INTERNATIONAL NORTH SOUTH TRANSPORT CORRIDOR (INSTC)
INSTC CONFERENCE-INDIA 2015

Ministry of Commerce & Industry
(Government of India)
in collaboration with
Federation of Freight Forwarders’ Association in India

“Exploring opportunities on the INSTC”
# International North South Transport Corridor (INSTC) Conference on 12th June 2015

**At Hotel JW Marriot, Mumbai**

## Inaugural Session & Key Note

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MESSAGE

It is heartening to know that the Department of Commerce along with the Federation of Freight Forwarders Association in India (FFFAI) is organizing the International North South Transport Corridor (INSTC) Stakeholders’ Conference on 12th June, 2015 at Mumbai.

The INSTC project was envisaged as an alternative trade route between India and the CIS countries through Iran which provides seamless movement to these nations. The Dry Run Study on the INSTC point towards reduction of cost and time, and opening of many competitive optional routes for opportunities in these nations. Once this route is popularized, this will untap the true trade potential between India and the CIS countries and will lead to significant increase in EXIM trade on this route. Government of India attaches a lot of importance to the development of this route. It is with the aim of creating awareness about this route, both in India and abroad, this Conference is being organized.

Wishing the INSTC Conference a grand success.

(Nirmala Sitharaman)
MESSAGE

India enjoys close and friendly relations with Russia, Iran and other countries of the Eurasian region. However, development of our relations with these countries has been hampered by the lack of physical connectivity through land routes with Afghanistan or Central Asia.

Since its opening up and reforms of the early 1990s, the Indian economy has made enormous progress. It is today the fastest growing large emerging market in the world. Russia and the CIS countries have also witnessed impressive growth over this period. There is a shared recognition of the mutual benefits that could accrue by linking the fast growing Indian economy with the countries of the Eurasian region through improved connectivity. This led to discussions in the 1990s regarding a International North South Transport Corridor (INSTC), initially by Russia, Iran, Oman and India. It is a testament to the relevance of this Corridor that it now has 12 countries as members and one observe r. Those Central Asian countries that have not formally joined the INSTC are also considering joining the initiative shortly.

The INSTC route will facilitate seamless movement of goods and commodities between India and Russia as well as other CIS countries via Iran. The dry-run study by the Freight Forwarders Association of India last year confirmed that the Corridor, when operationalized, would bring down transportation time by 50% and costs by up to 30% in comparison to the routes being used currently.

With increased cargo movement, the INSTC route would become more viable and attractive among the trading community. With improved connectivity among Central Asian countries, as well as between Iran and Central Asia, the INSTC is also poised to expand into Central Asia, making it even more attractive to traders, including for bulk goods and even perishable products.
The INSTC Stakeholder’s Conference in Mumbai provides a timely platform to various government organizations, trade bodies and business representatives to assess various requirements to operationalize the route at the earliest and to streamline the logistical arrangements involved.

India remains fully committed to implementing all necessary measures to operationalize the INSTC as an integral part of its efforts to enhance strong people-to-people linkages and trade and economic connections with its Eurasian partners.

I wish the organizers and participants a successful and result-oriented Conference.

(Sushma Swaraj)
Message

I am happy to learn the Federation of Freight Forwarders' Association in India and the Ministry of Commerce, Government of India would be organizing INSTC Stakeholder's Conference at Mumbai on 12th June, 2015.

Logistics industry would be one of the fastest growing industries in India in the coming decades. As the apex body of the cargo industry, FFFAI would have a very important role both to lay out the path for the development of this industry and the conference would be of great help to the Indian logistics industry and to open up new opportunities for growth.

I wish the INSTC Conference a grand success.

Yours

(Nitin Gadkari)
MESSAGE

I am very happy to know that the Department of Commerce along with the Federation of Freight Forwarders’ Association in India (FFFAI) is organising the International North South Transport Corridor (INSTC) Stakeholders’ Conference at Mumbai on 12th June 2015.

The movement of goods on the existing trade route between India and the CIS countries suffers from the disadvantages of long travelling time and higher cost. It was with the aim of reducing transaction cost and travel time that the INSTC project was taken up by the signatory countries. The Department of Commerce commissioned a Dry Run Study through FFFAI and the Dry Run Study reveals that the INSTC route, through Iran, takes 40% less time compared to the traditional route. There will also be significant reduction in cost with increase in trade volume. Successful activation of the new corridor will help connect India to Russia and other CIS countries at much less time at competitive freight rates and go a long way in increasing the EXIM trade on the INSTC route. This Conference will bring around stakeholders’ representing trade and commerce in the CIS countries and will provide a great opportunity to discuss measures to popularize the new route.

I congratulate the organisers of the event and wish the Conference all success.

(Rajeev Kher)

New Delhi
31 May 2015
Dear Mr. Shinde!

Let me present my sincere compliments to you and express gratitude for your kind assistance in organization of visit of Astrakhan region delegation to Mumbai as well as preparation and conducting international conference on International North South Transport Corridor on June 12, 2015.

Your active support and practical assistance by your colleague Mr. Sohel Kazani in holding meetings and negotiations with Indian partners as well as organization of the whole program of visit in many respects determined its positive results. The conference itself became very useful in terms of informing potential corridor users of the INSTC countries’ logistics capabilities as well as the establishment of direct contacts between representatives of shipping and transport companies for forming general schemes and tariffs for the transportation of goods along the corridor.

I express my special gratitude for organizing the visit to the one of the largest ports of India, Jawaharlal Nehru Port.

I am confident that negotiations carried out will enhance our further cooperation in the development of INSTC.

For my part, I would like to reassure you, Mr Shinde, the readiness of the Ministry of Industry, Transport and Natural Resources of Astrakhan region to promote the development of INSTC in the region and fully assist in the delivery of Indian goods to the Russian market.

Hope for further interaction on implementation of agreements reached during our visit to India.

Best regards,

Deputy Minister

Dmitrii Antonov
# PART I - INAUGURAL SESSION

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Chief Guest - Mr. Ajay Bhalla, Additional Secretary, Ministry of Commerce & Industry, lighting lamp. Additionally, Chief Guest along with other guest dignitaries during the inaugural session include Mr. Shambhu Kumaran, Ms. Imkongla Jamir, Mr. Sailesh Bhatia, Mr. Shankar Shinde, Mr. Ashish Pednekar, Mr. Debasish Dutta, Dr. Alok Srivastava, H.E. Mr. Ajay Kumar Bhalla, Mr. Masood, H.E. Mr. Hossein Ashoori, Mr. Alexey Tsydenov, Deputy Minister of the Russian Federation, Dr. Guruprasad Mohapatra, Mr. Amit Kamat, Mr. Parakhat H. Durdyev, and Mr. Saurabh Kumar.
Welcomes Guest to the INSTC Conference

Mr. Ajay Bhalla, Addl, Secretary being presented bouquet by Mr. Debasish Dutta

Mr. Hossein Ashoori being presented bouquet by Mr. Ashish Pednekar

Mr. Alexander Tsydenov being presented bouquet by Mr. Sailesh Bhatia

Dr. Gauruprasad Mohapatra being presented bouquet by Mr. Amit Kamat

Dr. Alok Srivastava being presented bouquet by Mr. Debasish Dutta

Mr. Parakhat H. Durdyev, Ambassador of Turkmenistan being presented bouquet by Mr. Debasish Dutta

Mr. Masood Khalique, Counsel General of Iran Embassy being presented bouquet by Mr. Debasish Dutta

Ms. Imkongla Jamir, Director, Ministry of Commerce (Govt. of India) being presented bouquet by Mr. Debasish Dutta
Multimodal transportation, warehousing & Distribution in Russian Federation
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Welcoming the honorable Chief Guest H.E. Shri A.K. Bhalla, Additional Secretary, Ministry of Commerce & Industry, Honourable Guest H.E. Mr. Alexey Tsydenov, Deputy Minister of the Russian Federation, H.E. Mr. Hossein Ashoori, Vice President for Operations and Movement, Railway Authority of Iran, respected, Dr. Guruprasad Mohapatra, Jt. Secretary, Ministry of Commerce, Mr. Debashish Dutta, Chairman, Federation of Freight Forwarders’ Associations of India (FFFAI), Mr. Ashish Pednekar, President, BCHAA, senior officials from various countries and distinguished participants representing trade, industry and Delegates.

The presence of the International Guests and delegates itself acknowledges the importance of this trade route for development and win-win situation for all the INSTC Member Countries.

I am thankful to all the participants and it gives immense pleasure to be a part of such an important event, It is our endeavor, as FFFAI ventures the opportunity to partner with Government of India for such an important International event which is of interest for Ministry of Commerce, Ministry of External Affairs and Ministry of Shipping (Government of India).

FFFAI, on behalf of Government of India had carried dry run study on two routes:

1. Nhava Sheva – Bandar Abbas – Baku
   a. Nhava Sheva – Bandar Abbas (By Sea)
   b. Bandar Abbas – Baku (by Rail)

2. Nhava Sheva – Bandar Abbas – Amirabad – Astrakhan
   a. Nhava Sheva – Bandar Abbas (By Sea)
   b. Bandar Abbas - Amirabad (By road which was initially scheduled by rail)
   c. Amirabad – Astrakhan (By Caspian Sea)

Iran has Major Ports, Chabahar, Bandar Abbas, on Southern and Bandar Anzali, Amirabad, on Northern (Caspian Sea) part

However only Bandar Abbas - Amirabad is Rail Connected and others can be reached only by road transportation.

We had travelled down to Bandar Abbas, Tehran, Bandar Anzali, Amirabad, Astrakhan to meet the various stakeholders, i.e. Customs Authorities, Ports Authorities, Shipping Association, Transport Association, Chamber of Commerce Banking and Insurances to take updates on every aspect for understanding the issues on the various transportation routes.

It was of great experience to complete the task given by Ministry of Commerce to pilot the practical dry run Study, and with enormous apprehension in mind we had accepted the task. On our practical journey the mindset changed with the practical experience, as the infrastructure was available and the security was not a real concern, however streamlining and co-coordinating with some of the allied agencies was the major concern which can be easily tackled with the interest and active participation by the Member Countries,

Further during the second trip we had travelled to Tehran, Gorgan, Mashad, Inchboron, (IRAN – Turkmenistan Border). Experiencing the physical movements of the International borders, where we learnt the limitation of road transportation constraint with limited trucks allowed to cross the boundaries within a day / containers border crossing and heavy detention at border due to lack of infrastructure to handle inspection and customs manpower, also the rail cross border had issues with rail gauge and availability and changing over boogies was a time consuming process, however with efforts of IRAN and Turkmenistan accepting the responsibility of 50%/50% on either side the process was being expedited.
We had submitted the dry run study report with some recommendation and suggestion to make the route active. One of the recommendation was to hold the stakeholder conference, which felt like an important suggestion and was accepted by our Government of India, who further initiated and honored us with organizing the International Conference. This is the first ever Private stakeholders INSTC conference being held in Mumbai, India to update on the various facilities, Infrastructure and process on the subject INSTC Route. The inputs, recommendation and consensus drawn during this conference shall help to resolve issues during the INSTC co-ordination council meeting to be held during near future.

On behalf of Ministry of Commerce, Government of India and Federation of Freight Forwarders Association in India. Welcome you to the INSTC Conference in India.

It gives us immense pleasure to organize this important International Event and we hope this event becomes a remarkable success with all your participation.

Our team has tried their best to organize the conference. This is an important event not only from India perspective but also from IRAN, RUSSIA, European Countries and CIS Countries, REPUBLIC OF AZERBAIJAN, REPUBLIC OF ARMENIA, REPUBLIC OF KAZAKHSTAN, REPUBLIC OF KYRGYZSTAN, REPUBLIC OF TAJIKISTAN, REPUBLIC OF TURKEY, REPUBLIC OF UKRAINE, REPUBLIC OF BELARUS, OMAN, SYRIA, BULGARIA

The presence from other respective Countries acknowledges the importance of this conference and INSTC Corridor for all of us.

During the full day session there will be various issues discussed, deliberated and I hope we will have a lot of knowledge to be loaded and taken back and I would request all our members in the conference to attend all session to have the continuity of the subject knowledge.

The subject being new to most of our members, The Business session is designed to have the continuity flow as the members should understand the Corridor importance and participate to activate.

I was also one of you with the most apprehensive perception with regard to the operation/ security/ operating on this sector however our visit to these members countries for dry run study has built confidence in us to make it active and possible.

Our main motive of this conference is to build confidence in EXIM Trade, Logistics Members by sharing our experience and impart knowledge through speakers from various sectors of EXIM TRADE, Govt. officials, and Logistics industry and organizing a B2B with a business networking.

I would like to acknowledge that on my visit to the IRAN, RUSSIA and Azerbaijan, The Members Countries have been a great host and we felt as if we were in our hometown. We are in-depth overwhelmed and thankful for the hospitality extended during our visit and we hope you have a comfortable and enjoy your stay in India.

Thank you.
India is one of the fastest growing economy in today’s date. In last one year the focus has been on ‘Make in India’ and ‘Ease of doing business’. India is endowed with rich mineral resources, huge maritime boundary and large manpower, which is technically qualified. We are pitching ourselves in the international trade of goods and services at the highest level, and in that direction, we seek investment and co-operation from various countries.

India has a unique and long standing relation with CIS countries. We have enormous market potential for bilateral trade with these countries and we look forward to increased co-operation with these countries.

While looking at the trade, one can see that there are various impediments, both on infrastructure front as well as regulatory difficulties. Mr. Guruprasad Mohapatra, Joint Secretary has already explained the same in his introductory remarks.

World has become a global market. Colombus and other sailors found the sea routes and trade started. We are trying to make improvements further by trying to find the shortest route, which is more economical. Few dollars saved and few days saved add lot of value and perhaps we are here today to find the solution for the same.

I understand this concept of INSTC came up about 15 years back in the year 2000 when this corridor was envisaged and co-operation agreement was formulated to unlock potential of trade between different countries of this region. In the 5th Co-ordination Council meeting held in Baku, it was envisaged that India carry a dry run on the proposed corridor. During the dry run, the constrains popped up with regard to Railway Network issues, Shipping issues, Infrastructure, port issues, and other documentation related issues, Insurance etc. These roadblocks have been identified by FFFAI during the practical dry run. Some remedial measures have been suggested by the team of FFFAI.

Iran is the backbone of this corridor. All of us need to gear up to ensure Iranian port development and railway infrastructure development to ensure rapid movement of containers so that perishable cargo can move timely at lesser cost.

India is looking forward to become a manufacturing hub. With steps being taken towards ease of doing business in India, a lot of trade is going to be generated in the years to come.

I am hopeful that today’s deliberations would help in resolving various issues and provide solutions for the same. I am sure based on fruitful discussions today, the work on corridor would progress. The outcome would be placed in the next co-ordination council meeting for further discussions.

I thank FFFAI for supporting this Conference and once again welcome all the delegates.
I take this opportunity to extend a very warm welcome to all esteemed guests and all the participants, who have gathered here to attend the Stakeholders’ Conference on International North-South Transport Corridor (INSTC) at Mumbai.

The INSTC was conceived as an alternate trade route between Russia and the CIS countries and India and South Asia. It was proposed in the 5th Meeting of Coordination Council of INSTC held on 24-25 June, 2013 at Baku, Azerbaijan that India will conduct the Dry Run Study on the above INSTC route via Iran to envisage the issues faced by the trade and to see how efficient and seamless this trade route can be. Accordingly, the Dry Run was conducted by FFFAI on two routes from NhavaSheva Port in Mumbai. The first route was from NhavaSheva to Bandar Abbas in Iran by sea and from Bandar Abbas to Baku by road. The second route was from NhavaSheva to Bandar Abbas by sea and Bandar Abbas to Amirabad by rail or road and Amirabad to Astrakhan by Caspian Sea. The Dry Run Study has been very useful in identifying the various constraints and roadblocks and the remedial measures that are required to be taken by the INSTC member countries in order to ensure efficient and seamless North-South trade.

The main purpose of this Stakeholders’ Conference has been to spread awareness about the tremendous potential on this new route and discuss the various constraints and the remedial measures that need to be taken by the concerned governments.

We have three business sessions, which deal with various aspects of INSTC. Business Session-I will discuss the current infrastructure status on INSTC during which the rail connectivity and various issues involved with rail connectivity will be discussed. During the second Business Session, the operational cost and transit issues on various routes and modes of INSTC will be discussed. In this session, complex issues such as how to facilitate better shipping movements, cross-border transport and cargo movement facilitation will be discussed. During the third Business Session, we will discuss issues with regard to insurance coverage, Customs issues, banking issues related to trade on the INSTC route. The fourth Business Session will be a Wrap-Up Session along with Question-Answers.

