

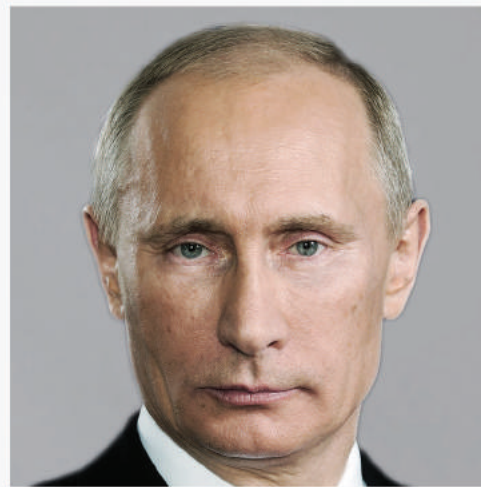


INTERNATIONAL  
RAIL BUSINESS  
FORUM

SUMMARY

# 10 Letters of welcome

WERE ADDRESSED TO THE FORUM PARTICIPANTS



**VLADIMIR PUTIN**

President, Russian Federation



**DMITRY MEDVEDEV**

Prime Minister, Russian Federation



**VALENTINA MATVIENKO**

Chairwoman, Federation Council,  
Federal Assembly, Russian Federation



**SERGEY NARYSHKIN**

Chairman, State Duma,  
Federal Assembly, Russian Federation



**MAXIM SOKOLOV**

Minister of Transport,  
Russian Federation



**OLEG BELOZEROV**

President, Russian Railways



**JOCHEN EICKHOLT**

CEO, Mobility Division, Siemens AG



**OLEG SIENKO**

CEO, Uralvagonzavod



**SERGEY KATYRIN**

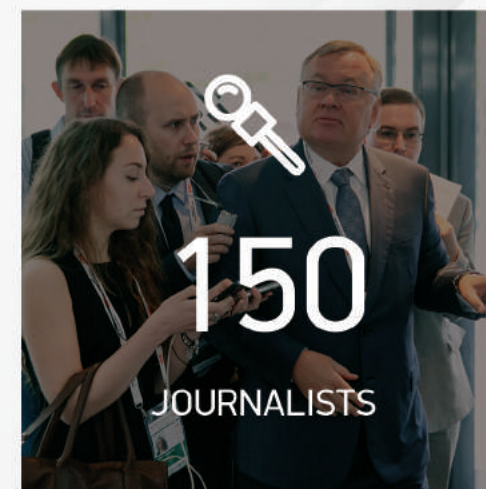
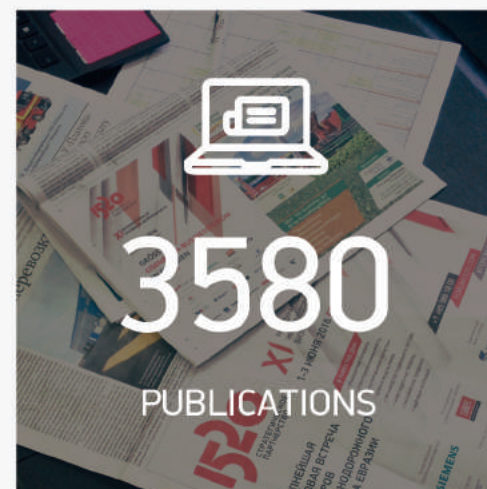
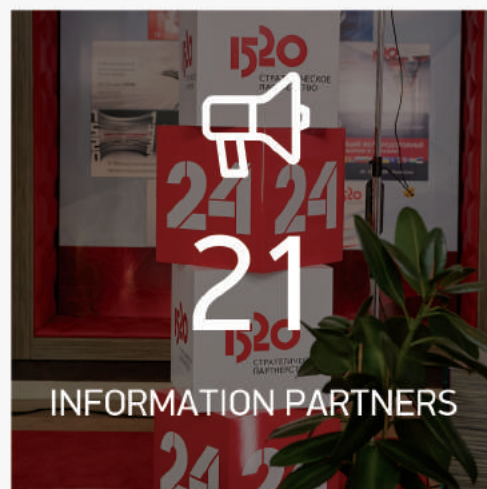
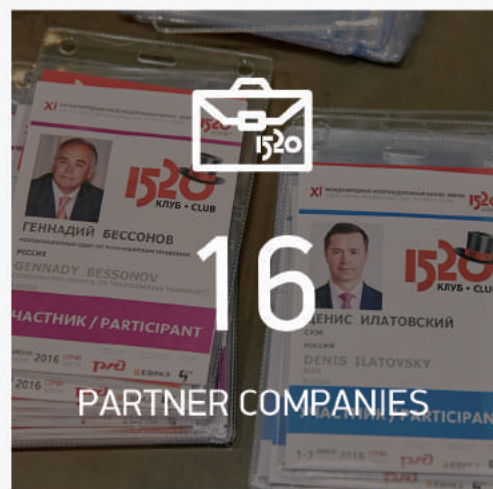
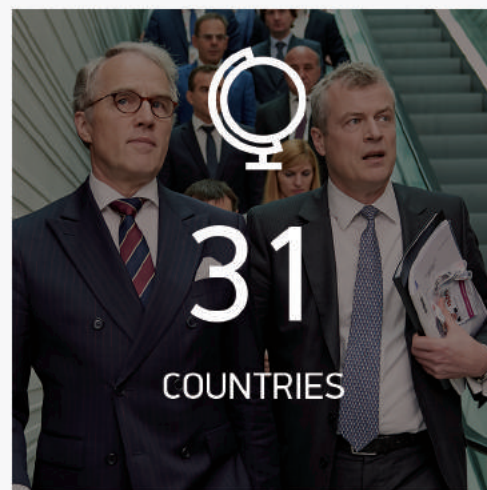
President, Chamber of Commerce  
and Industry, Russian Federation



