International Rail Freight Competitiveness in the Age of Turbulence

Market Place Seminar UIC / FIATA
Istanbul, 22-23 October 2009
Crisis and Turbulence

- Globalization
- Chindia
- Regionalization
- Deregulation
- Internet
- Digital convergence
- Hypercompetition
- Shorter product life cycles and disruptive technologies
- Media proliferation
- Retail transformation
- Environmental concerns
- Consumer empowerment
- Recession

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The world economic crisis has affected us all.

Apple

2M

citigroup

CRISISLER

Dell

donwJones

Ferrari

Fiasco Systems

Fail

Bad Year

LG

Nike

Nokia

Please Buy

Sony

McDonald's

adidas

xerox

Yahoo?

broke. like. others
Easy times are the enemy; they put us to sleep
Adversity is our friend. It wakes us up.
“When the storm comes,

some build walls,

the others build windmills”
As an active member of different international organizations “PLASKE” JSC always participates in development and improvement of rail freight.

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Market Liberalization

Every party of transport process should have an access to the legislative framework as well as to the explanation and interpretation of applicable laws and regulations.
• Further introduction of CIM/SMGS e-consignment note as a unified transport document, customs declaration and delivery document.

• Usage of CIM/SMGS both within rail and maritime leg (e.g. Baltic and Black Sea)
Two legal areas one single law

Eurasian Rail Transport Law

SMGS/SMPS

COTIF

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Scope of the CIM and SMGS
Global supply chains from railway aspect

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Conditions of market relations

He, who has better transport process, who improves its services by advanced technologies and logistic solutions, wins.
Piggyback Train "Viking"

New directions of transport development including the rail one via Ukraine:

Usage of ferry connection to extend the route to Georgia, Bulgaria, Turkey and Scandinavian states

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“VIKING” volumes

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Container terminal “TIS”

Estimated capacity – 2 mln. TEU per year

Handling of vessels with 11 th. TEU capacity

Rail park capacity - 500 th. TEU per year

It is planned to form 5 container trains per day

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Odessa-Samara-Astana Container Train

• Creation of new container train linking Ukrainian ports with major logistic centre in Russia and further delivery to Central Asia. Forming of train using group deliveries during the downturn is foreseen
• Creation of logistic centre in Samara contributes to further development of connections between EU and Asian states as one of the centre for consolidated goods.
Odessa-Samara-Astana Container Train

For efficient work it is better to:

• Develop strict train schedule
• Define the rule of rolling equipment operators and freight forwarding companies access
• Develop the booking of places in container train
• Develop public tariff rates excluding monopoly of separate companies
• Use software for export handling both of transport and shipping documents
NCTS System

• Entering of data in NCTS during transshipment from sea transport at the rail border of Ukraine decreases delivery terms.

• Integration of data interchange systems between Ukrainian and EU customs
Popularization of FIATA FBL as turnaround multimodal document. The Customer transfers the goods to the freight forwarder who arranges the transport process and bears the liability for delivery and payment. It accelerates the payments in compliance with UCP600 Guidelines.
E-documents

• E-consignment note
• Financial reimbursement
• Pre-information about the goods
Vocational training by FIATA minimum standards provided by National Associations gives complex knowledge in transport and logistics industry.
What is the best strategy in recession?

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<th>STRUGGLING COMPANY</th>
<th>FAILING COMPANY</th>
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Buy competitors or their assets, Increase marketing expenditures
Build stronger marketing team, acquire some strong brands
Generate new cash by slashing overhead, renegotiating with suppliers, process improvements
Close down and salvage what you can. Your company is hopeless.

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Key to success

• Market liberalization

• Constant improvement

• Advanced management and security technologies for just-in-time delivery

• Marketing and new cargo flows development

• 24/7 access to the information

• Vocational Training

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