I am very happy to inform you that we have received very enthusiastic response from all the INSTC member countries and very senior officials from these countries along with key people involved with various aspects of trade are present today. I am very thankful to the Indian Embassies in various INSTC member countries and the Embassies of the INSTC countries in India for their proactive support to arrange this Conference. I also would like to compliment the FFFAI for not only conducting the Dry Run and also for arranging this Stakeholders’ Conference on behalf of the Ministry of Commerce & Industry.
Ashish Pednekar, President, BCHAA, during his welcome remarks stated that he was happy to have the Conference in maritime capital of nation, and indeed proud moment for BCHAA to be a co-host, believe that dry run study on INSTC and the conference would be a crucial transformation drivers in the history to connect central Asia, hence strongly feel that much awaited INSTC Corridor is likely to become the silk road of the 20th century, This

Multinational Multimodal transport would be the game changer in diversifying, INSTC corridor seems to be of tremendous promise that would not only help country to develop economic and strategic importance but also to facilitate India’s economic integration with Eurasia and Central Asia, CIS are more important trade partners of India, The bilateral trade between India and CIS Countries has increased from USD 8346.15 mn 2010-11 to 11054.02 mn in 2014-15, India only constitute 1% of total trade in CIS which is far below than potential envisage, The success of dry run study has open up great opportunity for trade to promote their products activities in CIS region, In the light of the new cause and transit time, 30% cheaper 40% shorter than the current traditional route, Aim of the conference is to create awareness or huge trade potential and opportunities, awaiting for participation from CIS Countries, We must share pecimal approach to Central Asia in favour of holistic and long term approach.

I urge that India and Central Asia mutually explore from the synergy in development pattern, We must think big and I am confident that the conference will set up proactive for to connect central Asia policy.

Wish all a fruitful deliberation and wish you all participate full heartedly and make it a grand success.

There is a need to organize more Freight Forwarders, & stake holder B2B / Seminars to promote INSTC Corridor

This could be possible by participating through delegation and visiting respective INSTC Member countries.

Our next step would be to take Member delegation Member to most of these Countries for better understanding and interaction.

This will help to spread awareness and to promote INSTC Corridor for business developments and build confidence among logistics players.

- Amit Kamat
It gives me immense pleasure and honour to organise INSTC Conference hosted by Ministry of Commerce & Industry. FFFAI has been entrusted with the INSTC (International North South Transport Corridor) project and we feel proud to partner with Government of India in promoting logistics and opening various opportunities through the world to enrich experience of our members and promoting EXIM Trade.

FFFAI had submitted the INSTC dry run study to Ministry of Commerce and Industry executed by Mr. Shankar Shinde and Mr. Sohel Kazani experienced members from our Federation.

We are confident that after completion of dry run project the INSTC Conference will be an enlightening to various stake holders i.e Importers, Exporters, Shipping Lines, Logistics Companies, and various other stake holders for opportunities in the developing EXIM trade.

Federation of Freight Forwarders’ Associations in India (FFFAI) is the apex body of 24 Custom Brokers Associations representing the interests of about 3000 Custom Brokers and Freight Forwarders operating at various ports, airports, Inland Container Depots, Container Freight Stations, Land Custom Stations in India.

Customs Brokers perform yeomen service to the economic development of India as facilitators of country’s international trade. CB’s play important role and are indelible link between Government department and EXIM fraternity.

FFFAI’s main object is to organize united action to project and promote the interests of the Logistics Players in all aspects at the International level. In pursuance of its aims and objects, the FFFAI plays a constructive role in maintaining a constant rapport with the Customs, Port Trusts, Airport Authorities, Container Corporation of India (CONCOR), Central Warehousing Corporation, Central Excise, Directorate General of Foreign Trade (DGFT), etc. to make its own contribution in the formulation of Policy and administrative measures and simplification of various procedures. For this constructive role, the Federation has been accorded official recognition and is represented on several official, semi official forums of various central ministries like Ministry of Shipping, Ministry of Finance and Ministry of Commerce and other Trade Bodies.

FFFAI also is a members and play important role with International Organization:

FIATA (International Federation of Freight Forwarders Associations), Switzerland
International Federation of Customs Brokers Associations (IFCBA)

The INSTC study will help to reduce cost, dwell time, streamline documentation for seamless movement and open up many competitive optional route for opportunities in CIS Countries and Russia which will result to enhance trade.

We are honoured to partner with Government of India for study on logistics and providing our expertise to accomplish such projects in future.

Thanks to all Members Countries for their valuable supports in completing this project.

I would like to welcome all Member delegate to participate in INSTC conference and it will be our pleasure to have your stay comfort extending our hospitality.

FFFAI is the biggest Federation in India, largest federation, though the initiatives of this dry run project started in 2012 we seen the light in 2015, the INSTC ball started rolling, after discussion with Shankar Shinde, In my opinion This is the conference from where we will start, clear all blockage and start further looking toward developments as the report is in place, The way ahead will be important of conference to success this project which is possible only with participation of all countries,

Thanks to the Ministry of Commerce, Government of India for the initiative of this project and thanked all for being here and everything is possible with united efforts.

I am confident that we can achieve this goal with joint efforts, This will not only benefit or open doors for India economy but also for CIS Countries and other countries en-route on this INSTC, Personnel request to take a oath, this is a stepping stone for us to go ahead and nothing can stop us.

It is we who can do it that belief has to be there in us. We will keep this project up.
Esteemed chairman, dear audience,

I would like to express my gratitude from chairman and vice chairman of Federation of Freight Forwarders Association of India for organizing this conference and also for the support of the government of India, and I am pleased that today we gather here by presence of representatives from the most important countries along the corridor, freight and forwarding companies, transport companies and as well North-South corridor founders in order to study closely and carefully the issues related to one of the most important international corridors i.e. the North-South corridor.

Before addressing the corridors, I would like very briefly state that currently the length of rail network of Iran is 10500 km, with 9000 km new lines being planned to be constructed in order to reach 20 000 by the horizon of 2025. Also, having 20000 freight cars, RAI carries 34 million tons per year.

I would like to draw your attention to the important regional and international corridors passing through Iran and their current situation and in continuation of my speech, I will talk about the North-South corridor. Therefore, I have classified my speech into 4 parts:

1. Location of Iran /Regional and International corridors passing through Iran that connect Asian and European regions together,

2. North-South corridor in particular and the existing alternatives

3. Development of multi-modal transport and equipping the ports

4. Conclusion and recommendations.

1-Location of Iran and passing corridors:

Rails of Iran:
- is located on the crossroads of North-South and West-East main international corridors,
- is located on the crossroads of Europe-Asia and connect CIS railways, India and Middle East
- links land-locked countries with the international waters,
- borders 7 countries and has many rail borders,
- is connected with the Persian Gulf and the Caspian Sea, a benefit bringing possibility of combined transport,
- and is a member to 9 important rail regional and international organizations like OSJD, OTIF, CIT, UIC, COM, … and also has membership in many rail agreements and regulations.

International corridors passing through Iran: The most important corridors that pass through Iran and link Asia and Middle East to Europe are:

Asia-Europe international Corridor in East-West direction: this corridor that make possible transit and international and multimodal transport among Asia, Middle East and Europe leave behind many routes.
The first alternative starts from China going through CIS countries, Iran, Iraq and Syria and continues its way from Mediterranean Sea to Greece and Europe, The other alternative is from China to CIS countries and Iran where it continues its way to Turkey and Europe.

Middle East- South and East of Asia is another corridor: the corridor starts from Turkey and Iran to Pakistan and from there to India where it could stretch to Bangladesh and Asia East South. At this time rail route of Turkey, Iran and Pakistan corridor is operational.

Trans Asian Railway (TAR) defined by UNESCAP. 28 countries are member to this railway which covers 117 500 km of rail lines. About 8000 km of Iranian rail network is within TAR railway.

Iron Silk Road is another corridor linking Europe to Asia. The aim behind making the corridor operational is to reduce travel time from China to Europe and opening cities at the heart of Europe and Asia. There are three main lines along the corridor:
Northern Corridor: along the existing trans Siberian railway
- Central Corridor: ancient silk road route to Beijing and
- Southern Corridor: connection of the highly
The most important corridors passing through Iran to link Asia and Middle East to Europe

Iranian Railways Network

International Asia-Europe Corridor

China CIS countries, Iran, Iraq, Syria, Mediterranean Sea to Greece and Europe,
China to CIS and Iran to Turkey and Europe
populated areas of Turkey, Iran, Pakistan and India to Europe and China. The corridor covers 75% of the world population and more than 40 countries. TRACECA corridor that starts from China, passes through CIS and reaches Iran, Turkey and Europe. 13 countries are member to this corridor. In addition to multimodal development agreement, technical appendices are prepared on sea and rail ferry terminals and arbitration which are under study.

2- Now let’s address the North-South combined corridor and its alternative.

The North-South international corridor connects the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran and afterwards to Russia, Saint Petersburg and finally to North Europe. The corridor is 9389 km in length from New Delhi to Helsinki, it starts from Bandar Abbas in south of Iran and reaches Astara border of Azerbaijan. 1865 km of the corridor is situated in Iran territory. A complete direct rail link from Iran and via Azerbaijan will be made possible when missing link between Iran and Azerbaijan is complete I mean Qazvin-Rasht-Astara-Astara. Qazvin – Rasht section, 205 km in length shall be finished this year. The studies of Rasht-Astara section, 167 km in length is also finished. Recently we have reached agreements with Russia to construct the section. This corridor at this time is operational as soon as combined transport route. In Iran territory Bandar Abbas Port in the south is the entry and Amirabad Port in the north is the exit point. North – South Corridor advantages are:

- Asian and European countries could make their cargo transportation through North-South Corridor with double speed compared to Suez channel.
- Carriage cost is also 30% less, therefore the countries could join and use this route and make use of its advantages. This is particularly true for Central Asia and world market in the Persian Gulf and Indian Ocean.
- North-South corridor is the most suitable route for transit traffic between Asia and Europe. It crosses many other routes like TRACEACA which is an advantage too.
- A few countries exist along the route therefore less border crossings we face and easier for the countries to reach agreements.
- The route has few discontinues points
- The distance is as short as possible
- In this corridor railway and using train is emphasized on.
- If the main section fails, there are alternative and support routes.
- It is recommended by international organizations like UN, UIC and ECO.

**Iran-Turkmenistan-Kazakhstan corridor** is an alternative route along north-south in the east of Caspian Sea. The line was opened in Dec 2014. It is forecasted that 3 million tons to be carried per year in the first stage and 10 million in a longer term. This corridor is a good alternative for carrying freight from India to Iran and CIS countries. Besides we are applying tariff reduction policy to attract cargo and customers. We are making effort to fix a tariff and a definite timetable for customers’ attractions.

I would like to state that we have offered discounts for development of rail transit. Currently, there are considerable discounts envisaged in the tariff systems, including 30% on cotton transit, 35% on transit sulphur and 30% on the fertilizers transited towards the southern sea ports of the country, and in general we offer discount to all the transit goods. Also, special discounts of 50% have been considered for the containers transported from Turkey to Pakistan and vice-versa. As a result of these measures and discount policy, transit traffic increased to 56% last year and this figure reached 85% this year.

3- Development of multi-modal transport and equipping the ports

For this purpose, Iran intends to equip its port in order to develop and facilitate the combined and transit transportation. The transit capacity of Iran's ports in 2014 was 26 million tons. At the Persian Gulf in south of Iran we have 4 (four) ports namely Shahid Rajaei, Imam Khomeini, Khorramshahr and Bushehr. The port of Chabahar with suitable equipment and existing wharfs is also ready to accept different types of ships, and small / large vessels due to its strategic situation as the shortest access way to the high seas for the Central-Asian land-locked countries. Connection of this port to the rail network is one of the plans of RAI which is under process. Freight trains run regularly from Bandar Abbas to Sarakhs towards CIS and from Bandar Abbas to Amirabad at the Caspian Sea; the goods are carried as combined from there to the ports of Türkmenbaşy, Aktau and Astrakhan. Also construction of the ferry-boat wharf in Amirabad port has been completed and movement of the ferry boats in this route will be made possible very soon. Therefore, the situation for rail transit from the CIS countries to the Persian Gulf states and vice-versa through Iran is quite suitable.

4- Conclusion and recommendation:

To meet the obstacles some measures are proposed: decreasing transit costs, tariffs and time for carrying cargo compared to other parallel routes or competitors, to make active INSTC secretariat located in Iran and launching scheduled trains for regular and speedy movements to solve problems the
Turkey, Iran, and Pakistan corridor is operational.

Trans Asian Railway (TAR)

- Member countries: 28
- Rail network coverage: 117,500 km
- Length of missing links: 10,000 km
- TAR network through Iran: 8,000 km
corridor encounter. At the end, I sincerely hope that we could make operational a combined transport route in the first stage and a completely rail route in further stage, and this would be possible by helping each other, serious follow-up of the problems and more efforts to remove the obstacles.

**Network of Railways of I.R. Iran and its location along passing corridors:**

Length of rail network of Iran is 10 500 km, with 9000 km new lines being planned to be constructed. It also has 20 000 freight cars and carries 34 MT per year.

**Railways of Iran:**
- is located on the crossroads of North-South and West-East corridors,
- is located on the crossroads of Europe-Asia and connect CIS railways, India and Middle East,
- links land-locked countries with the international waters,
- borders 7 countries and has many rail borders,
- is connected with the Persian Gulf and the Caspian Sea,

The most important corridors that pass through Iran are:

**Asia-Europe international Corridor:** that makes possible transport among Asia, Middle East and Europe. The corridor leaves behind many routes:
- The first one starts from China going through CIS countries, Iran, Iraq and Syria and continues its way to Mediterranean Sea and from there to Greece and Europe,
- The other alternative is from China to CIS countries and Iran where it continues its way to Turkey and Europe.

**Silk Road** links Europe to Asia with the aim of reducing travel time from China and CIS to Europe. There are three main lines along the corridor:
- Northern Corridor: along the existing trans Siberian railway
- Central Corridor: ancient silk road route to Beijing
- Southern Corridor: connection of Turkey, Iran, Pakistan and India to Europe and China.

**TRACECA corridor** starts from China, to CIS and reaches Iran, Turkey and Europe.

North-South Combined Corridor connects the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran and afterwards to Russia, Saint Petersburg and finally to North Europe. In Iran it starts from Bandar Abbas in south of Iran and reaches Astara border of Azerbaijan. A complete direct rail link from Iran and via Azerbaijan will be made possible Qazvin-Rasht-Astara-Astara is complete. Qazvin – Rasht section, 205 km in length shall be finished this year. The studies of Rasht-Astara section, 167 km in length is also finished. The corridor at this time is operational as a combined transport route.

**INSTC advantages:**
- Asian and European countries could make their cargo transportation through North-South Corridor with double speed compared to Suez channel
- Carriage cost is 30% less. This is particularly true for Central Asia and world market in the Persian Gulf and Indian Ocean
- The most suitable route for transit traffic between Asia and Europe
- Few countries exist along the route with less border crossings and easier for the countries to reach agreements
- The route has few discontinues points
- It is as short as possible
- If the main section fails, there are alternative routes
- It is recommended by international organizations like UN, UIC and ECO.

**Iran-Turkmenistan-Kazakhstan corridor** is an alternative route along north-south in the east of Caspian Sea. Opened in Dec 2014 it is forecasted that 3 MT to be carried per year in the first stage and 10 MT in a longer term.

**Tariff Policies:** Considerable discounts envisaged for the tariff systems, including 30% on cotton transit, 35% on transit Sulphur, 30% on the fertilizers transited to the southern sea ports of Iran and 50% discount for the containers from Turkey to Pakistan and vice-versa. As a result, transit traffic increased to 85% in 2015.

At the Persian Gulf there are 4 ports: Shahid Rajaei, Imam Khomeini, Khorrarmshahr and Bushehr. Chabahar Port with suitable equipment and existing wharfs is ready to accept different types of ships. Freight trains run regularly from Bandar Abbas to Sarakhs towards CIS and from Bandar Abbas to Amirabad Port at the Caspian Sea; the goods are then carried to the ports of Türkmenbasy, Aktau and Astrakhan. Also construction of the ferry-boat wharf in Amir Abad port has been completed.

To meet the obstacles some measures are proposed:
- Decreasing transit costs, tariffs and travel time for carrying cargo
- To make active INSTC secretariat located in Iran
- Launching scheduled trains for regular and speedy movements.
TAR routes in the territory of Iran

Iron Silk Road connecting Asia to Europe
Europe-Caucasus-Asia Corridor

RAI position in TRACECA

North-South Corridor

China-Central Asia-Caspian Sea-Caucasus-Black Sea-Turkey to Europe
China-Central Asia-Iran-Turkey to Europe
Route: Finland, Russia, Azerbaijan, Iran to the countries in South Persian Gulf, Indian Ocean and Southeast Asia
Length of the route from Helsinki to New Delhi: 9389 km
Total length of the route to Bandar Abbas: 5892 km
Traveling time (rail): 21 days
Length of the sea route: 16129 km
Traveling time (sea): 45 days
Rate of transit freight increase inside Iran: 3 to 6 million tons per year

Rail connection of Iran-Turkmenistan- Kazakhstan

Constructed route: with the length of 926 km
- Iran: 90Km
- Turkmenistan: 700km
- Kazakhstan: 136 Km
Perspectives and areas of cooperation on the development of the “North - South” international transport corridor

Let me welcome you at the international conference on the development of the “North - South” international transport corridor (ITC).

It is impossible to overestimate the importance of the “North - South” ITC for our states, where an important role is played by our transport cooperation both in multilateral and bilateral formats.

Shaping of the “North - South” ITC is initiated in order to implement the strategic partnership and to enhance economic cooperation between our countries with other countries of the Persian Gulf and South Asia. At the same time, this corridor will promote the development of transit the Euro-Asian traffic through transport communications, that would lead to increasing of the geostrategical and geopolitical position of the member states.