**ALEXANDER SHOKHIN**

President, Russian Union  
of Industrialists and Entrepreneurs





# Forum Statistics





# 10 ASPECTS OF THE RAILWAY BUSINESS

- International transport corridors
- Anti-crisis measures
- Targeted market model
- Logistics
- Rolling stock manufacturing
- Cooperation between the 1520 and 1435 enterprises
- Personnel policy
- Exporting 1520 products
- High-speed transport
- Principles of client-orientation

# What the Forum explored



OLEG BELOZEROV, PRESIDENT  
OF THE RUSSIAN RAILWAYS,  
TOOK PART IN THE EVENT

- ▮ Speeches at plenary discussions
- ▮ Meetings with heads  
of foreign delegations  
and Forum participants
- ▮ Interview with Russia 24  
TV channel
- ▮ Signing agreements



*«Today, the countries of the 1520 space should take a more active part in tying together the Eurasian Economic Union and the Silk Road Economic Belt. One of the key initiatives in this area is creating the Moscow-Beijing high-speed Eurasian transport corridor»*

**OLEG BELOZEROV**

President, Russian Railways



THE FORUM INCLUDED  
A BUSINESS BREAKFAST  
HOSTED BY THE PRESIDENT  
OF RUSSIAN RAILWAYS.  
ITS GUESTS INCLUDED  
HEADS OF THE FORUM'S  
PARTNER COMPANIES

Tariff setting was one of the key discussion topics. The participants attempted to resolve the fundamental «contradiction»: ensuring predictable long-term tariffs, on the one hand, and responding flexibly to seasonal shifts and situational changes, on the other. In other words, to use the market situation as a gauge for applying a mark-up or decreasing coefficient whenever possible.

As part of the dialogue, a recommendation was put forward to reduce the gap between minimum and maximum tariffs. The current «corridor» was called unjustifiably wide. As the optimum value, the Forum participants suggested a ratio where the maximum freight transport tariff would be no more than treble the minimum tariff.

Experts believe that the tariff system would be more effective if it included 10-15 freight categories and the possibility of moving from one category to another. That would allow consignors to plan their transport and investment expenses more efficiently. Price differentiation was named as an important stimulus for making railway transport more attractive. Transport costs could, in many cases, be lowered, while delivery time would not be guaranteed, i.e., it could be varied. Thus, flexibility in shaping costs and conditions of transport could contribute to smoothing out the speed of shipping at peak times and ensuring uniformity of freight transit throughout the railway network.

