaria, Finland and Iran (in the capacity of observers).

Tangible results were achieved in developing a unified system of transport connections among Russia, Belarus and Kazakhstan within the framework of the Customs Union (CU³) and the Common Economic Space (CES). The United Transport and Logistics Company (UTLC) is to become the principal element for integration of the transportation systems of the CU countries. JSC Russian Railways is working on the project of establishing the UTLC together with SA Belorussian railway⁴ and railway enterprise JSC NK Kazakhstan Temir Zholi⁵ with the support of the supreme political leadership of the CU member-countries.

Active involvement of representatives from JSC Russian Railways, Belorussian and Kazakh railway companies in the advisory committees of the Eurasian Economic Commission assists in the development of the transit potential. In 2013 the Company executives were included into 6 new committees.

Given the expanded cooperation with partners within the CES framework, the General representative office of JSC Russian Railways was opened in the Republic of Belarus in May 2013.

In the course of 2013 Russian railways actively developed their cooperation with international governmental and nongovernment organizations:

- UIC⁶ (International Union of Railways);
- OSJD (Organization for Cooperation Between Railways);
- European multilateral structures (Directorate-General for Transport and Mobility; European Railway Agency of the European Commission);
- UNECE ITC⁷ (UN Inland Transport Committee of the European Economic Commission);
- UN ESCAP⁸ (UN Economic and Social Commission for Asia and the Pacific);
- CIT (International Rail Transport Committee).

The International Railway Business Forum "Strategic Partnership 1520" that took place in Sochi in May 2013 has served as a basis for consolidation and promotion of integration initiatives by the Company for 8 years already. The agenda of the forum was focused on relevant issues and prospects of railway transportation market development in Europe and Asia.

Regional platform for the International Railway Business Forum "Strategic Partnership 1520" opened in Minsk in October 2013. It focused on the issues of developing transit potential of "West-East" corridor by improving quality of transport and logistics services in Central and Eastern European countries.

Developing international intermodal transportation

In 2013 JSC Russian Railways and its subsidiaries together with their partners in Kazakhstan, Ukraine, Belorussia, Finland, Slovakia, Germany, China and other countries continued implementing projects aimed at developing intermodal transportation.

Main events and agreements in the area of international intermodal transportation include:

- Launch of operations at the Caucasus-Samsun railway-ferry crossing. The Crossing helps to substantially reduce time and cost of freight delivery from Turkey to Russia and Central-Asian republics. Transportation is undertaken by ferries from Black Sea Ferry Investment Company established with participation of JSC Russian Railways.

- Developing container transportation on the route Chongqing (China)-Europe. In September 2013 Chongqing government, Chinese Railways Corporation and JSC Russian Railways signed a Memorandum of cooperation. In the future it is planned to sign an agreement between the Russian and Chinese railway companies. It will determine priorities and emphasis in mutual work and new mechanisms of cooperation.

- Efforts to resume freight transportation across railway border crossing Makhhalino-Khunchun. On August 2nd, 2013 a demonstration train with coal consisting of 30 cars made the crossing from Russia to China. The forecast volume of

transportation via the border crossing is approximately 2 million tons per year with the prospect of further increase in volumes.

- Preparing the project “Northern Logistics System” and transport corridor» on the route Russia-Mongolia-China within the framework of realising the consuming an Strategic Cooperation Agreement between Russian Railways and “HOPU Investment” (China).

The key projects of JSC Russian Railways focus on providing an efficient transportation link between Europe and Asia using via land-based railway communications. They were presented at the First European Railway Congress held in London last November under the auspices of the EU and have evoked significant interest among European businessmen.

Cooperation with West-European manufacturers of railway rolling stock

One of the important aspects of JSC Russian Railways international activity is cooperation with global leaders in the field of railway mechanical engineering.

- 1 : intermodal transportation - undefined
- 2 : 1520 - undefined
- 3 : CU - undefined
- 4 : SA Belorussian railway - undefined
- 5 : JSC NK Kazakhstan Temir Zholi - undefined
- 6 : UIC - undefined
- 7 : UNECE ITC - undefined
- 8 : UN ESCAP - undefined