The development of “North-South” ITC, that is a multi-modal passengers and cargo transportation route, with a total length of 7200 km from St. Petersburg to the port of Mumbai (Bombay), will provide the best opportunity for the movement of cargo transit from India, Iran and other countries of the Persian Gulf to the Russian territory (the Caspian sea), and further to Northern and Western Europe.

The legal basis of the of “North-South” ITC concept implementation was the signing on 12 September 2000 in St. Petersburg during the second Eurasian Conference on Transport by Republic of India, the Islamic Republic of Iran and the Russian Federation of the Intergovernmental agreement on the “North-South” international transport corridor. In May 2002, in St. Petersburg, the transport ministers of the participating countries signed a protocol on the official opening of the corridor. By the current moment, the Agreement was joined by Azerbaijan, Armenia, Belarus, Kazakhstan, Oman, Syria. Applications for accession to the Agreement submitted by Turkey and Ukraine.

The main advantages of the “North-South” corridor for the cargo owners in front of other routes and, in particular, in front of sea route through the Suez Canal is in the reduction into two or more times of the distance and transportation costs, as well as the availability of advanced infrastructure of various modes of transport and, above all, rail and sea, which has access to the transport systems of the Caspian states.

The “North - South” ITC in its southern part presupposes several routes of cargo routes by rail:

- Trans-Caspian route - using Russian ports Astrakhan, Olya, Makhachkala and ports of Iran - Bandar-e Anzali, Nowshehr and Bandar Amirabad. The participation of railways in this variant is in the driving up cargo in ports and clearance of the ports;

The western branch of the corridor - a direct railway communication through the territory of Azerbaijan with further access to the Iran's railway network by border crossing Astara (Azerbaijan) - Astara (Iran), or at the border crossing Julfa (Azerbaijan) - Julfa (Iran);
International Transport Corridor North - South

- Moscow
- Astrakhan
- Tehran
- Delhi
- The eastern branch of the corridor - a direct rail connection through Kazakhstan, Uzbekistan and Turkmenistan with access to the Iran's rail network by border crossing Sarakhs (Turkmenistan) - Sarakhs (Iran).

Exit of the “North - South” ITC for countries of South Asia without additional cargo handling in the ports of Iran in the Persian Gulf became possible after the establishment of a direct rail link between Iran and Pakistan. Opening of the line from the Iranian city of Fehoeda, to the East from Bama to Zahedan, in June 2009 allowed linking the railway network of Iran and Pakistan, thus filling one of the last gaps in the direct route between Europe and India.

Perspectives of the development of freight transport in the framework of the considered corridor will be linked with the development of trade and economic relations of member countries of the International Agreement on international transport corridor “North - South” between themselves as well as with the involvement of trade flows in connection between the countries of Europe and the countries of the Persian Gulf and South Asia.

According to forecasts, the commodity market of the international transport corridor “North - South” is estimated at the level of 25 - 26 mln. tons per year.

“Base maritime points of the international transport corridor” North-South” in the territory of the Caspian region of the Russian Federation are the ports of Astrakhan, Olya (part of the Astrakhan transport hub) and Makhachkala.

The ports of Astrakhan transport hub can accommodate vessels with a draft of up to 4.5 m and are focused more on the handling of general (ferrous metals), timber and grain. In turn, the basis of the seaport Makhachkala turnover (about 90%) is liquid cargo. The port handles vessels with a draft up to 6.5 m in the oil harbor and with a draft of up to 4.6 m - in the waters dry cargo harbor.

Ports of Astrakhan and Olya have direct access to inland waterways (the Volga-Don river system), as well as a network of roads and railways. Makhachkala port is located in close proximity to the federal highway M-29 “Caucasus” and the crossrail station “Makhachkala”, which also increases its attractiveness for transportation of goods in transit.

All the considered seaports are equipped with the checkpoints across the state border of the Russian Federation.

**Issues of customs control**

During the meeting of heads of customs services of Russia and India, April 6, 2015, it was agreed to intensify cooperation within the ITC “North-South”. In accordance with this agreement now FCS of Russia is considering the possibility of organizing a quadrilateral meeting of experts of the customs services of Russia, India, Iran and Azerbaijan to agree upon further joint actions on cooperation within the framework of the ITC “North-South”.

We believe that the cooperation between customs services within the framework of ITC “North-South” should be developed in the following areas: organization of information exchange between customs services of the ITC “North - South” project participants; consideration of options for mutual recognition of customs control results; specification of the list of priority checkpoints for loading and unloading, through which the movement of goods and means of transport in the framework of ITC “North - South” will be implemented and which are supposed to participate in the exchange of information between customs services.

**The signing of a protocol between the Federal Customs Service (Russian Federation) and the Directorate of Excise and Customs (Republic of India) on the organization of a “green corridor”, providing the simplification of customs procedures for law-abiding participants of foreign economic activity became the first step in this direction.**

**Transport law issues**

An important step forward is made in the framework of creating the unified railway law, which acts as the legal basis for the transportation system, - a new legal regime on the basis of two operating modes - SMGS (OSJD) and CIM (OTIF) is prepared.

On June 6, 2014 at the session of the OSJD Ministerial Meeting the enactment from 1 July 2015 of the complex changes and additions to the Agreement on International Goods Transport by Rail (SMGS) and service instructions to the SMGS was agreed - in fact, the new text of the SMGS and its applications.

The agreement takes into account the current trends of the rail market, including the conversion carried out by railway companies of the majority of the OSJD member countries in terms of delineation of responsibilities of the state and railway companies as well as infrastructure and carrier.
Transport links of the Astrakhan water transport port hub

The Form of Cooperation in the Framework of the Transport Corridor Development – Implementation of the Leasing Projects

- The tool for implementation of the state policy of management and development of the transport in the Russian Federation

Overall volume of the STLC investments in the transport sphere of the (2009-2014) 140 bln. rubles

STLC Projects on the Transport Infrastructure Development

<table>
<thead>
<tr>
<th>Transportation Logistics Complex «Yuzhnouraïskiy» (Chelyabinsk region)</th>
<th>Sviyazhsky interregional multimodal logistics Centre (Republic of Tatarstan)</th>
<th>Строительство комплекса перегрузки угля «Лавна» и ж/д линии (Мурманская область)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim of the Project – Development of the international transport corridor between Russia and China</td>
<td>Aim of the Project – Creation of the port-logistics complex on the crossroad of the international transport corridors «North – South» and «West – East»</td>
<td>Aim of the Project – The construction of the port complex in order to increase export volumes of energy coal, to ensure transfer of cargo from the Baltic ports to Russian ports, development of new markets</td>
</tr>
<tr>
<td>The role of the STLC – The key investment partner, carrying out lease financing of the project (6,7 bln rubles)</td>
<td>The role of the STLC – Interaction with investors, support and participation in operation and management of the complex</td>
<td>The role of the STLC – Assistance in calling in investors to the project</td>
</tr>
</tbody>
</table>

STLC can act as an investment partner, the project coordinator for the development of transport infrastructure
Besides, a draft Convention on direct international railway traffic and its applications was developed within the framework of OSJD. This project represents a system of treaties and agreements, which takes into account the interests of all railway transport legal systems: the EU, the CIS and countries of South-East Asia (China, Mongolia, Korea, Vietnam, etc.).

Certainly, a breakthrough towards the harmonization of the railway law is the CIM/SMGS consignment note. The usage of this note is expected in the new legal regime. Taking into account the development of shipments in Euro-Asian traffic, the interest of customers in the implementation of the transportation with this document increases.

By now it is so far the only international project successfully implemented in this area.

About Joint transportation and Logistics Company

In order to develop rail transit for the international transport corridors, passing through the territory of Russia, joining the efforts, the railway administrations of the Russian Federation, Kazakhstan and Belarus work on the development of OTLK activities.

The scope of the company is to provide comprehensive transport and logistics services under the scheme “door to door” in the field of intermodal freight, primarily for container traffic.

The project is implemented on the basis of uniform principles of pricing policy, mutual use of rolling stock, the implementation of a single technology and standards, transport and logistics services in the territory of the Eurasian Economic Union (EEU), and aims to create a transport platform for the realization of the EEU countries’ transit potential.

The OTLK activities presuppose operating integration of terminal capacity and of the leading container operators, as well as a phased transition to direct payments with consumers of transportation services for the entire route of the goods, regardless the place of rendering, and the elimination of the need to pay freight charges through several shipping companies.

The most important success factor of the project is provision of the OTLK terminal with logistics assets in key transport hubs in the space of the EEU, allowing to guarantee quality of service, and to optimize empty runs and thus to provide a competitive tariff.

Due to network coverage of business and access to the customer base, it becomes possible to “loopback” transit of ITC “North-South”. Due to lower costs (due to the emergence of reverse loading) the effectiveness of transcontinental transportation will increase, as well as the competitiveness of transportation on this route.

About the State Transport Leasing Company

Another form of cooperation in the development of international transport corridor “North - South” may become the joint implementation of the leasing projects, including the usage of the experience of the State transport leasing company, which has already invested in the development of the transport industry in Russia about 140 billion. rub. (2.5 billion . dollars. USA), including the projects aimed at improving the country's transit potential. In May 2015 transport and logistics complex “South Ural” (Chelyabinsk region) was run in a test mode, funded by GTLK. It is the largest complex of the transport infrastructure in the Euro-Asian transport corridor, which will reduce more than in 2 times the railways of the western China (Xinjiang) transit through Kazakhstan to Russia and Western Europe. GTLK can become a partner in the supply of equipment for leasing for infrastructure of the ITC “North - South”.

Insurance issues of international transportation

Of course, an important component of economic efficiency and safety of ITC traffic is the insurance of goods in international traffic. The insurance market of Russia is ready to fully provide modern high-quality insurance protection of cargo within the corridor.

Today the Russian market of freight traffic insurance has a positive dynamic of development. Despite the crisis influence, the rate of insurance premiums growth increased to 2,4% in 2014 to 2013 both in the domestic and foreign freight market, while the capacity of this insurance segment is 21,7 billion rubles ($385.86 million). The largest actors in this insurance market segment are the companies: SOGAZ, Ingosstrakh, RESO-Garantia, ZHASO.

We find it possible to create a cross-country coordinating center for insurance at the ITC as a reinsurer. Not being an insurance company the coordinating center will act as an independent mediator, reconciling the interests and removing disagreements of insurers.

Insurance Group “SOGAZ” (market share in 2014 – 11%) is one of the leaders in the field of
international freight traffic insurance in the Russian Federation. The following projects can be mentioned from SOGAZ experience:

- Provision of insurance coverage for space industry cargo for the period of transportation from the place of departure until delivery to the recipient of goods at the destination point. The route passed through the territory of Russia and Kazakhstan, including the Baikonur Cosmodrome and Plesetsk, sea port in St. Petersburg. Rail, water, road modes of transport were used. The insurance contract covered the risks of total loss or damage of insured property before the end of 2014.

- Insurance of cargo of Research Institute of Atomic Energy for 10 billion rubles ($177,82 million). The amount of maximum liability per carriage was set at 1,5 billion rubles ($26,67 million). The insurance coverage is valid on the territory of Russia and European Union countries, excluding zones of military operations and emergency situations.

Currently, from our side transportation through the corridor is mostly limited by Russian-Iranian trade and is implemented mostly only on Trans-Caspian Sea mode using rail and water transportation scheme with transshipment in the ports of the Astrakhan region.

The development of Russian-Indian relations has a very significant value in the shaping of Russian foreign policy. Astrakhan region due to its geographical position plays a strategic role in these relations. Astrakhan region has close connections with the representatives of business structures, and with the state authorities of the Republic of India. The high status of this relationship is confirmed by the numerous visits of official delegations at the highest level.

Due to the Caspian Sea, Astrakhan region has a unique transport potential. The big advantage of the region is the possibility of the intermodal organization of freight traffic, which allows combining the advantages of all available modes of transport: sea, river, rail, road and air.

Astrakhan transport hub as part of the ITC “North - South” can become a transport logistics center to provide reducing the time and cost of delivery of goods, optimize the route network and increase flexibility of supplies.

The Russian delegation includes representatives of the Administration of the Astrakhan region, they are ready to tell about themselves.

We welcome the efforts of the parties to develop the transport infrastructure required for the functioning of the ITC “North - South” and participate in realization of number of projects.

"SOGAZ“ Insurance Group - the leader of the international cargo insurance market in 2014

Market share - 11%

Charges for cargo insurance - about 2.4 bln. Rub. (42.676 million. $)

Cargo specification, routes:

- Cargo insurance for the space industry. Route: Russia - Kazakhstan, including the Baikonur Cosmodrome and Plesetsk, a seaport in St. Petersburg. Modes of transport: rail, water, road. Risks: total loss and property damage.

- Cargo insurance of the nuclear power industry. Routes: Russia - China, India, the European Union (excluding zone of military operations and emergency situations).

- Cargo Insurance of the energy industry. Routes: Russia - China and other Asia-Pacific region. The main modes of transport used: road, rail, air, multimodal.
Cargo Insurance Market of the Russian Federation

Market volume in 2014 – 21,7 bln. rub. (385,86 mln. $*)
Market increase compared to 2013 – 2,4%

The major cargo insurance market participants:
- «SOGAS»
- «INGOSSTRAH»
- «RESO-GARANTIYA»
- ZHASO

Suggested Scheme of interaction

* - according to the rate of the Central Bank of the Russian Federation dated 01.01.2015 (56.2376 rub/$)
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- WAREHOUSING & CHEMICAL STORAGE SOLUTIONS
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- GLOBAL LCL CONSOLIDATORS
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- CFS OPERATORS
- IATA AGENTS

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Tel : 00-91-22-6646 9200 (200 Lines) • Fax : 022-6797 3902
Thanking with presentation of Memento

H.E. Mr. Ajay Kumar Bhalla, presenting Memento to Mr. Debasish Datta

H.E. Mr. Hossein Ashoori being presented Memento by Mr. Ashish Pednekar

H.E. Mr. Alexey Tsydenov being presented Memento by Mr. Sailesh Bhatia

Dr. Guruprasad Mohapatra, being presented Memento by Mr. Amit Kamat

Mr. Ashish Pednekar, being presented Memento by H.E. Mr. Ajay Kumar Bhalla

Mr. Sailesh Bhatia being presented Memento by H.E. Mr. Ajay Kumar Bhalla

Mr. Amit Kamat being presented Memento by H.E. Mr. Ajay Kumar Bhalla

Mr. Shankar Shinde being presented Memento by H.E. Mr. Ajay Kumar Bhalla
Business Session 1 – Current Infrastructure Status on INSTC

<table>
<thead>
<tr>
<th>Session Chairman</th>
<th>Mr Ajay Bhalla, Additional Secretary, Ministry of Commerce.</th>
</tr>
</thead>
<tbody>
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<td>Infrastructure and Facilitation towards Transit cargo through IRAN</td>
<td>Mr. Hossein Ashoori, Vice President for Operation and Movement, Railway Authority of IRAN (RAI)</td>
</tr>
<tr>
<td>Connecting Russia through IRAN</td>
<td>Ms. Natalia OSHIKER Head of Directorate for Industries and Ports, Ministry of Industries, Transport and Natural Resources of Astrakhan Region</td>
</tr>
<tr>
<td>Competetive Advantage - Rail Connectivity</td>
<td>Mr. Vijay Pal, AGM(Traffic), Rail India Technical and Economic Service (RITES) INDIA</td>
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<td>Developments &amp; Operations on INSTC</td>
<td>Mr. Sohel Kazani, Executive Committee Member - FFFAI</td>
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<td>Kazakhstan-Turkmenista-Iran railway line and its potential in linking with INSTC</td>
<td>Mr. Abdur Rashid Sakenov, Dy Director, Centre of Transport Logistics Development, Kazakhstan Temir Zholy</td>
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<tr>
<td>Rail infrastructure &amp; Facilities for INSTC</td>
<td>Mr. Dimitry Antonov, Advisor to President , UTLC (United Transport and Logistics Company)</td>
</tr>
<tr>
<td>Vote of Thanks</td>
<td>Mr. Rajesh Kumar - Executive Committee Member, FFFAI</td>
</tr>
</tbody>
</table>

(L-R) Mr. Shankar Shinde, Mr. Rajesh Kumar, Mr. Abdur Rashid Sakenov, Ms. Natalia OSHIKER, Mr. Hossein Ashoori, Mr. Ajay Bhalla, Mr. Dimitry Antonov, Mr. Vijay Pal, Mr. Sohel Kazani
As a result of choosing the most appropriate type of transport, taking into account characteristics of the cargo it is possible to deliver the goods to almost anywhere in the world, that reduces the transportation time and cost.

The possibility to use navigation between the Caspian, Black and Baltic Seas through internal waterways of Russia also improves the efficiency of traffic through Astrakhan region.

Volga river with its tributaries, with a system of navigable channels is a water transport system in many regions of Russia. Almost all regions of the European part of the country, as well as the Urals and Siberia which export products to the Caspian Sea countries, successfully use the river.

Seaports of Astrakhan and Olya are the key elements of water-transport hub of the region.

Currently, 22 stevedoring organizations operate in Astrakhan region. The total capacity of the ports of Astrakhan and Olya today is about 11.2 million tons.

Navigation in the ports of Astrakhan and Olya is all year round, during the winter navigation ships in the waters of the ports are supported by icebreakers.