## Business breakfast as a form of crowdsourcing

# How to make railway transport more attractive



The consignor community also spoke in favor of applying a tariff corridor. In particular, Severstal noted the efficiency of using railway and road transport simultaneously for transporting freight within the range of 600-800 kilometres. Severstal believes that flexible tariff setting, particularly on small railway hauls, would allow for broader use of multimodal delivery plans and thus prompt a larger number of smaller consignors to use railway services. The majority of them objectively do not have access roads for railway wagons.

Operator companies also spoke in favour of a reasonable use of discounts. The Railway Transport Operators' Council believes that using a tariff corridor is particularly appropriate during seasonal shipping.

The discussion participants focused particularly on the problem of supply and demand on the railway transport market.

The Ministry of Economic Development believes that the market model would be nearly ideal with a surplus of rolling stock of no more than 10% of the optimal number of railway wagons on the network. Such a key indicator as the day rate for leasing an open wagon could thus remain stable and predictable in the long term. At the same time, the issue of a mechanism for achieving such a balance remains open.

Consolidation of the rolling stock fleet has already been determined as the market's natural response to the current imbalance between supply and demand. Yet the existence of a group of big players could have a negative effect on both competition and formation of a fair transport cost for thousands of consignors.



**MOHSEN POURSAYED AGHAEI,  
CHAIRMAN OF THE BOARD  
AND PRESIDENT  
OF THE IRAN RAILWAYS,  
SPOKE AT THE FORUM**

Heads of the railway companies of Iran, Georgia, Kazakhstan, Russia and Finland participated in the Forum, this making possible detailed consideration of the North-South Transport Corridor problem.

Given the lifting of the anti-Iranian sanctions, freight transport in that direction is growing. In particular, over the first few months of 2016, the volume of freight transport between Russia and Iran grew by 25%.

It might be predicted that commodities turnover between Russia and Europe, on the one hand, and the countries of the Middle East and the Persian Gulf, on the other, will grow. In order to increase the transit potential of the North-South corridor, Iran suggested increasing international efforts to implement the following measures: formation of a through rate, joint marketing research, and coordination of work on constructing the infrastructure, unified transport paperwork.

*«We plan to build 9 000 kilometers of new railways  
and to increase passenger flow several-fold»*

**MOHSEN POURSAYED AGHAEI**

Deputy Minister for Roads and Urban Construction,  
Islamic Republic of Iran; Chairman of the Board  
and President, Iran Railways







*«China's response to the potential problem of an infrastructure capacity shortage was the famous initiative of establishing the Silk Road Economic Belt and developing transport and logistics corridors from Western China to Europe via Kazakhstan, Central Asia, Russia and the Middle East.*

*What is important for us is to fit efficiently into this configuration with a complete understanding of the fact that, for the next few decades, China will remain one of the main drivers of global economic growth»*

#### ANDREY KOSTIN

President and Chairman of the Management Board,  
Member of the Supervisory Council, VTB Bank



*«When it comes to railways, we are implementing a number of railway development projects unprecedented since the Soviet Union»*

#### ALEXEY TSYDENOV

Deputy Minister of Transport,  
Russian Federation



*«We are proud of our projects in Russia and we are proud of our partnership with Russia»*

#### JOCHEN EICKHOLT

CEO, Mobility Division, Siemens AG



*«Today, infrastructure and transport accessibility are of great importance for the international agenda. The more roads, tracks and lines a country has, the better its competitive edge»*

#### TILO KLINNER

Director for Foreign Trade,  
Investment Promotion and Technology Policy,  
German Federal Foreign Office

# What speakers said





*«Pension funds do not want to invest in infrastructure projects; they prefer to deposit money in a bank and receive a better profit. And afterwards, everybody forgets that these banks vanish into thin air and the overall profitability of the pension funds is even below the inflation rate»*

#### VADIM MIKHAYLOV

Senior Vice President, Russian Railways



*«We plan to expand our cooperation with China. We are creating logistical assets at the points of product sales, in those places where products consolidate»*

#### ASKAR MAMIN

President, Kazakhstan Railways



*«We dreamed of a high-speed railway line between Helsinki and St. Petersburg and we are very happy about this project. We are really proud of it; this is our company's priority»*

#### MIKAEL ARO

President and CEO, VR Group Ltd.



