

Cooperation with Railways in the “1520 Space”

In 2012 some important agreements were reached with railways of the countries which are members of the Common Economic Space (CES) formed by the Russian Federation, Republic of Kazakhstan and the Republic of Belarus. In particular, the Memorandum to establish the Joint Transport and Logistics Company (JTLC) was signed. The decision of JSC “Russian Railways”, JSC “NC” Kazakhstan Temir Zholi” and State Company “Belarusian Railway” to develop the transport and logistics system of the CES was supported by the heads of government of the three countries.

The VII International Business forum “Strategic Partnership 1520” held from 30 May 30 to 1 June 2012 in Sochi for the first time included representatives of the European Commission headed by the Vice-President, Siim Kallas, and the Ministers of Transport of Germany Ramsauer and of the Latvian Republic Aivis Ronis.

At the forum a number of major contracts and long term agreements worth more than 120 billion rubles were signed. The participants of the III International Business Forum “Strategic Partnership 1520: Central Asia” held on 12-14 November 2012 in Astana (Kazakhstan) addressed the best possible guidelines for the development of economic centers of Eurasia and their impact on railway transport.

Since 2012, JSC “Russian Railways” will be directly involved in the work of the Eurasian Economic Commission. Representatives of the Holding Company joined its Advisory Committee on Transport and Infrastructure and subcommittees on rail transport, infrastructure and logistics.

In 2012 “Russian Railways” and the Finnish company VR-Group transported more than 96% of empty cars between Russia and Finland using electronic documentation. The success of this project created preconditions at the start of 2013 to test paper-free technology transportation of loaded cars and to spread this technology to other international rail lines.

Companies from Latvia, Belarus and the Ukraine may possibly become partners of JSC “Russian Railways”. A gradual increase in the share capital of JSC “Ulan Bator Railway” has been agreed with the Mongolian shareholder. Within one year the Russian and Mongolian shareholder, on an equal basis, have increased the authorized capital of JSC “Ulan Bator Railway” in general by US \$250 m. JSC “Russian Railways” is engaged in work to develop JSC “Ulan Bator Railway” and construct a new railway infrastructure in Mongolia.

The world’s second-longest rail system brings together Russia, the CIS and the Baltic States, as well as Mongolia and Finland

> 150 th.km

The total length of the railways with gauge of 1520 mm

THE JOINT TRANSPORT AND LOGISTICS COMPANY (JTLC) IS A KEY INSTRUMENT OF THE TRANSPORT AND LOGISTICS SYSTEMS INTEGRATION OF CES MEMBER-COUNTRIES

Purpose	Purpose	Purpose
Ensuring integration of transport processes within the Common Economic Space	Improving the international competitiveness of CES railway transport in the global transport market	Achieving income growth of the national railway companies by increasing the volume of international freight traffic, including transit
Business challenge	Business challenge	Business challenge
Creation of a transport and logistics framework for the development of economic ties within the CES ► Unified principles of mutual use of the rail fleet ► Unified transport technology ► Unified principles of the tariff policy	Ensuring a scale of business comparable with global industry leaders; common negotiating footing with China and the EU; joint control over key transport assets in the CES	The development of the Asia — Europe transit corridor through CES countries; reducing travel time and cost of transportation by optimizing transport schemes; provision of comprehensive services by adopting the “one window” principle