Due to development of hydrocarbon fields in the Russian sector of the Caspian Sea, as well as the growth of volumes of sea transportation there were more than 15,000 vessel calls to the ports of Astrakhan and Olya in 2014. Tendencies of the first half of 2015 show even more significant growth.

Olya Port is located 100 kilometers to the south from Astrakhan city, in the delta of the Volga River on the 67th kilometer of the Volga-Caspian shipping channel in close proximity to the Caspian Sea. The favorable geographical position creates conditions for year-round trans-shipment of goods, provides access to river, sea lines, roads and railways.

Olya port is open for ships under foreign flags, the cargo - passenger state border crossing point is functioning at the port, where all the necessary services and state control bodies operate.

In addition to the berths for receiving general cargo, grain terminal with capacity of 500 thousand tons per year was built in the port of Olya. The terminal has the capability to store 30 thousand tons of grain crops simultaneously.

Car ferry terminal, and thus border crossing point was constructed and put into operation.

Besides, the port has the capability to receive and store containers, including with perishable goods. Temporary storage warehouse is located at the port.

An important stage in the development of the port is the project of construction of oil transshipment complex and bulk cargo handling complex. The main task of new terminal would be the increase of foreign oil trade turnover with the countries of the Caspian Sea. Speaking about the consolidated seaport “Astrakhan”; it should be noted that the total length of the quay wall is more than 3.6 thousand running meters. The depth at the quays is from 4 to 5.5 meters.

The port has warehouses with total area of more
than 200 thousand sq. m. and is equipped with the necessary lifting equipment.

The slide shows the basic location scheme of port terminals of consolidated seaport "Astrakhan". All terminals are located within the city and situated on right and left banks of the Volga river.

The current geopolitical situation in the world makes it necessary to intensify external economic cooperation with the countries of Middle East and Asian regions.

One of the most important transport projects for Astrakhan region and the Russian Federation as a whole should become a full-scale start of the international "North-South" transport corridor, which allows to deliver goods in short terms from India and China to logistics hubs in Russia and further to Europe.

The establishment of cargo transportation with countries of the Caspian Sea is another development vector for water transport hub of Astrakhan region. And cooperation with the Islamic Republic of Iran is actively developing. The Iranian party announced the possibility to supply from Iran fruits, vegetables, chicken, fish products, frozen shrimps and others products. The first containers with perishable goods have already started to arrive to Astrakhan region.

It also should be noted that with the development of new Iranian port of Amirabad there is a real opportunity to increase trade - both mutual Russian-Iranian and transit trade from India and Southeast Asia. In particular, it is possible to establish in fair short period car ferry container traffic from the port of Olya to Amirabad.

The development of transport system in the region is one of the key areas of economic development in the region. It meets not only the Russia's strategic interests in the Caspian Sea, but also the industrial potential of the region.

The special economic zone of industrial production type, created in the region will boost cargo traffic on INSTC. The project is a unique one, and is able to attract to the region the world's largest companies - manufacturers of various types of equipment and goods, as well as the world's leading traders, which will certainly increase the logistics attractiveness of the region. The Government of Astrakhan region, with the support of Ministry of Industry and Trade of the Russian Federation and JSC "United Shipbuilding Corporation" created a special economic zone in 2014.

The total volume of investment in infrastructure is more than $ 419 million.

The area of the SEZ is 9.8 square km, including 8.3 square km area for the placement of production facilities by residents. The zone is located north of the city of Astrakhan on the Volga River.

The concept of creation of SEZ "Lotus" provides the following functional zoning.

Creation of administrative and business areas, including research and development center, a business center, exhibition center and hotel.

The operational area will include energy sources - gas supply, auxiliary services (fire department, production and operational base).

There will be a customs area with a logistics center.

Industrial site, which has already been zoned will constitute the main part of the SEZ territory. Significant dimensions of the production area of SEZ allow to select land for the projected plant taking into consideration its hazard class and the requirements for the sanitary zone without resources restrictions.

The main activities of SEZ will become shipbuilding, ship and oil & gas equipment, as well as related industries.

SEZ “Lotus” has a unique logistic possibilities for using all main types of transport (railroad, automobile, water and air).

The SEZ area is connected by road with the federal highway M6. There is a railway access. There is also quay. Thus, the SEZ has all three types of transport infrastructure. This factor is a unique among the other special economic zones established in Russia.

Free customs zone regime operates in the territory of SEZ, in accordance with it the VAT on imported foreign goods will be 0%, and the import duties will be abolished.

Customs terminal will be equipped with high-tech equipment which allows to minimize the time of customs clearance procedures to 3 hours.

SEZ regime provides special system of tax preferences for the residents that are represented on the slide.

When you select a route for cargo transporting the crucial factors are always time and cost. Compared with the traditional South sea route the transportation of cargoes by international transport corridor “North-South” is twice shorter. To implement this advantage and competitiveness of ITC “North-South” in economic component it is necessary to build effective logistics.

Due to the implementation of large-scale infrastructure projects through public-private partnership and use of innovations, the export of transport services in the Astrakhan region increases, and there appear new opportunities for Russian and foreign participants of foreign economic activity.

For its part, the Government of Astrakhan region stands ready to assist organizing interaction of foreign economic activity participants with public control authorities, as well as establishing the supply of products of Astrakhan manufacturers.
MARINE TRADING PORT OF «OLYA»

- Port infrastructure includes:
- Auto-ferry complex
- Grain terminal, with capacity of 30 thousand tons of simultaneous storage
- Warehouses with total area of 200 thousand sq. m., including warehouses of temporary storage
- Possibility to transship perishable goods

CONSOLIDATED SEAPORT "ASTRAKHAN"

- The total length of the quay wall is more than 3.6 thousand running meters
- Warehouses with total area of 200 thousand sq. m.
- Depths at the quays - from 4 to 5.5 meters
TAX BENEFITS

- **TAX ON PROFITS**
  - For SEZ residents: 2%
  - Outside SEZ: 20%

- **PROPERTY TAX**
  - For 10 years from the date of property registration: 0%

- **LAND TAX**
  - For 5 years from the date of registering land plot property rights: 0%

- **TRANSPORT TAX**
  - For 10 years from the date of vehicle registration: 0%

  - Up to 150 rubles per 1 hp

PROSPECTS OF ITC “NORTH-SOUTH”

[Map showing routes from Astrakhan to Mumbai]
“Competitive Advantage - Rail Connectivity”

Mr. Vijay Pal during his presentation on Rail connectivity and competitive advantage stressed upon the importance and limitation of transportation due to lack of technical infrastructure difficulties and how important it was to consider the completion for connectivity and also provided statistics providing benefits for all member countries.

He further provide statistics details as follows :

<table>
<thead>
<tr>
<th>Year</th>
<th>Internal Cargo</th>
<th>Transit cargo scenario 1 (Probable)</th>
<th>Transit cargo scenario 2 (Optimistic)</th>
<th>Importing Cargo</th>
<th>Exporting Cargo</th>
<th>Total Cargo (Probable)</th>
<th>Total Cargo (Optimistic)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>386</td>
<td>1551</td>
<td>2671</td>
<td>936</td>
<td>274</td>
<td>2847</td>
<td>4267</td>
</tr>
<tr>
<td>2017</td>
<td>535</td>
<td>1924</td>
<td>3524</td>
<td>194</td>
<td>334</td>
<td>5987</td>
<td>5587</td>
</tr>
<tr>
<td>2022</td>
<td>889</td>
<td>2480</td>
<td>3120</td>
<td>1524</td>
<td>406</td>
<td>5999</td>
<td>7289</td>
</tr>
<tr>
<td>2027</td>
<td>880</td>
<td>3105</td>
<td>4929</td>
<td>1945</td>
<td>494</td>
<td>6483</td>
<td>9454</td>
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<tr>
<td>2031</td>
<td>1070</td>
<td>3847</td>
<td>4765</td>
<td>7638</td>
<td>578</td>
<td>8958</td>
<td>11669</td>
</tr>
</tbody>
</table>

Estimated Traffic: Rasht - Astara Rail Route

<table>
<thead>
<tr>
<th>Year</th>
<th>Internal Cargo</th>
<th>Transit cargo scenario 1 (Probable)</th>
<th>Transit cargo scenario 2 (Optimistic)</th>
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<th>Exporting Cargo</th>
<th>Total Cargo (Probable)</th>
<th>Total Cargo (Optimistic)</th>
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<td>7638</td>
<td>578</td>
<td>8958</td>
<td>11669</td>
</tr>
</tbody>
</table>

Container Traffic from 2008 to 2013: World, Iran and Russia

<table>
<thead>
<tr>
<th>World/Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>CAGR %age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran (Islamic Republic of)</td>
<td>2.0</td>
<td>2.2</td>
<td>2.6</td>
<td>2.7</td>
<td>2.9</td>
<td>3.2</td>
<td>9.8</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>3.4</td>
<td>2.4</td>
<td>3.2</td>
<td>4.0</td>
<td>3.9</td>
<td>4.0</td>
<td>5.5</td>
</tr>
<tr>
<td>World</td>
<td>516.3</td>
<td>472.3</td>
<td>540.8</td>
<td>587.5</td>
<td>616.7</td>
<td>651.1</td>
<td>5.0</td>
</tr>
</tbody>
</table>
Rasht-Astara Missing Rail Link on Bandar Abbas - Azerbaijan Corridor

- A missing link of about 165km from Rasht to Astara in Iran to Astara in Azarbayjan along Caspian Sea
- Establishment of this link will allow rail connectivity from Bandar Abbas to St. Petersburg in Russia
- This route requires change of gauge at Azarbayjan from standard gauge (1435mm to 1520mm)
- A feasibility study undertaken in 2008 for assessing viability for this new rail link

Comparative Advantage of Railways

Highly suitable for intermodal, bulk and long distance traffic
- Speed, reliability and cargo security
- Minimum damage to goods/consignments
- Competitive with other modes
- Environment friendly

However, Railway needs volumes, preferably both ways to remain viable

Constraints/Limitations on Iran Rail System

- Lack of fixed departure schedules for freight trains
- Insistence on trainload movement and delay in evacuation of boxes
- Gradient problem restricting speed
- Longer transit time (5 days by rail from Bandar Abbas to Amirabad as against 2 days by road)
- Higher tariffs by rail (700 USD) vis a vis road transport (500 USD) for movement from Bandar Abbas to Amirabad
- Freight charges based on wagon and not containers
- Wagon shortage and load restrictions for transit traffic
- Detention of wagons/trains on Customs account and resultant demurrage
- Empty return
- Problem of break of gauge

Operational and other improvement options for Railways

- Ease of gradients and/or use of high powered locos
- Establish dedicated rail freight corridors for transit traffic
- Running of mixed loads to overcome delays in evacuation of containers
- Improve speeds of freight trains to reduce transit time
- Incentives for aggregation of cargo in return direction and empty movement may not be charged
- Competitive freight charges vis a vis road transport
- Develop combined rail terminals with change of gauge facilities at the international borders
- Running of ro-ro rail services carrying cargo laden trucks may be examined

A passenger dominated railway needs to focus on freight movement particularly transit traffic for long term sustenance.

Coordinating and Monitoring Authority for Transit Traffic

A monitoring authority for coordinating the movement of transit traffic is desirable

Such an entity (NC-TTCA) functions in East Africa monitoring the transit traffic right from port to Customs clearance to road/rail transport and border crossings
- The Agency sends its reports to head of the states
- The Northern Corridor runs from Mombasa port to Kampala-Kigali-Bujumbura

East African community (EAC) also plays an important role in the region and in the process of Customs Union has created one stop border post (OSBP) and also launched Single Customs Territory
Commodity Basket:
CIS Countries / Russia

Exports from India
MARINE PRODUCTS, DAIRY PRODUCTS, AGRICULTURE PRODUCE & FRUITS, COFFEE, TEA, SPICES, GRAINS, PHARMACEUTICAL PRODUCTS, FMCG, COTTON, PAPER AND PAPER BOARD, TOBACCO, RUBBER, TEXTILES & FABRICS, ELECTRIC MACHINERY, ETC.

Imports to India
GLASS AND GLASSWARE, BOILERS, MACHINERY AND MECHANICAL APPLIANCES, CERAMIC PRODUCTS, STEEL PRODUCTS, WOODEN LOGS, PULP & PAPERS, OIL, FERTILIZER, COAL, ETC.

Volume of Goods from South East Asia/South Asia to Europe Via Suez Canal

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East Asia</td>
<td>108.66</td>
<td>124.63</td>
<td>121.18</td>
<td>135.80</td>
<td>161.26</td>
</tr>
<tr>
<td>South Asia</td>
<td>40.89</td>
<td>39.48</td>
<td>37.20</td>
<td>37.18</td>
<td>38.72</td>
</tr>
<tr>
<td>Europe</td>
<td>121.00</td>
<td>124.60</td>
<td>123.52</td>
<td>121.04</td>
<td>122.72</td>
</tr>
</tbody>
</table>

Share 5%

Financials of Rasht - Astara Rail Route

<table>
<thead>
<tr>
<th>Financial Evaluation</th>
<th>Probable</th>
<th>Optimistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>current net value</td>
<td>113</td>
<td>526</td>
</tr>
<tr>
<td>capital return rate</td>
<td>%8/6</td>
<td>%11/1</td>
</tr>
<tr>
<td>Economic Evaluation</td>
<td>705</td>
<td>1119</td>
</tr>
<tr>
<td>current net value</td>
<td>855/</td>
<td>%14/6</td>
</tr>
<tr>
<td>capital return rate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 US $ = 9200 Rials

Estimated Line Capacity of Rasht - Astara Route
- Rasht-Astara: 17 daily trains per direction
- Qazvin - Rasht-Anzali: 20 daily trains per direction

Expected Capacity Utilization of Rasht - Astara Route

<table>
<thead>
<tr>
<th>Year</th>
<th>Freight Wagons</th>
<th>Trailing Load Tonnes</th>
<th>Locomotives HP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10</td>
<td>4480</td>
<td>2</td>
</tr>
<tr>
<td>2014</td>
<td>10</td>
<td>4480</td>
<td>2</td>
</tr>
<tr>
<td>2016</td>
<td>10</td>
<td>4480</td>
<td>2</td>
</tr>
</tbody>
</table>

Total Cost of the Project: 211.20 Million Dollars
Proposed Rasht - Astara Rail Link: 165 Km

Break-of-gauge and options

- Transshipment/Transfer
- Bogie changing
- Use of wagons with variable-gauge bogies
- Dual gauge
- Uni gauge
Presentation Summary

- Current Route to Russia and CIS V/s INSTC
- Initiatives to be taken at Micro Level by each region
- Initiatives to be taken at Macro Level by each region
- Long term sustainability of the INSTC V/s Current Route
- INSTC fresh viability opening up doors for untapped cargoes.

Current Route V/s INSTC

- Current Route to Moscow, Russia from Mumbai/JNPT
- Distance – 2200 nautical miles + 3000 kms
- Freight USD 150 to BNB 20ft dry container. USD 500 (volume discounted rate) from BNB to Amirabad, USD 250 from Amirabad to Astrakhan and USD 600 to Moscow (Assuming Russia and Iran maintain same tariff for same distance). TOTAL – USD 1260 (adding 2 ports transhipment cost of USD 260 approx)
- Transit time – 7 days to BNB, 3 days to Amirabad, 7 days to Astrakhan, 2 days for transhipments – Total 19 days.
- Main Operators to Iran – Simatech, IRSIL.

Initiatives to be taken at Micro Level by each region

INDIA
Educating the Freight Forwarding community on the new options / opportunities available in the INSTC – This is the Role of the National Federations handling the trade communities.
Deploying Container Inventory with the Iranian / Russian forwarders on the INSTC – Role of NVOCC/Shipping Lines

To become a member of TIR and COTIFF for exchange of vehicles/Rail wagons to take advantage of movement on other international corridors connected to the INSTC – Role of the Government and National federations.

IRAN
Using Railways and consolidating volumes mutually to ensure cargo to Private Rail operators enabling them to deploy a regular service for major destinations – Role of Iranian Forwarders Association
To setup regular trains from South ports of Iran to Tehran / North Iran with concessional tariff to popularize the use of rail with the FF community with service guarantees. – Role Iran Rail and Private Rail operators.
Working with Counterparts in Russia and CIS for Return cargo to make the freight more viable – Role of forwarders in all regions.

AZERBAIJAN, TURKMENISTAN, CIS nations
To take interest in assisting and improving the infrastructure for border crossing of Road / Rail traffic.
To ensure turnaround time in customs of transit cargo to be well within 48 hours. Improvement in scanning facilities to avoid unloading / reloading of cargo and...
detention of vehicles / train.

RUSSIA

To work on Rail tariff and service from Astrakhan / Olya Port and announce the same as soon as possible – Russian Railways
To provide special container vessel service in the Caspian sea with schedules published online. – Caspian sea operators
All member countries to ensure transit time for customs at each port will not exceed 48 hours and assessment to be done on INSTC document as per format enclosed which will be online and data verifiable easily.
TIR / COTIFF to be signed by all member nations.
Strict instructions on all border terminals by all countries to expedite clearance of transit cargo for which suitable infrastructure like cranes, scanners, manning and technology to be suitably provided.
EDI exchange of data between all member countries.
Annual review and action by all member countries thru their INSTC secretariats to ensure facilitation of the INSTC agreement.

