

## Russian Railways Group's cooperation with European partners

The Russian Railways Group's interaction with European partners primarily focused on the design and manufacturing of new rolling stock and its introduction to the national railway network. In 2015, Russian Railways continued work to strengthen cooperation with global railway engineering leaders such as Siemens,

Alstom, Bombardier, Talgo, Knorr Bremse and others. Further progress was also made in matters concerning the localisation of advanced rolling stock production in Russia and the introduction of environmentally friendly and energy efficient technologies to the Russian railway network.

In addition, Russian Railways continued to promote a project to set up a new Eurasian transportation corridor jointly with the railway administrations and transportation agencies of Austria, Slovakia and Ukraine.

## Implementation of international transportation infrastructure construction projects

The Russian Railways Group continued implementing foreign projects in 2015 to build railways and develop infrastructure in Serbia, North Korea, Mongolia, Austria, Slovakia, Indonesia and other countries as well as studying opportunities for expanding cooperation in such matters with Vietnam, Ecuador, Brazil, India and Iran.

Joint work carried out with the Russian Railways Group's companies RasonKonTrans JV and RZD International aimed to achieve the International Engineering and Transportation Construction Business Unit's targets in projects in Serbia and North Korea.

In Serbia, RZD International and Serbian Railways continued implementing a contract on the construction of railway infrastructure and the supply of diesel trains. Most of the additional agreements governing the work in individual areas have now been signed. Work is on schedule and even ahead of schedule for some areas. Traffic officially started running in September on a second mainline on the Golubinci-Ruma section and the new Sopot Kosmajski-Kovacevac section. In October, RZD International and Serbian Railways Infrastructure signed a memorandum on a strategic partnership that outlines spheres of mutual interest in the long term as well as areas where joint efforts can be made.

The Group also studied the feasibility of entering the markets of the region (Hungary, Slovenia, Bulgaria, Montenegro and Croatia) in order to utilise construction machinery upon conclusion of the Serbian project.

The commissioning of a new trans-shipment terminal at the Rason port (North Korea) in 2014 and the start of regular transit freight shipments via North Korea with trans-shipment at the Rason port signalled the completion of the pilot stage of the project to rebuild the Trans-Korean Mainline. In 2015, 1.17 mln tonnes of coal were transported via the Rason port. Russian Railways also held negotiations with a consortium of South Korean companies including POSCO, Korail and Hyundai Merchant Marine.

The modernisation and development of Ulan-Bator Railways continued as part of obligations under a trust agreement to manage the shares of Ulan-Bator Railways. In December 2015, the Mongolian Ministry of Roads and Transportation and Russian Railways approved an action plan to implement projects for the modernisation and development of Ulan-Bator Railways in 2015-2016. The modernisation of Ulan-Bator Railways must provide for the necessary increase in carrying capacity both for freight transportation, primarily minerals

from Mongolians fields shipped to China and ports in Russia's Far East, as well as for growth in transit between Russia and China.

A project office set up by Russian Railways for the establishment of a new Eurasian transportation corridor that envisages the construction of a 1,520-mm railway line to Bratislava and Vienna continued work to promote the project via a four-way joint venture and interaction with the government and business structures of these countries. Work performed in 2015 included an analysis of the environmental impacts, the final determination of the route and land acquisition dates and the preparation of a business plan with a detailed study of the technical parameters of the line as well as investment and operating expenses for the entire life cycle of the project.

On 23 November 2015, RZD International and Islamic Republic of Iran Railways signed a preliminary contractual agreement on design, supply of materials and equipment, and construction as part of a project to electrify the Garmsar-Ince Burun railway section. Financing is expected to come from a state export loan.