



NORTH-SOUTH TRANSPORT CORRIDOR: PRIORITY FOR RUSSIA AND INDIA

Leader in the Russian logistics outsourcing market for industrial enterprises and the largest multimodal logistics operator in the CIS and Baltic countries, JSC RZD Logistics was created in order to develop the logistics business segment of Russian Railways Holding. **Viacheslav Valentik, CEO** and **member** of the **Board of Directors** of **JSC RZD Logistics**, in an interview with **Upamanyu Borah** elucidates more about the company's exclusives, the expanding geography of its railway services, ideals the company follows to provide best-in-class logistics services, and much more.

What opportunities do you foresee in multimodal ways of transporting cargo?

The advantage of multimodal transportation lies in multimodality itself. A client gets an opportunity to get timely delivery at any place and by any mode of transport. Multimodal transportation helps us in customising our services as per the client's requirements. North-South International Transport Corridor is a good example of multimodal transportation which connects sea, railway and auto resulting in a new perspective route supported by several countries. In the future, this route should become a good alternative to the familiar sea freight.

Recently, JSC RZD Logistics has undertaken a project to deliver Volvo cars from China to Russia. Please elucidate the complexities of the processes in this project. Any relevant advantages to specify?

Today the delivery of cars in containers via railways is in a developing stage. Car

manufacturers and dealers are especially interested in this type of delivery, as the velocity of money is extremely important to them. Partial relocation of European car manufactures to the center of China is another advantage for railway.

From the logistics point of view, these regions prefer railways instead of sea transportation as rail transport is a more convenient mode of transport in the region. Railway tariffs are also less volatile as compared to sea freight and those increase only in accordance with the average rate of inflation in transit countries.

Railways also guarantee predictability of transportation cost, which is of utmost importance for any client. In the course of the year, there can be slight changes in the price of rolling stock provided for a shipment, but these changes are inessential, taking into consideration the price of transported cargo.

This way of transportation guarantees more safety of cars and makes the total time of delivery more predictable. It also simplifies transshipment from one mode of transport to another. During the transshipment, a car stays fixed and is not removed from a container. Then, a sealed container is easily loaded to auto from a railway platform, and afterwards it is delivered to the nearest excise authority for further customs clearance.

We pay special attention to the way the cars are fixed in the containers (three cars are transported in a 40-foot long container), and also to the safe unloading process. We use special fixation equipment, which we return in the same container for further use of shipments.

As far as the delivery of the Volvo's shipment is concerned, we first unloaded cars in the presence of Volvo representatives as they wanted to get assured about the safety procedure of

unloading process. I would also like to mention our successful transportation of 123 cars in a full container train which was organised recently.

JSC RZD Logistics has launched test multimodal shipments of cargo from Japan to Russia across Trans-Siberian railway in containers, equipped with temperature, moisture and vibration level sensors. What are the other initiatives being taken by the company to smoothen the transportation of cargo between Japan and Russia?

First of all, these shipments are in progress, so it's early to evaluate the results. The aim is to find the ideal solution for each kind of transported



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cargo. We expect to receive the analysed results of these tests in the first quarter of 2019. We would like to discuss the results at a joint working group on the cooperation between Russia and Japan in the area of transport.

Which innovative ways does JSC RZD Logistics follow to provide best-in-class logistics services to its clients?

In the present time, various projects on transport digitalisation have been coming to the fore. Apart from the unified electronic workflow, it is necessary to implement modern digital sensors. This includes not only GLONASS, but also temperature, humidity, vibration and other sensors, which receive and transmit information about the condition of the transported cargo. This solution has several aims: increasing trust on railway transportation and in general, bringing transparency in railway shipments for

consignors and consignees. Such access to the information should be available, first of all, to the forwarding companies and operators, with being provided to the clients later.

At present, JSC RZD Logistics has its presence in 27 cities of Russia, more than 250 partners and with 5 subsidiaries across the country. Any expansion plans in the pipeline?

We are planning to strengthen our presence in China and Europe. The cooperation with local platform companies, provinces' authorities and railway administrations will help us to improve our service levels and also in the expansion of routes network. We are also looking forward for cooperation from the countries such as Vietnam, India, Thailand and Indonesia. We see good perspectives for the development of new multimodal services, but it is too early to speak about the opening of our offices there.

How do you perceive trade relations between India and Russia specifically in terms of logistics business? How can the logistics companies of both the countries take benefit of improved trade relations?

As far as the field of logistics is concerned, the relations between India and Russia are, for sure, concentrated on the North-South Transport Corridor. The leaders of both the countries perceive huge potential of this route. Unfortunately, the political circumstances for the countries through which this corridor will pass, are posing hindrance to the corridor's dynamic growth.

Anyways, I believe that all these obstacles are temporary: if all the participants of the project are interested in its development, sooner or later, it will become a reality. JSC RZD Logistics, being the first company to ship cargo across this corridor, will put every effort to make "North-South" work. [CC](#)