Initiatives to be taken at
MACRO Level by each region

All member countries to ensure transit time for customs at each port will not exceed 48 hours and assessment to be done on INSTC document as per format enclosed which will be online and data verifiable easily.
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Annual review and action by all member countries thru their INSTC secretariats to ensure facilitation of the INSTC agreement.
On behalf of the National Company “Kazakhstan Railways” and myself, I greet organizers and the participants of the “International North-South Transport Corridor” Conference. And let me express my gratitude for the opportunity to make a speech in this conference.

According to data of UNCTAD (United Nations Conference of Trade and Development) the volume of trade between major markets of Eurasia will increase by 1.5 (one point five) times - from 800 (eight hundred) billion (in last year - 2014) to 1.2 (one point two) trillion USD by 2020. This includes the gross of turnover between China and the European Union from 615 (six hundred fifteen) to 800 (eight hundred) billion USD, and between China and India - from 66 (sixty six) to 92 (ninety two) billion USD.

Today 98% of freight traffic between Europe and the Far East, Northern Europe and the Middle East is delivering by maritime transport. This fact creates great opportunities for the combined multimodal shipments between sea, air and land-inland corridors.

In this regard, JSC “NC Kazakhstan Railways” has the authority given by the Government of the Republic of Kazakhstan and acts as a single multimodal operator of all types of transport passing through the territory of the Republic of Kazakhstan.

In last year (2014) freight transit through Kazakhstan amounted to about 18 (eighteen) million tons (including by railway transport - 16.1 (sixteen point one) million tons, by auto transport - 1.5 (one point five) million tons, by sea transport - about 100 (one hundred) thousand tons through the Aktau port), and the income from the transit exceeded 1 billion USD.

Considering mentioned opportunities we set a target to double the volume of transit, export and import on the «East-West» and «North-South» routes till 2020. Accelerated development and growth of export from central and western regions of China, the Middle East and Western coast of India will contribute into achievement of our target.

Since 2012 we launched service of speedy container trains which run based on timetable in order to offer a valuable product to our customers. As a result, we expect increasing of container traffic in 2015 by 17 (seventeen) times in 5 years (from 1.25 in 2011 to 42.4 in 2015) and in 2020 will achieve 951 (nine hundred fifty one) thousand TEUs.

We also pay great attention to the development of international «North-South» transport corridor. In this regard, I would like to note the results of collaboration between the railway administrations of Iran, Turkmenistan and Kazakhstan in construction of a new railway line Uzen - Bereket - Gorgan (928 km - RC -146 km, Turkmenistan - 700 km, Iran - 82 km).

Commissioning of this branch makes possible to connect western and central regions of China with the Middle East, Arabian Sea basin, including India via Kazakhstan, Turkmenistan and Iran.

Currently we are organizing logistic schemes of transportation goods from and to India bypassing the ports of Mundra and Bandar-Abbas across Iran, Turkmenistan and Kazakhstan.

The task of attracting transit flows across Kazakhstan requires well-developed national transport and logistics infrastructure integrated into the global transport system.

Infrastructural development is the core element of the New Economic Policy “NurlyZhol” - the Path to the Future” initiated by the President of Kazakhstan - Nursultan Nazarbayev.

By the this economic policy the total amount investments in the infrastructure assets and competences by 2020 will be 32.4 (thirty two point four) billion USD and allow to achieve our strategic goals in
Deputy director of “Centre of transport logistics development”, JSC “NC “Kazakhstan railways”, Mr. Abdur-Rashid A. Sakenov
increasing the traffic volume across the country and improving the quality of logistics services.

Implementation of all of these projects and initiatives will provide Kazakhstan and the countries of the Eurasian region with alternative routes and opportunities for access to the world markets.

Over the last 5 years we have completed configuration of railway network by building more than 1 700 (one thousand seven hundred) km of a new rail lines.

Development of infrastructure crucially increases transit potential of Kazakhstan in communications, which passes from China to Russia and Europe; through the Caspian Sea to Caucasus, Turkey and South Europe, across Turkmenistan to countries of the Persian Gulf and Arabian sea.

The new international rail line enabled the “North-South” route, which connected Russia, Kazakhstan, Turkmenistan, Azerbaijan and Iran with access to the Gulf countries, India and Pakistan. This made possible to reduce time of cargo passing from Western regions of China to Bandar-Abbas till 10-12 days. Sea route would have taken 21-23 days.

According to the experts’ estimation till 2020 the traffic volume on the new line will be over 15 (fifteen) million tons (including transit - 5.8 million tons, the Kazakhstani export - 7.3 mln. tons, import - 1.9 mln. tons).

Extension of the port of Aktau (July 2015) and construction of ferry terminal and plant in the port of Kuryk (December 2016) will allow to increase ports’ capacities up to 25 (twenty five) million tons, including 6 million gross tons loaded on ferries and used for transshipment of cargo flows through the “TRACECA” and “North-South” corridors.

Kazakhstan intensively develops its road network and integrates it into the Eurasian road system. Transcontinental highway corridor “West Europe – West China” allows to reduce time of goods transportation from China to Europe. The planned length of roads to be reconstructed within next 6 (six) years will be 9 813 (nine thousand eight hundred and thirteen) km and the required investment will amount to 10 billion (ten) USD.

The jointly operated dry cargo terminal at the Chinese port of Lianyungang provides transshipment of cargoes destined to and from Central Asia.

In 2015 we expect to transport 250 (two hundred and fifty) thousand TEUs with followed 2 times growth till 2020.

This year 120 (one hundred and twenty) trains will be departed from Lianyungang to Almaty with further distribution to the countries of Central Asia.

The development of Shanghai Cooperation Organization’s zone in the port of Lianyungang, including construction of trade, production and logistics areas, is planned in 2016 within the second stage of the project.

As a result the expected annual volume of containers handling by this area will reach 2.2 (two point two) million TEUs in 2020.

As I mentioned before major players of international trade in Eurasia are China, Europe, Russia, India and the Gulf Region. For this reason we are developing the external network of terminals, logistics and distribution centers on the coasts of the Indian ocean, the Persian Gulf, the Black and Baltic seas.

At the end of report, I would like to assure you that we welcome the progress and achievements of India-China economic relations on a new qualitative level, which was reached during the official visit of Prime Minister of India Narendra Modi to China during last month (14-16 of May, 2015).

We are ready to make contribution to the development of trade and transport relations of the Arabian Sea, Middle East and Caucasus countries between western and central regions of China through Kazakhstan’s routes.

Thank you for attention!
Taking into account the implementation of large infrastructural railway and transport-logistic projects in Kazakhstan as well as in neighboring states, the new architecture of transcontinental transport corridors is being formed which creates extra land-based routes of supply of goods.
DEVELOPMENT OF TRANSKAZAKHSTAN AUTO-CORRIDORS

THE DEVELOPMENT OF THE CENTER OF CARGO TRAFFIC CONSOLIDATION IN THE PORT OF LIANYUNGAN

**The 1-st phase of the project**

- Active Kazakh-Chinese terminal

**The 2-nd phase of the project**

- The extension of terminal facilities with the participation in the project of logistics zone of the Shanghai Cooperation Organization

| Total investment | $100 min |

**The amount of recycling containers (thous. TEUs)**

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>250</td>
<td>550</td>
</tr>
</tbody>
</table>

**Regular container trains to/from Kazakhstan (pcs.)**

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>120</td>
<td>400</td>
</tr>
</tbody>
</table>

**Segmentation of the territory of the SCO in the port of Lianyungang**

- Transport and logistics area
- Zone of International Trade
- Production area, processing of bulk cargoes, non-ferrous metals

**Potential participants**

Commercial and industrial, transport and logistics companies of the SCO member countries

**The plan of implementation**

- Development of FR - 4 q. 2015
- Financial structuring of participants - 1 q. 2016
- The beginning of implementation - 2 q. 2016

**The potential volume of container handling in 2020 will be 2.2 mln. TEUs**

Creation of the center for logistics and trading platform in the port of Lianyungang by SCO member states will contribute to the development of transport in the direction of Kazakhstan, Central Asia, the Gulf Region, Turkey and Europe.
Mr. Dimitry Antonov
Advisor to President
United Transport and Logistics Company

United Transport and Logistics Company: a tool for the development of container transportation on the South North corridor

Mr. Dimitry presented on the services available on the INSTC corridor by their company which is available for trade for movement of EXIM shipments.

In line with the global trend for integration, an important decision was made by three countries: Belarus, Russia and Kazakhstan to establish the Common Free Market Zone and then - the Eurasian Economic Community (EEC). One of the goals of EEC is to develop common transport, energy and information infrastructure.

United Transport and Logistics Company, established by the railway administrations of Belarus, Russia and Kazakhstan, is well positioned to implement these tasks.

The main goals of the Company are to ensure the integration of transportation systems of the Eurasian Economic Community and to make EEC companies more competitive in the global transportation market.

Unification of transportation systems of the 3 countries is especially timely in the light of the fast growth of cooperation between India, China, Pakistan, Middle East countries, from one side, and Russia and other CIS countries, from the other side.

Economic growth creates a significant cargo base for South-North corridor, which could be shorter and more convenient than the traditional deep sea routes.

I would like to draw your attention that all three main routes on the South-North corridor are executed with the participation of the railways.

a) Route One – Mumbai to Bandar Abbas by sea, Bandar Abbas to Baku (Azerbaijan) by road, Baku to Moscow by rail or road optionally.

b) Route Two– Mumbai to Bandar Abbas by sea, Bandar Abbas to Amirabad by rail, Amirabad to Astrakhan (Russia) by sea across the Caspian, Astrakhan to Moscow by rail.

c) A third route is also available, which moves from Mumbai to Bandar Abbas, Bandar Abbas to InchehBorun by rail and InchehBorun to Moscow by rail. This is an all rail route from Bandar Abbas to Moscow. To cover this distance from Bandar Abbas to Moscow it is around 6000 kilometers. This transportation can be completed within less than 25 days. The rates can be negotiated and reduced by the involved railway administrations once sufficient volumes are projected.

To reach its destination this route could be cheaper and takes half time shorter over the traditional route. There is still scope for reduction of cost with increase in trade volumes. We agree, that the successful activation of the corridor will help connect India to Russia, CIS and neighboring countries within 20 to 25 days at competitive freight rates.

In all the three routes, United Transport and Logistics Company could play a significant role. UTLC considers the possibility to offer its customers the complex service on the basis of container shipment from Mumbai to Moscow and other destinations in Russia and CIS.
UTLC does not consider the South-North corridor as a competitor to its Trans-Siberian route. We are interested in transportation of cargoes on this direction and even consider a combination of those two transport corridors.

For example, UTLC has started to carry out services on shipping cargo from Shanghai to Batumi by railway. On the first stage, from Batumi, the cargo will be delivered by road and ferry service and with the opening of the railway communication between Georgia and Turkey cargoes will be transported through direct railway traffic. It's planned for this summer to conduct the dry run along the route from Suzhou via Zabailalsk and Samur to Istanbul.

Taking into consideration, that railway is an important part of every option of South-North corridor, UTLC could be your reliable partner on the route.

As you can see on the slide, currently Russian railways have contributed its shareholdings in TransContainer and RZD Logistics to the capital of UTLC. The target capital structure will also contain the assets of container and logistics operators from Kazakhstan and Belarus.

As a result, the UTLC Group will accumulate all the major intermodal transport and logistics assets of the three countries. The Group will own and operate:
- 67 rail-side terminals, including 5 terminals at the border crossing points;
- 33 thousand flatcars for containers transportation;
- More than 70 thousand containers;
- 4 railway ferries;
- About 1 thousand trucks.

The scale advantage from integration of logistic assets of the three countries will be the main competitive strength of the UTLC Group. The companies of the UTLC Group currently manage transportation of over 1.7 million TEUs of container cargoes per year in total, and handle over 1.6 million TEUs at the terminals. UTLC Group also deals with bulk and general cargoes. Currently, the transshipment volume of non-containerized cargoes is over 3 million tons, and the Group's freight forwarding volumes amount to almost 40 million tons per year.

It is important to note that UTLC isn't just a transit company. It is a complex logistic operator of Eurasian Economic Community. The Group already operates on more than 300 thousand domestic and international routes and has over 70 thousand regular customers. The Group has a wide sales network, comprising 600 offices; it also has 43 representative offices and agents in 23 foreign countries. Wide geography of business enables the Group to optimize the management of transportation assets and reduce the empty runs.

The UTLC takes advantage of all the best solutions and practices existing in the industry. For example, the On-line Store facility. The On-line Store is open round the clock. The customers can choose services here, place an order and pay by a credit card. All the procedures are very simple and user friendly, helping the clients to save their time and efforts.

Operations of UTLC group companies are controlled by up-to-date IT software. It enabled us to implement new technologies, automate the key business procedures, like tariff management, fleet monitoring and customs clearance. For example, the on-line preliminary customs declaration implemented by TransContainer enabled us to considerably speed up the customs clearance at the border crossings, which is of crucial importance for reducing the time of transit service.

UTLC provides its major global customers with the integrated logistics services along the transit corridor China-Europe-China, both by land routes and those comprising a sea leg. As you can see on the slide, the time for cargo delivery from Central China to Europe by a block train is just a bit above two weeks. We are ready to implement all those technologies and experience on the South-North corridor.

The UTLC Group is a versatile logistics operator, which provides services for small businesses as well. Small and medium enterprises often need to deliver small bunches of cargo to several destinations. Such service is already provided by the UTLC Group but only within the territory of Russia for the moment. This service is called RZD-Express. Consolidation and distribution of small consignments is carried out by RZD-Express in 118 cities and on more than 11 thousand routes. The network of RZD-Express consists of 680 agencies. It is also possible to order cargo transportation via on-line store and pay for services by credit card, thus small enterprises will be able to save time and money. Soon this service will be available on the
Integrated logistics solutions are of high demand in the CIS countries. More and more clients ask for contract logistics, or 3PL services. The UTLC Group has dedicated teams with necessary skills and know-how. Large Russian enterprises, from both engineering and raw industries have already appointed UTLC to manage the inbound and outbound cargoes.

To summarise my presentation, let me remind you the main advantages of the UTLC Group services:

- High speed of transportation
- Just in time delivery
- Regularity and reliability
- Competitive prices
- Integrated logistics solutions
- One-stop-store

United Transport and Logistics Company is a multipurpose and effective instrument for transport integration of our countries. I am sure that advanced technologies, skilled managers, up-to-date IT systems and know-how will ensure the growth of transit transportation on the South-North corridor. On behalf of UTLC we are looking forward to mutually profitable co-operation. Thank you for your attention!
UTLC GOALS AND OBJECTIVES

Eurasian Economic Union (EEU)

• Increase international competitiveness of EEU companies in the global transport market
  - Development of international transport corridors on EEU territory
  - Provision of comprehensive services based on single-window system
  - Provision of business scale comparable to global industry leaders
  - Collaborative control of the EEU key transport assets
  - Single negotiating position in cooperation with China and EU
  - Reducing the time and cost of carriage by transportation schemes optimization

• Provision of transport processes integration within the EEU

  Creation of a unified transport and logistics base for the development of economic relations within the EEU

  - Single transport technology
  - Single shipping document
  - Uniform pricing policy principles
  - Uniform principles of a rolling stock mutual use

STRUCTURE OF UTLC COMPANY GROUP

Russian Railways

Subsidiary company of the framework UTLC JSC established of logistics business development of JSK “Russian Railways”

UTLC

The leading logistics company of Russia, means the basic link in the transport corridor “Asia—Europe”

TransContainer

Russia’s largest intermodal container operator

Far East Land Bridge**

Belarusian startup having transshipment yard on the border with EU

Kedentransservice*

Leading logistic terminal operator in the Republic of Kazakhstan

Kaztransservice* JSC

Official container fleet operator of Kazakhstan Railways

UTLC (TransContainer, BBD Logistics, STLC*)

* New companies established within UTLC”.
ASSETS OF THE COMPANY GROUP

- >7000 employees
- 71 200 ISO containers
- 600 sales offices in Eurasia
- 10 temporary storage warehouses
- 4 railway ferries
- 32 800 wagons in disposal
- 67 cargo terminals, 5 of them are at border crossings
- 43 representative offices and agencies abroad
- 869 ed. own fleet of trucks
- >233 ed. leading equipment

SERVICES OF THE COMPANY GROUP

- Transportation and forwarding
  - 1,707 mln TEUs volume of containerized cargo transportation
  - 39,2 mln tons volume of freight forwarding and transportation of non-containerized cargoes
  - 756 ths. tons volume of transportation by ferries
  - Organization of non-containerized cargoes transportation
  - Assistance in preparation of transport documents
  - Customs clearance
  - Cargo tracking, and etc.
  - Supply chain management
  - Transportation of oversized cargoes
  - “Russian Railways Express”: route optimization for clients
  - Small consignment shipment of goods (from 20 kg)

- Terminal and agent services
  - 1,665 mln TEUs processing volume of containerized cargoes
  - 3,3 mln tons processing volume of non-containerized cargoes
  - Cargo handling
  - Storage of cargoes and containers
  - Sorting (containers regrouping on flaccors, depending on their destination)
  - Overloading of containers from one platform to another (when changing gauge)
ONLINE STORE

- Work technology
  - Information
  - Adjusting store
  - Order
  - Payment
  - Information
  - UTLC agent
  - Terminal/warehouse

