Intermodal Services will boost Container Transit via Russia

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INTERNATIONAL RAILWAY CONGRESS
VIENNA. MARCH 19, 2019
Container transit to increase 4 times to 2 mln TEU

President Vladimir Putin’s May Decree sets targets for the national development

Key inputs

- **1.5 mln TEU** is to be attracted to Russian railways by 2024
- 70% out of container transit through Russia is China-EU-China
- Westbound trains are subsidized by China
- Infrastructure at the border with China is limited
- Logistics for Japanese and Korean shippers is the same when shipped by Deep Sea and Trans-Siberian routes
- 10% of the total turnover between the Republic of Korea, Japan and EU gives **0.5 mln TEU**
- **We need it!**
Speed is a key competitive advantage of the Trans-Siberian intermodal routes over Deep Sea

FESCO develops fast ways via Trans-Siberian Railway

**FESCO Fast Forward**

Integrated product based on FESCO’s own assets

Fast and regular container transportation from the Asia-Pacific Region to Russia and Europe

2017: pilot project «From Shanghai to Moscow in 20 days» to ensure prompt delivery from China to Russia

2018: technology extension to other routes:

- Hayamichi – from ports of Japan to Moscow
- Ji-Rum-Gil – from Busan to Moscow in 15 days and from Busan to St. Petersburg in 20 days

Eliminating wastes is the LEAN method of improving any process:

- Accelerating service speed (sea, port, rail)
- Streamlining modes of transportation changes
- Standardization of information flow
Digitalization enables the development of intermodal transport

Coordinated efforts of all participants of transportation process are required for further development of the Trans-Siberian intermodal routes via the Far East

I. INTERTRAN Project

✓ UIC “electronic” train project aimed at providing legally binding electronic document flow for entire route

![Diagram showing the process from Yokohama to Vladivostok and then to Moscow with time differences marked: 5 hours to 3 days to 4 → 2 days to 9 days to 2 → 1 days.]

II. Automated Port and Railway Management System

✓ Joint project of RZD and the Commercial Port of Vladivostok* aimed at improving railway and port interface

✓ Shared information allows better forecast, plan and operations management at the port railway station

* Part of FESCO Group
Transit transportation from Japan and the Republic of Korea – limitations to overcome

Speed and cost attractiveness have to be increased

Target customers need delivery time at least 15 days faster than Deep Sea & on time delivery guarantee.

Tools needed:

I. Speed and customer service

- Reducing transit time from the Russian Far East to the western borders to 7 days
- Further streamlining operations between shipping lines, port and railway
- Legally binding electronic document interchange between all parties

II. Infrastructure

- Eliminating bottlenecks at the Commercial Port of Vladivostok rail approaches
- Increasing the throughput capacity of the Trans-Siberian railway
- Developing terminal infrastructure at the border with Europe
Transit transportation from Japan and the Republic of Korea – limitations to overcome

Speed and cost attractiveness have to be increased

III. Cost

- The route through the Trans-Siberian is more expensive
- Government subsidizing of the transportation rate is needed to boost transit shipments, as done by China
- Every transit TEU attracts $2,500 in revenue to RZD, wagon operators, stevedores and wagon manufacturers
- **$500 per TEU subsidy** to the transportation rate from the Asia-Pacific region via the Far East to Europe and v.v. should be considered

$4,500*  
~25 days (goal)  
Transit through the Far East

$2,500  
> 35 days  
Deep Sea

* Exclusive of charter cost
THANK YOU!

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