*«We have enough resources, we just need to understand the right way to sell these or other projects to people, to the state, so that investing in such projects would not only be someone's duty, but someone's wish»*

#### EVGENY DIETRICH

First Deputy Minister of Transport,  
Russian Federation



*«The move toward a structural overhaul of an entire sector should be gradual, be done stage by stage, calculating the possibility of going back if a wrong step is taken»*

#### SERGEY MALTSEV

Senior Vice President,  
Russian Railways



*«We can say that the existing model of the railway transport market has sufficient technological and organisational stability»*

#### OLEG BUKIN

CEO, Freight One





*«We see that clients are greatly interested in saving money on logistics, including by using rolling stock that provides maximum efficiency on particular railway hauls while using a specific port unloading infrastructure»*

**ANDREY SHLENSKY**

Deputy CEO for Rail Equipment, Uralvagonzavod



*«Today, RZD OAO does not buy even one tonne of rails abroad. This is how we have proven that our product is not only competitive technologically, but it is of greater value for the client than foreign products»*

**ILIYA SHIROKOBROD**

Vice President for Sales and Logistics,  
Managing Director, EvrazHolding Trading Company



*«Today, a perfect market model essentially does not exist»*

**MARIYA NIKITINA**

Director for Transport and Logistics, RUSAL



*«No one wins on their own. We should work together on export markets»*

**PETER CEDERVALL**

President, RCS Division, Bombardier Transportation Company



*«In the future, success in the economy will require skills beyond professional knowledge. These are systemic thinking, intersectoral communications, project management, programming, robotechnics, artificial intelligence»*

**KIRILL PROKOFIEV**

Executive Director, BaltTransServis



*«Today, during negotiations, on the sidelines and at the plenary sessions, we have heard what I think is a very correct and defining tenet, that the «one-stop-shop» service window principle (sometimes this window might be closed for some and sometimes, too, many participants are being forced through it) is being replaced with an open doors concept. They are open for everyone who wants to take part in developing the transport industry»*

**ALEXEY GROM**

President, OTLK



# 11

 AGREEMENTS  
WERE SIGNED  
AT THE FORUM

## AMONG THEM:

- Memorandum on developing routes and increasing transport flows in the North-South International Transportation Corridor (Russia – Azerbaijan – Iran)
- Agreement on cooperation in electronic data exchange in international freight railway transport (Russia – Kazakhstan)
- Memorandum on scientific and technical cooperation between AO Railway Research Institute and AO Freight One Company
- Memorandum on scientific and technical cooperation between AO Railway Research Institute and OOO Ural Railcar-Building Design Office
- Memorandum of understanding between RZD International OOO and Bombardier Transportation Sweden AB
- Cooperation agreement between AO Tikhvin Assembly Plant Titran-Express and ZAO SKF
- Cooperation agreement on creating service centers between ZAO SKF and AO Railway Wagon Maintenance Company 2
- Cooperation Agreement on railway wagon servicing between Freight One Company and AO Railway Wagon Maintenance Company 2





«I would like to quote Tony Hsieh, a co-founder of Zappos, a company often described as having the magic of client-orientation, «To dare is to lose one's footing momentarily. Not to dare is to lose oneself forever». I would like to believe that our Forum's results will inspire us to set ambitious goals and to achieve them daringly»

EVELINA ZAKAMSKAYA

Forum host,  
TV Presenter, Russia 24

# Forum results

SUMMING UP THE FORUM'S RESULTS,  
ITS PARTICIPANTS ATTEMPTED TO ANSWER  
THE QUESTION OF WHAT CLIENT-ORIENTATION IS.  
IT TURNED OUT, EVERYBODY UNDERSTANDS  
CLIENT-ORIENTATION IN THEIR OWN WAY

«New demands from clients are speed and frequency of transport. These are the tasks that railways need to work with»

LUC NADAL

Chairman of the Management Board, GEFCO Group

«Client-orientation is a subject that has never been taught in our universities and institutes training railway transport engineers. And this subject must certainly be introduced now and it must be introduced when teaching not only future managers, but also future engineers»