- The advantages of the online service for clients from Russia, Kazakhstan, Belarus
  - Simplified order system
  - Competitive rates in the freight market
  - Shortest delivery time
  - Comprehensive approach to customer service
  - Fast adjustment of orders
  - Monitoring of the order execution process
  - Report on the order execution
  - Payment by card

INTEGRATED LOGISTICS SERVICES ON TRANSIT ROUTES

<table>
<thead>
<tr>
<th>Route</th>
<th>Distance (km)</th>
<th>Duration</th>
<th>Distance (km)</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chongqing - Duisburg</td>
<td>10,564</td>
<td>18 days</td>
<td>11,135</td>
<td>13 days</td>
</tr>
<tr>
<td>Chongqing - Dostyk - Moscow</td>
<td>8,492</td>
<td>12 days</td>
<td>10,214</td>
<td>16 days</td>
</tr>
<tr>
<td>Zhengzhou - Nauchki - Moscow</td>
<td>8,180</td>
<td>15 days</td>
<td>11,537</td>
<td>15 days</td>
</tr>
<tr>
<td>Beijing - Zabalsk - Moscow</td>
<td>8,901</td>
<td>15 days</td>
<td>Shanghai - Vestochynly - Duisburg (Germany)</td>
<td>13,010 km</td>
</tr>
<tr>
<td>Wuhan - Dostyk - Pardubice</td>
<td>10,351</td>
<td>16 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
UTLC FOR SMALL BUSINESSES

- Network technologies of small consignments delivery (>20 kg)

<table>
<thead>
<tr>
<th>Routes</th>
<th>Agents</th>
<th>Cities</th>
<th>Tons</th>
<th>Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,000</td>
<td>680</td>
<td>118</td>
<td>&gt;25,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

- The advantages of Russian Railways Express delivery

Automatic calculation of transportation costs on the company's website
API-sync with the information systems of the client using the CRM-system
Preparation of shipping documents
Cargo insurance
Cargo delivery to/from the terminal to/from the end customer ultimate
Warehouses availability throughout Russia
Twenty-four-hour call centre

COMPREHENSIVE TRANSPORTATION AND LOGISTICS SERVICES FOR COMPANIES

- Technological process and the identification of optimization points

Cargo owner’s area
- Production plan
- Production capacity
- Resources for shipping on access roads
- Supply/removed wagons
- Delivering/cleaning of rails
- Overall production process
- Variability of raw materials delivery
- Output variability

Dispatch station
- Capacities
- Efficiency
- Locomotives
- Availability
- Resources
- Availability

Railroad
- Carring capacity
- “Bottlenecks”
- Schedule and planned works timeline

Arrival station
- Capacities
- Technologies processes

Port
- Loading plan
- Cargo nomenclature
- Production capacity
- Terminal capacity
- Raw materials delivery time variability
- Supply vessels
- Output level variability

Optimisation and coordination of «Russian Railways Logistics»
Mr. Hossein Ashoori, Vice President for Operation and Movement, Railway Authority of IRAN (RAI) (Center)

Mr. Abdur Rashid Sakenov

Mr. Dimitry Antonov

Mr. Vijay Pal

Mr. Sohel Kazani

Mr. Ajay Bhalla, Additional Secretary, MoC, presenting INSTC Memento to Speakers of Session

Ms. Natalia OSHIKER

Mr. Dimitry Antonov speaker of INSTC Business session

(L-R)Mr. Rajesh Kumar, Mr. Abdur Rashid Sakenov, Ms. Natalia OSHIKER, Mr. Hossein Ashoori, Mr. Ajay Bhalla, Mr. Vijay Pal, Mr. Sohel Kazani, Mr. Dimitry Antonov speaker of INSTC Business session

Attentive Audience at Conference
Business Session 2 – Operational Cost and Transit issues on various routes and Modes of INSTC

Session Chairman: Mr. Dmitrii Antonov, Deputy Minister for Industries, Transport & Natural Resources, Astrakhan Government.

Indian Perspective of Logistics; important role in connecting CIS: Mr. T. Venkatraman, Managing Director, Goodrich Maritime P. Ltd.

Liner operations and Cargo Movement Facilitation: Mr. Xerxes Master, Jt. Managing Director, Master Group Companies

Road Transit V/S. Rail Transit: Mr. Mohammad Nikpay – Board Member (International Transport Companies Association of Iran)

The problems of the North-South corridor and possible ways of their solution: Mr. Igor Zagrebely, President of Association of Shipowners and Freight Forwarders of Astrakhan Region

Cross Borders Transportation - Rail connectivity: Mr. Anton Lukashenkov, First Deputy Head of JSC RZD International Cooperation Department

Best Practices - International Customs for Seamless movements - Cross Borders: Mr. Sandeep Kumar, Jt. Secretary (Customs & EP) CBEC

Vote of Thanks: Mr. Dushyant Mulani-Hon Secretary / BCHAA
to Bandar Abbas have plummeted down to the extent that they don’t even cover 50% of the cost leave aside the deficit to bring back the containers into their mainstream business.

Let us forget this for the time being as I do not intend to use this forum to limit the fate of NVOCC’s in India. Look at it positively from a CIS perspective that these low freight has taken the first leg to a very competitive level but the earlier said lack of trailers uses up in a big way the free time that has been given to the trailer operators and mind you unlike earlier times the liners have kept on increasing the free days.

Once the road transit commences it is not hunky-dory after that too. The trailer along with the cargo is subjected to delays in border clearances.

Take the case of the cargo originating at Nhava Sheva and destined for Bishkek. It goes through a minimum of four borders.

At none of these borders the time taken for clearances has been predictable. Why is this happening? Surprisingly, two types of detentions are going north wards.

1. The Shipping Lines detention for containers and
2. The transporters detention for their vehicles.

To eliminate Line’s detention sometimes or rather quite a few times the shipper prefers to buy the container. That price too is not predictable. It swings up and down depending on demand and supply at the location from where the cargo originates.

Coming now to the documentation, this can also be a major cause for the delays. Many a time the shipper’s self inflict the problems upon themselves. There is indiscipline in not properly declaring weight of the cargo, the exact no of packages, the precise nomenclature of the commodity especially when there are multiple commodities in the same container.

Friends I have to highlight at this point of time that the person who is presenting the paper for clearance at the border is the driver of the trailer, who because of his inherent weakness is many a time unable to convincingly satisfy the queries posed by customs.

There have been times this has led to confiscation of additional items undeclared in the CMR.

Further the unpredictable weather during winter
poses its own problem. To describe the full gamut of these problems my friend from Iran Mr. Mohammed Nikpay will deal more extensively.

To cap up the comprehensive list of problems posed by CIS transit we need to also look at the deficiencies in logistics procedures such as the absence of automated cargo tracing system differences in custom rules among CIS countries and last but not the least the sanctions that prevail obstructing the choice of the shortage transit.

The highly volatile exchange rate and the absence of a proper system for return cargoes all of these keep on contributing to the escalating costs.

So friends what happens immediately when cost escalates is that certain vital commodities which are unable to caution the extra logistics cost become non-starters to trade with CIS.

If I have to consider the total list of potential export items from India towards CIS it can range from the perishable items like vegetables, fruits, meats, seafood to food grains, oil meal, FMCG, Engineering goods, electronic goods, tea in a big way, ceramics you name it they want it all but the huge cost that I have just described prevents many of them from seeing the light of the day.

It was in June of 2013 that FFFAI conducted the dry run and I am proud to say that we at Goodrich was selected by FFFAI to participate of this experiment of moving the container from the Nhava Sheva to Baku route.

This dry run was a relay race and the baton was held by none other than Mr. Shankar Shinde the Vice Chairman of FFFAI, literally he piloted the container from Bandar Abbas to Baku. The dry run through the route highlighted many issues primary among which was the unpredictable cost of the transport.

Friends, if you look at the map of India to CIS, the direction through which the crow flies. The time zone are not very different. Why should then the transit time be so high??

As a leading member of the NVOCC community today we are offering the most competitive of freights and the most liberal of free days but if the problems still exist is only because of lack of transport infrastructure within the CIS. It continues to exist because unlike the EU where all trade related barriers have been almost nullified and the CIS forgetting the common history today there are innumerable trade barriers.

In the days of supreme development of communication technology today as a CIS operator I am unable to response my customers without the driver's telephone call where the cargo position is in transit.

There are other non tariff barriers which still impede not only trade but also investments be it weak legal systems preventing dispute settlements, weak and unsound banking and financial institutions, visa related issues and finally not to mention the border battles between CIS countries.

To deviate a bit while concluding, are we not back to the older era where territorial ambitions blind noble vision?
Crucial role of Liner Shipping in INSTC route & Challenges thereof.

International North-South Transport Corridor (INSTC) promises to be the new silk route of the 21st century with over 11 member nations participating in this revolutionary concept. Liner shipping will play a crucial role as many member countries are land locked and will depend heavily on gateway sea ports.

The INSTC route promises to cut down transit time by 40% and will be cheaper by 30% as compared to the Suez Canal Route. The route will play a major role in the movement of goods from India as cargo will move by rail or road to Caspian Sea and across the Caspian Sea to Southern Russia onwards to Moscow and Northern Europe.

The principal ports in INSTC will be Chabahar wherein the Indian Government is participating actively to develop a gateway to Afghanistan and other inland destinations. In addition, Bandar Abbas plays a very crucial role and will continue to do so in the future as well.

Hajigak in Afghanistan is also important for India’s trade with Afghanistan and keeping that in mind the Indian Government is developing a rail route from Chabahar port to Hajigak and road network from Chabahar port to Bamiyan province in Afghanistan. Both these ports are land locked and therefore Chabahar port will give easy access to Indian shippers through Afghanistan.

As mentioned earlier, the India-Iran Shipping lane will be the biggest dominating factor in reducing the transit time as a transshipment hub. As of now there are more than 16 sailings every month ex-Mundra and Nhava Sheva. Most vessels call Bandar Abbas directly. Transit time ex-Nhava Sheva – Bandar Abbas is 4 days & ex-Mundra – Bandar Abbas is 3 days.

Vessel rotations include;


b. Bandar Abbas – Nhava Sheva – Mundra – Bandar Abbas


d. Some times vessel skip either Mundra or Nhava Sheva depending on the cargo flow.

On the East Coast of India, Kolkata, Haldia, Chennai, Vishakhapatnam, cargoes move via Singapore and Colombo to Bandar Abbas. It would be prudent here to develop ports on the East Coast such as Vizag or even Cochin on the West Coast as a transshipment hub which would benefit Indian trade tremendously.

Some of the key factors which will determine the success of the first leg would be;

a. Faster vessel turnaround.

b. 12 hour window at ports for all vessels.

c. Weekly vessel services on the route with deployment of dedicated vessels with confirmed sailing schedules so that they can meet their onward connections from Bandar Abbas to inland destinations.

d. Formation of consortiums in the future to offer better economies of scale to the trade.

e. Seamless container movements at Indian and Iranian ports managed by experienced private port operators. Experienced companies are managing the multimodal transportation of containers from Iranian Sea ports to inland destinations.

f. Lines to offer through Bills of Ladings
Thereby eliminating documentation issues if any and to provide comprehensive multi modal insurance for all shipments.

g. Major shipping lines plying this route include HDAS Lines which is the national carrier of Iran and is one of the oldest operators in the trade offering direct services ex-Nhava Sheva and Mundra. Other operators include Sima Marine, OEL and Admiral Feeder amongst others.

These lines have facilitated the movement of principal commodities between the trading nations which have commercial and cultural ties.

**Primary exports include:**

- Basmati Rice
- Automobile parts
- Chemicals
- Pharmaceuticals
- Machinery
- Stainless Steel Coils
- Stationery items
- Yarns

India is the principal importer of oil from Iran and in addition import Petroleum products, Bitumen, Slack Wax and chemicals.

In 2014 these shipping lines have carried over 20000 Teus to CIS countries through Iranian ports which will increase dramatically once the INSTC route starts.

Principal commodities being exported by India to CIS are Pharmaceuticals, Chemicals, Garments, Handicrafts, Automobile parts, engineering goods, textiles etc.

Once the INSTC Corridor develops, liner shipping will have to cater to the burgeoning trade and will need assistance from various Government agencies to facilitate smooth transit of goods.

Some of the major challenges within various member countries which will have to be resolved by the respective Governments are:

- a. Visa formalities as there will be different nationalities accompanying the goods across various countries.
- b. Border crossing points and infrastructure.
- c. Lack of harmonization of customs and border crossing regulations.
- d. Duplication of controls on both sides of borders.
- e. Different requirements in terms of accompanying documents.
- f. Lack of parking place.
- g. Standardization of highways.
- h. Differences in price of fuel.
- j. Limited working hours at various gateway points.

These challenges will have to be addressed urgently in order to ensure transit facilitation.

The following needs to be incorporated in order to make INSTC a viable trading route:

- b. Standard uniform law at all borders across the route to eliminate duplication of paper work and reduce the transit time.
- c. 24 x 7 working thereby eliminating waiting period and transit delays.
- d. Proper parking spaces made available to all stakeholders.
- e. Standard documentation for cargoes passing through land, sea and rail.

INSTC promises to herald in new era of prosperity for member nations and thus all stakeholders will have to play their part in order to make this vision a successful reality.

### INSTC GEO STRATEGIC ECONOMICS

**Features of INSTC Region**

- Connection through Iran via ship, rail and road route to Iran, Russia, Central Asia and Europe.
- INSTC: 7200 Kms., INSTC is 40% shorter and 30% cheaper as compared to Suez Canal Route
- Principal Ports:
  - Chabahar and Bandar Abbas Ports in Iran
  - Hajigak / Bamiyan in Afghanistan
  - Bandar Anzali on the Caspian Sea
  - Port of Astara offers CIS countries to export their produce through Iran’s Bandar Abbas port, which is the fastest route to reach India.
- Principal Railway Corridor:
  - The Kazakhstan – Turkmenistan – Iran Railway Link
  - Southern Armenia Railway, offering shortest transit to ports of the Black Sea to Persian Gulf.
- Potential: Kazakhstan: Hydrocarbons, Uzbekistan: Minerals, Tajikistan: Hydro-electric, Turkmenistan: Natural Gas,
Key Challenges for INSTC member countries

1. Dealing with multilateral World.
2. Step up energy linkages.
3. Step up trade and economic linkages.
4. Absence of significant engagement by Private Sector.
5. Question of Common Security against Extremism and Terrorism
6. Clarifying inter connection among transport associations and customs participation.

INSTC - Cooperation Based upon Transit Facilitation

- Monitoring Transit Facilitation at Border Stations
  - A. Harmonization of customs at Border Stations, thereby eliminating duplication of formalities at borders.
  - B. Have a uniform law at all borders across the route to eliminate duplication of paperwork and reduce the transit times.
- Monitoring Transit Facilitation at accessible Ports
  - A. Uniform documentation for cargo passing through INSTC route.
  - B. 24 x 7 working, thereby eliminating waiting period and transit delays.
- Monitoring Transit Facilitation at Multimodal Terminals
  - A. 24 x 7 working hours in shifts at Multimodal Terminals, eliminating long queues at terminals.
  - B. Proper parking spaces made available to all stake holders
  - C. Eliminate duplicate documentation at each terminal

INSTC – Key Findings

Major obstacles on implementation of Transportation formalities include:

1. Issuance of visa formalities
2. Border crossing points and infrastructure
3. Lack of harmonization of customs and border crossing regulations
4. Duplication of controls on both sides of borders
5. Different requirements in terms of accompanying documents
6. Lack of parking place
7. Standardization of highways
8. Unofficial payments
9. Differences of price of fuel
10. Manual processing of documents
11. Limited working hours at the border crossing points
12. Long waiting queues

Facilitating Trade India and Iran-Reduced Transit Time thru Transshipment Hubs.

- Monthly 16 sailings ex Mundra and Nhava Sheva
- Direct Vessels calling Bandar Abbas
- Transit time ex Nhava Sheva – Bandar Abbas – 4 days
- Transit time ex Mundra – Bandar Abbas – 3 days
- Routing (1) – Bandar Abbas – Jebel Ali – Nhava Sheva – Mundra – Bandar Abbas
- Routing (2) – Bandar Abbas – Nhava Sheva – Mundra – Bandar Abbas
- Vessels Calling – JNPT and NSICT terminal at Nhava Sheva and MICT terminal at Mundra
- For East Coast ports of Kolkata / Haldia, Chennai, Vishakhapatnam, cargoes move via Singapore and Colombo to Bandar Abbas

Key Points in First Leg – Nhava Sheva port to Bandar Abbas Port

- Vessel Turnaround – 12 hour window at NSICT for all vessels leading to faster turnaround of vessel at the port
- Weekly vessel services on the route with deployment of dedicated vessels with confirmed sailing schedules
- In the future consortiums may form on the India – Iran route
- Weekly window at NSICT Terminal and MICT Terminal at Mundra both managed by DP World. Bandar Abbas port managed by Tidewater Middle East Co. PLC offering modern port handling facilities in INDIA and IRAN thereby reducing the turnaround times
at both ends.

- Seamless container movements at Indian and Iranian ports managed by experienced private port operators. Experienced companies are managing the multimodal transportation of containers from Iranian Sea Ports to Inland destination.
- Lines offering through Bills of Ladings, thereby eliminating documentation issues if any, and availability of comprehensive multi modal insurance for all shipments.
- Freight prepaid and Collect shipments accepted by the Lines.

Shipping Lines – India – Iran

- HDAS Lines – Ex Nhava Sheva and Mundra
- Sima Marine India Pvt. Ltd. – Ex Nhava Sheva and Mundra
- OEL Shipping – Ex Nhava Sheva and Mundra
- X-Press Feeders – Ex Nhava Sheva and Mundra
- Interworld Shipping – Ex Nhava Sheva and Mundra
- Vinnon Shipping – Ex Nhava Sheva and Mundra
- Admiral Feeders - Ex Mundra

Principal Commodities India – Iran

<table>
<thead>
<tr>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basmati Rice</td>
<td>Oil</td>
</tr>
<tr>
<td>Automobile Parts</td>
<td>Petroleum Products</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Bitumen</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>Slack Wax</td>
</tr>
<tr>
<td>Machinery</td>
<td>Purified Terephthalic Acid</td>
</tr>
<tr>
<td>Stainless Steel Coils</td>
<td>Poly Vinyl Chloride</td>
</tr>
<tr>
<td>Stationary Items</td>
<td>High Density Polyethylene</td>
</tr>
<tr>
<td>Yarns</td>
<td>Polyester Fibre Chips</td>
</tr>
</tbody>
</table>

CIS Volumes carried through Iranian Ports 2014

- Shipping Lines have carried over 20000 TEUs to CIS countries through Iranian ports in 2014.
- These include various commodities being exported through various ports in India via Iranian ports.
- The principal commodities being exported to CIS is Pharmaceuticals, Chemicals, Garments, Handicrafts, Automobile parts, Engineering Goods, Textiles etc.

Conclusion : What does INSTC entail?

- INSTC promises to herald in new area of prosperity from member nations and the Iran-India Trade Route promises to play a key role in the same.
- It is with this very intention that the Government of India has decided to invest in Chabahar Port to ensure a Gateway for Indian Shippers to all member nations.
- This Corridor promises to be the new Silk Route of the 21st Century.
Road Transit V/S. Rail Transit

Through the efforts and activities of only three Iranian International Transport Companies, the association was founded in 1969. At such time, the Iranian International Transport Companies were only a few, and extra territorial transportation of goods was chiefly done by foreign forwarders who had agents or offices in Iran. This trade gathering started her activities under the name of “syndicate” and on 20.09.1973 was admitted as an ordinary member of International Federation of Freight Forwarders Association (FIATA) and bearing the duty of co-ordination, promotion of the situation and qualification of the services of her members as well as delivering TIR-carnet.

After the Iranian Islamic revolution, and following the policy of the Islamic republic government in respect to extend and support the Iranian international transport companies, the number of these companies increased and the same effected to the up-ward numbering of the members of syndicate.

In the year 1995 and after the approval of the new law for trade gatherings, the name of syndicate was changed to “International Transport Companies Association of Iran”.

During the post revolution years, although the field of activities of the association extended, however the situation and value of the association among the transport administers were being changed from negatively observance during previous years to the acceptance of the sense of co-operation latterly. With the modification of the government authorities to the role and importance of trade gatherings, the International Transport Companies Association did not refuse to co-operate and collaborate her extreme possibilities in every respect with the administers of transportation sector and the related organizations in this activity.

At present time the number of member transport and forwarding companies of the association have been up-graded even over 531 companies.

Regarding projects of guarantee and collective insurance coverage for transit shipments via Iran to CIS, it can be claimed that the International Transport Companies Association of Iran is among the few association in the world who has been able to provide her members with different important and basic requirements such as the guarantee of customs duties and taxes, civil responsibility of the carriers and the rights of FIATA b/l and CMR issuing, companies to be covered under a reasonable and desirable insurance policy.

In addition to the mentioned services, the board of directors and the expert officials of the Association have been delivering their professional consultancy and counsellorship services to the administers of transport sector. Moreover, they have been sharing on regulating the laws, resolutions, instructions and directions related to the international transportation and they hope under close co-operations, they will be able to do their utmost co-operation together with the policy makers to extend the quality of transport services as well as necessary investments and bring about the daily inflated reliability and credit of this trade.

Important activities of association
- Issue and control of CMR
- Issue and control of transit permits
- Delivery and control of FBL
- Delivery and control of traffic permits for 3rd countries
- Obtaining visa for drivers and directors of the
member companies
- Providing the projects of collective insurance
- Providing vocational training programs to the members and interested people of international transportation
- Investigating the dispute between the International Transport Companies, cargo owners/drivers or between foreign companies and Iranian freight forwarders.

Transit via Iran:

Considering the best/safest & shortest way for transporting the cargoes between Indian subcontinents & Persian gulf to CIS is Iran so while the years of moving the import cargoes to these land locked countries via Iran by the Iranian forwarders, Association Of International Freight Forwarders of Iran very actively participated in all the conferences & seminars specially INSCIT and also discussing with the local authorities in Iran including custom / port & maritime organization/railway / transit dept of ministry of road & transportation in order to easing the formalities for moving the cargoes via Iran as fast as possible and as the result, since 2014 we had no congestion for berthing the vessels in southern Iranian ports mainly Shahid Rajaee port complex in Bandar Abbas. (as the key port where almost 90% of transit containers being discharged ) and upon arrival in anchorage, vessels can get berth . With regard to custom affairs , as far as real proper documents is available , within maximum 2 working days, formalities being done and container will get ready for dispatch from custom. There is regular rail service from Bandar Abbas to Sarakhs (border of Iran & Turkmenistan) and thereafter getting connected to Turkmenistan railway for on forwarding to the final destinations .And services by road, there are about 35000 Iranian trucks working only in the International route mostly equipped with GPS for easy tracking and beside there are more than 450,000 trucks working in domestic route in Iran giving possibilities for moving the containers from Bandar Abbas to the borders where easily transshipment can be made. However while respecting the local procedure, rules & regulation in the countries of origin / countries in route and countries of destinations, We need to think about having unique regime being followed by all the members of INSCIT so then there will be common and mutual language between all the concerned parties including traders / shipping lines / forwarders / custom / port / etc…! Association Of International Transport Companies of Iran while the INSCIT conference held in New Delhi , suggested to stamp all the documents of the shipment of this corridor with the singe of INSCIT and make a green channel for such shipments in all the member countries so formalities and transit time will be minimized . The said suggestion later on officially agreed and made as protocol by the INSCIT members but never get practically applied !

As such , let once again requesting all the concerned parties including government & private sectors to follow the said procedure, presently there is huge volume moving from India via Iran to CIS all being handled as per normal procedure but if the real volume getting highlighted by the inst logo & stamp then for sure all the ideal facilities can be expected to be provided by all countries . Hereby we as association of Iranian freight forwarders stating on the point that we can get all required support from the Iranian authorities to implement the green channel for INSCIT shipments at all the ports / roads / borders in Iran and as the main party whose members- means Iranian transport companies – are handling the shipments expecting to get the same feedback by the other members of INSCIT at the countries of origin, countries in route and countries of destination!

The other problem all the members should try to avoid, is implementing the new local rules all of sudden and without proper notice well in advance which may causing lots of consequences! During the past, we all have experienced facing with the new rules caused stopping the container / truck / wagon on the way which could have been avoided if all the parties were aware about the new local rules .

We suggest, all the members of INSCIT share through the secretariat office , about their general procedure as well as documents which are required to be provided by transporters and also about the documents need to be provided by the shipper or receiver to the authorities in their territory along with the information should include all the costs as well !

The other point we request to be discussed among the governments of INSCIT, is visa facilities and suggest the applicants who will get introduced by the local dealer of INSCIT in each country , getting

Some facilities to get their visa expedited. For conclusion, suggest association of freight forwarders & shipping companies of the member countries, make a federation to discuss about the mutual interests and relay their suggestion to the secretariat office of INSCIT which will be helpful to promote the corridor.

Let’s all together make opportunities for the better future.
On 12th September 2000 year, in Saint Petersburg was signed an intergovernmental agreement about an international transport corridor “North-south” between Russia, Iran and India. Thus, in this year will be 15 years, as must begin to work this corridor. However, until now the corridor “North-south” so not began to work.

Let me introduce to You the reasons, which in my opinion, hinder the development of the corridor.

The problems of the North-South corridor.

1. The absence of a single multi modal operator and as a consequence a single tariff rate.

2. The absence of container Park.

3. Competition from container lines side, and as a consequence not competitive tariff rate. For example, to deliver the 40’ container from Mumbai to Moscow via Novorossiysk or St. Petersburg will be cost about 4000 USD.

From Mumbai to Moscow through the corridor “North-South” will be cost about 7 000 USD.

4. The problems of returning empty containers.

5. The sanctions as for Iran.

The primary promoter for the development of the international transport corridor “North-South” should be Iran, because:

- Iran is the middle of the corridor;
- Iran has one of the world’s largest shipping companies IRISL;
- The shipping company IRISL has a container park on 4 million TEUs.

So, at the first stage, Iran can act as a single operator of the corridor “North-South” now and give a competitive tariff rates for shipping containers.

For this, requires to put on the line Mumbai - Bandar Abbas two container vessel on 600 — 800 containers. Further, from Bandar Abbas to the port Amirabad, containers shipped by railway and from the port of Amirabad to Astrakhan by vessels Iranian company Khazar Sea Shipping Lines (which is the branch of IRISL).
Russian exports to India:
- Machinery and technical products: 40%
- Mineral fertilizers: 18%
- Ferrous and non-ferrous metals: 8%
- Oil and gas: 5%
- Wood, newsprint, chemicals products, rough diamonds: 3%

Russian imports from India:
- Pharmaceutical products: 30%
- Agricultural and food products: 24%
- Machinery, equipment and vehicles: 23%
- Textiles and clothes: 10%
If we look at the map of the corridor, we can see that all cargo traffic goes to Moscow, there will customs clearance and further distribution of goods throughout Russia.

If do the customs clearance of goods in Astrakhan, the distribution of the goods can do from Astrakhan throughout Russia.

Accordingly, there is no need of transportation of goods to Moscow (it will be cost about 2,500 USD).

Of course there are need to build a good logistics centers and warehouses in Astrakhan.

The same scheme can be applied in other Caspian countries, Kazakhstan, Turkmenistan, Azerbaijan.

Thus, it is not necessary to be thinking where to send empty containers from Moscow. From Astrakhan their can be sent to Iran with part loading cargo, which go to Iran or India.

**Stage II prospective.**

Merchandise turnover Russia's with India amounted to 9.5 million USD in 2014 year.

According to the Russian Ministry of industry and trade, trade and economic turnover between Russia and India is expected to increase to 30 million US dollars by 2015.

In the commodity structure of Russian exports to India the top spot takes:

- machinery and technical products — 40 %,
- mineral fertilizers — 18 %,
- ferrous and non-ferrous metals — 8 %,
- oil and gas — 5 %,

and wood, newsprint, chemicals products, rough diamonds.

The special aspects of Russian exports in India is a relatively high proportion of machinery, equipment and vehicles, mainly Russian aircraft.

Leading positions in the commodity structure of Russian imports from India is a pharmaceutical products — 30 %, agricultural and food products, including tea, coffee and spices — 24 %, machinery, equipment and vehicles — 23 %, textiles and ready-to-wear clothes— 10 %.

Considering the delivery of goods from Russia or India can be noted that the portion of goods: metals, wood, fertilizers, this cargo cannot be loaded into the container. In this regard, the opportunity to consider the delivery of goods along the corridor “North-South” railway.

Looking at the map of Railway in India, you can see that the railway leads to Iran via Pakistan and delivery of cargo from Mumbai to Iran may be 7-10 days.

It is proposed to organize the delivery of railway wagons from Mumbai to Bandar Abbas by train ferry.

Delivery time will be 2.5 days. A project of this ferry was designed by the Marine engineering Bureau for transportation's from St Petersburg to Kaliningrad.

This ferry can carry 168 freight wagons for various cargoes. Besides, this ferry can carry auto trucks. Thus, the Indian trucks had the opportunity to quickly drive from Mumbai to Europe.

Further, railway wagons from Bandar-Abbas arrives on Iranian's railway to the port of Amirabad on the Caspian sea.

Transit time will be 5-6 days. From the port of Amirabad by train ferry, which accommodates up to 54 wagons, the cargo is delivered to Astrakhan.

In the Caspian sea are already available ferry from Azerbaijan to Turkmenistan and Kazakhstan. Transit time from Amirabad to Astrakhan is 2 days.

So, the goods from Mumbai to Russia can be delivered within 12-15 days.

By railway wagons can carry different cargoes:

Of course this project will require serious effort and money. The Ministry of transport of Russia, Iran and India together can create a transport and logistic company that can organize the transport corridor “North-South”.

The establishment of such a company will allow to carry any cargo along the corridor “North-South”, will make loading the wagons in both directions, will give impulse to the development of railway roads of Russia, Iran and India, and will connect the railways India with Europe.
L x B x H - 202.75 x 27.40 x 21.0 m
Draft - 7.0 m
Capacity of the ship — 168 railway wagons
Vessel speed — 18 knots

L x B x H - 150.00 x 17.70 x 7.50 m
Draft - 4.50 m
Capacity of the ship — 54 railway wagons
Vessel speed — 14 knots
- general cargoes
  - steel products
  - liquefied gases and oil products

- grain
  - automobiles

- reefer cargoes
  - containers
“Russian Railways: A Reliable Partner on the North – South Route”
Esteemed participants of the conference

I would like to thank the organizers of the event for the invitation to participate in such an interesting session and use this opportunity to tell you about the capabilities of Russian Railways in ensuring smooth freight delivery along the International Transport Corridor “North-South”.

To begin with, allow me to acquaint you with the key performance indicators of the RZD Holding Company – currently the largest carrier and owner of railway infrastructure upon the Eurasian continent.

Our enterprise was founded in 2003 and is amongst the leaders in the key indicators of railway network development, which is today the most advanced system of communications for the population, goods and services between Asia and Europe.

The present structure of the RZD Holding Company consists of a parent enterprise (Joint Stock Company Russian Railways), subsidiary and affiliated companies, which hold leading positions in their respective market segments: Public Company TransContainer – in the field of container freight and JSC Federal Passenger Company – in the field of passenger cars operation.

Representative offices of JSC RZD operate in 11 countries of the world: Hungary, Germany, China, North Korea, Poland, Slovakia, Ukraine, Finland, Estonia, France and Republic of Belarus.

The charter capital of JSC Russian Railways amounts to 40 billion USD (1,972 trillion RUB). In 2014, the revenue exceeded 28 billion USD (1401,7 billion RUB), whereas the investment fund totaled 7,9 billion USD (395,6 billion RUB).

The national railway network holds leading positions amongst its peers in the world: a second place in terms of electrified lines length (after China), a third place in terms of total operational length and freight turnover (after United States and China) and a fourth place in terms of passenger turnover (following after China, India and Japan).

The railway network accommodates more than 86,6% of freight turnover, discounting pipeline transport, and more than 26% of passenger turnover of the entire transport system of the country.

The enterprise is also one of the largest employers in the country – over 1,2 million people work at the RZD Holding Company.

It must be emphasized that our enterprise takes part in achievement of nationwide objectives on development of the transport system of Russia, since in the context of globalization of the world economy railways become an active participant of international trade relations.

The enhancement of the transit potential of Russia through the use of international transport corridors, such as the ITC “North-South”, is a strategically important objective for JSC RZD.

ITC “North-South” opens up for us the opportunities to organize transit communication between the states of North and West Europe with the countries of the Caucasus region, Persian Gulf and South Asia. The experts estimate the potential of the ITC at 25-26 million tons per annum.

In addition to that, the ITC has several advantages over the traditional maritime route through the Suez Canal – these include a reduction of freight delivery times (up to 10 days on certain dispatches) and a lower cost of delivery.

A trial run with the use of railway and automobile mainlines on the two routes of the ITC, which was conducted by our colleagues from India last year,
testified to this fact. Transportation of containers along the corridor Mumbai – Bandar Abbas – Amirabad – Astrakhan takes only 18 days and the approximate cost amounts to 1350 USD / TEU.

It must be noted that the Russian segment of the ITC “North-South” is fairly well developed and equipped in terms of technical facilities.

In order to augment the carrying capacity and reduce the operational costs we are conducting works to reconstruct and improve the railway infrastructure on separate segments. In accordance with the General Plan of Railway Transport Development the current and future attention of JSC RZD is focused on construction of second tracks and electrification on the segment Trubnaya – Aksarayskaya, development of the Astrakhan Transport Hub, elongation of the receiving and dispatching tracks of several stations and many other tasks.

The fulfillment of the defined range of projects to augment the carrying capacity of Russian railway segments, which are part of the ITC North-South, will allow for unimpeded accommodation of prospective volumes of transportation.

Nevertheless we have to acknowledge that despite the high potential of the ITC North – South, a negative trend in volumes of freight railway transportation on this corridor was observed over the last years. The volumes of cargo carriage have reduced by 1.8 times from 2007 to 2014 (from 12.6 to 7 million tons).

First and foremost we relate this fact with the reduction of the volumes of foreign trade cargoes between Russia and Iran, and incompleteness of the project of creating the direct railway link between Russia and Iran in the Caspian district; I mean the project of construction of the railway line Rasht – Astara (Iran) – Astara (Azerbaijan).

Currently the participants of the project are promoting the point of carrying out the design and survey work on this line. The parties have agreed on an action plan for preparing and further signing the agreement between JSC RZD and RAI (Iranian Railways) on designing the construction of the railway line Rasht – Astara (Iran) and the railway bridge across the river Astara between the border crossings of Iran and Azerbaijan.