KIRILL YANKOV

Laboratory Head, Institute for National Economic Forecasting at the Russian Academy of Sciences;  
Deputy Chairman of the Consumer Board, Russian Railways

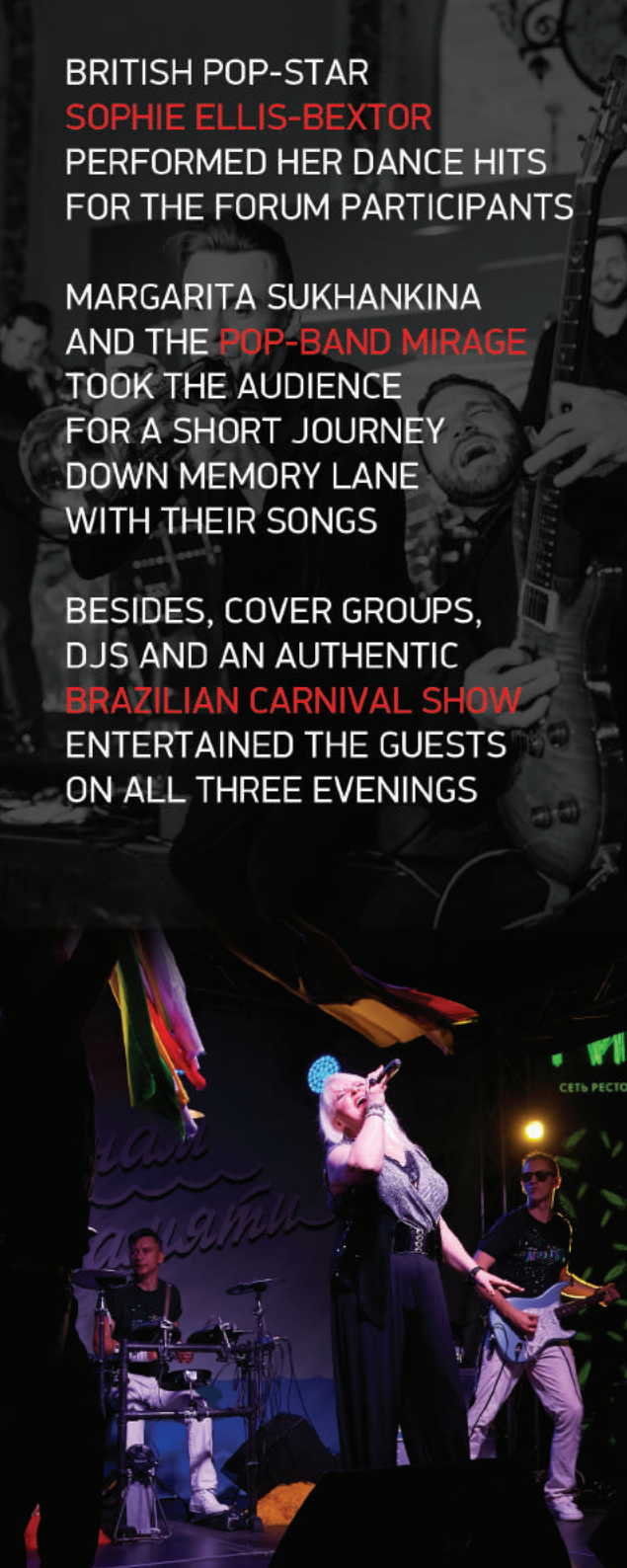




BRITISH POP-STAR  
**SOPHIE ELLIS-BEXTOR**  
PERFORMED HER DANCE HITS  
FOR THE FORUM PARTICIPANTS

MARGARITA SUKHANKINA  
AND THE **POP-BAND MIRAGE**  
TOOK THE AUDIENCE  
FOR A SHORT JOURNEY  
DOWN MEMORY LANE  
WITH THEIR SONGS

BESIDES, COVER GROUPS,  
DJS AND AN AUTHENTIC  
**BRAZILIAN CARNIVAL SHOW**  
ENTERTAINED THE GUESTS  
ON ALL THREE EVENINGS





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# 7 - 9 JUNE

# 2017

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