We place high hopes on soon resolution of this task. I have no doubt, that further impulse for development of foreign trade cargo transportation on the ITC North – South will be generated by the project on construction of the new railway line Uzen’ – Kyzylkaya – Bereket – Gyzyletrek – Gorgan completed in December last year, which is the eastern line of the corridor.

The total length of the line is app. 986 km, including app. 146 km – across the territory of Kazakhstan, app. 750 km – across the territory of Turkmenistan and app. 90 km – across the territory of Iran.

The new line will make it possible to organize the freight transportation in trade and economic links between the countries of Central Asia, Russia, European states on the one hand and Iran and the countries of the Persian Gulf and Southern Asia on the other within the ITC North – South.

The distance of cargo transportation from the European states to the countries of the Persian Gulf has reduced by over 600 km comparing with the existing direct railway route through Sarakhs station; the delivery time has declined by 2 days.

Switching the freight flows on the ITC North – South directly depends on the activity of the large forwarding agencies, currently expressing their readiness to achieve an increase of the freight turnover on this route in case of conducting a reasonable tariff policy.

In its turn JSC RZD is ready to offer services of the JSC United Transport and Logistics Company (UTLC), which is one of the largest multimodal operators on the Eurasian continent.

UTLC is a company with a registered capital of 39 billion rubles established by the three state railway administrations. The founding companies are Russian, Kazakhstan and Belorussian railways. UTLC manages the network of 65 freight terminals.

At the present time the company has over 70 thousand regular customers, whose cargoes are delivered along a great variety of routes. UTLC transports over 1.6 million TEU of cargoes annually and handles over 1.7 million TEU on the terminals.

Furthermore it is necessary to highlight that the operation of the UTLC is not limited by container cargoes. The annual transshipment of non-containerized freight exceeds 3 million tons and expediting – 40 million tons.

The company operates on both internal and international routes. The total assets, technologies, competencies and information systems of the company make it possible to effectively provide service to a wide range of clients: from private individuals to huge transnational corporations.

By means of network coverage of the business and broad access to the customer base the company possesses a possibility to interlink a transit on the ITC North – South. Accordingly due to reduction of cost price (by means of the “return loading” emergence) we will increase efficiency of transcontinental transportation and consequently competitiveness of shipments on the corridor.

UTLC project attracted interest of large international players.

A Memorandum of Intentions to develop
Russian Railways
Among the Leading Railway Systems Worldwide (1)

- Railway operational length: 85.2 thousand km
- Length of electrified rails: 43.3 thousand km
- Share of railways in freight turnover (excluding pipelines): 86.6%

Russian Railways
Among the Leading Railway Systems Worldwide (2)

- 26% of total passenger turnover
- Number of Russian Railways employees: 1.2 mln people
- Revenues from all activities in 2014: 1,401.7 billion RUB or 28.4 billion USD (rate of exchange as of December, 2014)
cooperation between JSC UTLC and Rais Hassan Saadi Group and Cargo & Logistics Dubai Airports was signed in December 2014 in Dubai. Within the document the parties consider a possibility to organize intermodal transportations from Russia to the CIS and the countries of the Persian Gulf (UAE, Iran) and India.

We think that this will enable ensuring quality and efficiency of the logistics of the multimodal transportations for clients and at the same time foster joint participation in implementation of projects of the industrial companies, financial and investment organizations between the Russian Federation, United Arab Emirates, Iran and India.

At the same time the RZD Holding Company is ready to offer services of the French logistic operator GEFCO, that operates all over the world and was integrated into the structure of our company in 2012. Several offices of the company GEFCO are also located in India.

Integration of GEFCO into the structure of the RZD Holding Company enables us to transform from just a provider of carriage services into an operator of a complex “door-to-door” delivery which provides expanded variety of 2PL, 3PL, 4PL services and possesses a possibility to form global logistic chains.

In conclusion I would like to emphasize that the freight transportation development prospects on the North-South destination will be related to the enhancement of the trade and economic ties between the participating countries of the International Agreement on ITC North-South, as well to the attraction of goods flows in the communication of European countries with the states of the Persian Gulf and South Asia.

Given that, in our opinion, it is necessary to jointly resolve a set of issues, associated with:
- formulation of single through rates, temporary preferential terms and tariffs for all the modes of transport (maritime, railway and automobile);
- creation of more favourable port charges and rates for loading-unloading operations, which will create the necessary conditions for accelerated freight delivery to points of destination and will facilitate attraction of a broad range of freight-holders to this corridor;
- improvement of the regulatory framework of intermodal transportation, both on the internal market and in the sphere of activity of CIM/SMGS consignment notes;

We believe that the issue of optimizing transportation costs for freight carriage along the ITC “North-South” must be considered and discussed together with all the participants of the transportation process along this corridor and include a detailed consideration of each stage of the logistical chain (from the moment of container loading in India up to the moment of unloading in Russia or countries of Europe) with account for the forecasted volumes of transportation.

From our side we are determined to continue facilitating development of transportation along the ITC “North-South”. Having said that, a key aspect in this issue is the active attraction of freight volumes, and for this to succeed it is necessary to rally the joint efforts of carriers, freight forwarders, regional and federal authorities.

Thank you for attention!
International Transport Corridor North – South

ITC North-South in its southern part envisages several routes for freight carriage by railway transport:

• **Trans-Caspian route** – relies on the use of Russian seaports of Astrakhan, Olya, Makhachkala and Iranian ports of Bandar-e Anzali, Nowshahr and Bandar Amir Abad;

• **Western branch of the corridor** – a direct railway line of communication across the territory of Azerbaijan with further access onto the railway network of Iran via the border-crossing point Astara (Azerb.) – Astara (Iran);

• **Eastern branch of the corridor** – a direct railway line of communication through Kazakhstan, Uzbekistan and Turkmenistan with further access onto the railway network of Iran via the border-crossing point Sarakhs (Turkmenia) – Serakhs (Iran); also includes the new mainline Uzen – Kyzylkaya – Bereket – Etrek – Gorgan.

In order to ensure the unimpeded access and passage of prospective freight flows, as well as to increase the train speeds, JSC Russian Railways is conducting works to enhance the railway infrastructure of the ITC North-South sections, passing through the territory of the Russian Federation.
Between 2007 and 2014, volumes of freight transportation experienced an almost twofold decrease (1.8 times)

According to forecasted estimates, the goods market of the international transport corridor North-South is appraised at 25-26 mln t. per annum

JSC United Transport and Logistics Company was incorporated on November 13, 2014 in Moscow with the charter capital of 39.7 billion rubles (ca. USD 800 million according to the currency exchange rate at the time)
JSC Russian Railways acquired from the concern PSA Peugeot Citroen 75% of shares of GEFCO.

The plan for integration of GEFCO into the RZD Holding Company’s corporate structure is currently being implemented – a package of logistics services for Russian and foreign enterprises is being formed.

Since October 2013 – business training of young specialists of the RZD Holding Company on the basis of GEFCO.
Mr. Sandeep Kumar
Jt. Secretary
(Customs & EP), CBEC

TRANSIT OF CARGO THROUGH INDIA

Mr. Sandeep Kumar during his presentation stated that Customs plays an important role on cross border transaction and facilitating transportation of good.

He also highlighted providing examples of various other Indian Border countries transportation being handled and the present process being carried during such movement to Nepal / Bhutan / Bangladesh.

Transit – Institutional Arrangements
Nepal : Treaty of Transit/Rail Services Agreement
Bhutan : Agreement On Trade, Commerce & Transit
Bangladesh : Protocol to Inland Water Trade and Transit Treaty
The model of EU may not be feasible to all as there are various aspect of geography, laws, currency to be considered .

Customs being regulatory authority while facilitating the clearance of cargo various aspects of Security and revenue are considered. Whenever technology information develops, there are such new opportunities , it can be of great help for these countries to develop and leverage trade on this route with help of IT.

The dwell time is an important aspect of movement of cargo and delivery of goods within its scheduled time as such customs should be alert and proactive in providing their services. Dwell time consistency is ease to maintain on sea transit , whereas when it is land movement and multimodal transportation the task is different and difficult.

He further stressed that the should be deeply committed two concepts

Having unified documents and Automation process. Leverage in technology having ( GPS enable E-Lock) which is a success model .

E- Technology can be replicated to different Geography, when the Customs of respective countries meet and implement IT facilitation.

He also quoted from a book False Economy by Alan Beattie
“ Economic developments is all about Ports Road and Paper work” , however
“ It takes Entrepreneurs to seize the opportunity that technology offers and it takes government to encourage support and facilitate them when appropriate as it is often out of the Way”.

He personally welcomed thanked all the delegates who have come from different countries to attend this conference.

Basic Features

Exemption from Customs duties/transit duties.

Only commercial charges such as costs of transportation payable (National Treatment)

Temporary storage facilities at Kolkata/Haldia ports

Pre-arrival or post arrival filing and processing of transit declarations allowed

Importer/exporter/Customs Broker responsible for filing documents & complying with obligations
Customs sealing of consignments - No physical examination of cargo at exit, if no breach found

Reconciliation of declarations with Nepal/ Bhutan Customs

Time lines for monitoring completion of transit

Transit between Bangladesh and Nepal/Bhutan

**Recommended Documentary Requirements**

- IGM *
- Bill of Lading *
- Invoice and Packing List *
- Format Transit Declaration#
- Insurance/Guarantee/Undertaking/E seal#

*mandatory

# to be discussed

---

**Recommended Practices**

- No Transit fee
- Provision for temporary storage of the transit goods at ports / points of border crossings.
- Clearly listed entry/exit points for transit
- Multi-modal transport allowed
- Transparency - Detailed procedure and documentation in public domain
- Use of risk assessment - majority of goods allowed transit based only on an undertaking at effectively no cost to the trader
- Unified document of Transit
- Automation of Processes
- Use of Modern Technologies for Tracking Transit Cargo (eg. RFID, e-seals etc.)

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**Border management**

- 15,106.7 km. of land border with 7 countries

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**Land Customs Stations – 101**
H.E. Mr. Dimitry Antonov, Session Chairman presenting INSTC Memento to speaker of business session

Mr. Dushyant Mulani

Mr. T.Venkatraman

Mr. Xerxes Master

Mr. Mohammad Nikpay

Mr. Igor Zagrebely

Mr. Anton Lukashenkov

Mr. Sandeep Kumar

Attentive Audience at INSTC Conference
Business Session 3 –
EXIM Trade Potential and Opportunities V/S
Commercial Documentation, Banking Challenges

<table>
<thead>
<tr>
<th>Session Chairman</th>
<th>Dr. Alok Srivastava, Addl. Secretary, Ministry of Shipping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade promotions</td>
<td>Mr. Nihar Lakhia, Director, FIEO</td>
</tr>
<tr>
<td>Ease of Banking Remittances / Policy</td>
<td>Shri Sankara Narayanan V, Deputy general Manager</td>
</tr>
<tr>
<td></td>
<td>(Treasury &amp; International - Independent Charge - UCO Bank)</td>
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<tr>
<td>Insurance coverage on INSTC</td>
<td>Mr. Sanjiv Singh, DGM, New India Assurance Company Ltd.</td>
</tr>
<tr>
<td>Policy and Strategy</td>
<td>Mr. Ali Gasimov, Head of Transport Policy, Govt. of Azerbaijan</td>
</tr>
<tr>
<td>Promoting Consolidation movements through IRAN</td>
<td>Mr. Nityam Khosla, President, Consolidator Association of India</td>
</tr>
<tr>
<td>Road Transport Connectivity &amp; Transit Policy in IRAN</td>
<td>Mr. Ali Reza Moghaddasian – Ministry of Road &amp; Urban Development Road Maintenance &amp; Transport Organization, Islamic Republic of IRAN</td>
</tr>
<tr>
<td>Vote of Thanks</td>
<td>Mr. Rajesh Gosalia - BCHAA</td>
</tr>
</tbody>
</table>

L-R : Mr. Shankar Shinde, Mr. Sanjiv Singh, Mr. Nihar Lakhia, Shri Sankara Narayanan V, Dr. Alok Srivastava, Mr. Ali Gasimov, Mr. Nityam Khosla, Mr. Ali Reza Moghaddasian, Mr. Rajesh Gosalia.
I thank for the opportunity given to FIEO (Federation of Indian Export Organizations) to address the gathering on the importance of the Trade Promotion with CIS countries through INSTC corridor.

The old economic order of the world is gradually making space for the new order; today the countries with highest GDP average growth are entirely dominated by Africa, CIS and Asia with range of GDP being from 7.1% to 18.4%. The growth of CIS countries is on an average 5% and going upto 10%.

With the Expansion of Eurasian Economic space & Russia’s accession to WTO, India needs to look beyond and capitalize the opportunity will arise.

The proposed corridor is the route involving moving goods from India to Europe through Central Asia, the Caucasus, and Russia. The multi-modal route involves transportation of merchandise through ship, rail, and road route for moving freight from South Asia to Europe from Iran.

India & Russia have already identified a few sunrise industries to focus on including Pharmaceuticals, Commodities, Defense & Space navigation systems, Hydro carbon sector with immense potential where Russia and neighboring regions have vast energy reserves & resources available to be tapped which is vital for future energy supply security and region's energy demand security.

Indian companies have proven their technical competencies & are currently operating in many corners of world which is an added advantage for such emerging opportunities.

India’s Export Destinations as per 2014 are North East Asia (12%), ASEAN (10%), Rest of Asia (27%), EU Countries (16%), North America + LAC (19%), Africa (11%), Others (4%) & CIS (1%). It shows that India’s export to Rest of Asia is Highest i.e. 27%.

CIS imports from the world is USD 481.90 Billion & India exports to the CIS countries is USD 3.59 Billion which is only 0.74% of total requirements of CIS region.

India’s top Export markets in CIS are Russian Federation(61.70%), Ukraine (11.30%), Kazakhstan(6.62%), Uzbekistan (4.68%), Azerbaijan(3.12%), Turkmenistan(2.80%) & Others(9.78%).

Top import commodities by CIS region which contributes to nearly 70% of total Imports by CIS are Engineering Items including machinery, vehicles, iron & steel etc., Pharmaceutical products, Plastics and articles thereof, Edible fruit, meat and other Agri items, Articles of apparel, accessories (Knitted), Rubber and articles, Iron and steel & Articles

India’s Top exports to CIS are Engineering Items: machinery, vehicles, iron & steel etc., Pharmaceutical products, Plastics and articles thereof, Organic Chemicals, Agri & Allied (Coffee, tea, cereals, fish
Foreign trade Policy, Export Promotion Schemes, Banking Regulations, Export Markets with TBT and SPS measures which will be helpful to derive the competitive edge for Indian exporters as well Foreign Buyers who wish to deal with India.

TRADE & PROMOTION WITH CIS COUNTRIES THROUGH INSTC CORRIDOR

Importance of INSTC (Int'l North South Transport Corridor) India can consider?

- Expansion of Eurasian Economic space & Russia's accession to WTO
- India & Russia have already identified a few sunrise industries to focus on
  - Pharmaceuticals
  - Commodities
  - Defense & Space navigation systems
  - Hydro carbon sector:
    - immense potential & vital for future energy supply security and region's energy demand security.
    - Competitiveness of Indian companies

TOP IMPORT COMMODITIES BY CIS REGION

Engineering Items including machinery, vehicles, iron & steel etc.
Pharmaceutical products
Plastics and articles thereof
Edible fruit, meat and other Agri items
Articles of apparel, accessories (Knitted)
Rubber and articles
Iron and steel & Articles

Above sectors contribute to nearly 70% of total imports by CIS

INDIA’S TOP EXPORT COMMODITIES TO CIS

Engineering Items: machinery, vehicles, iron & steel etc.
Pharmaceutical products
Plastics and articles thereof
Organic Chemicals
Agri & Allied (Coffee, tea, cereals, fish & meat)
Articles of apparel, accessories (knitted and not knitted)
knitted)

POTENTIAL EXPORT SECTORS FOR INDIA

PRESENT SECTORS
Pharmaceuticals
Engineering-Machinery, Electronics, Articles of Iron & Steel, Vehicles)
Plastics and articles
Meat and edible meat offal
Apparels

POTENTIAL SECTORS
Agri and Allied-(Coffee, tea, spices, Edible fruits, Cereals, Fish)
Articles of apparels, not knit
Engineering-Aircraft and parts thereof
Organic Chemicals
Rubber and articles
Optical, photo and medical instruments
Project Exports pertaining to the Petroleum, Heavy Engg and Hydrocarbon sectors

Analysis based on top 15 import commodities by CIS and India’s Export to CIS

SIZE OF CIS IMPORT MARKET 2014

India cater only 0.74% of total import requirements of CIS Region

TOP 10 SUPPLIERS TO CIS REGION IN 2014

Japan
France
Ukraine
Turkey
Belarus
Italy
USA
Germany
Russian...
China

% SHARE IN CIS IMPORTS
VALUE IN USD BILLION
TRADE PROMOTION MEASURES

- MEIS benefit - Foreign trade Policy 2015-20 available to CIS countries in range from 2% / 3% / 5%. Of FOB value of notified goods exported to notified markets.
- 3 country groups have been defined:
  - Category A: Traditional markets covering 30 mkt's
  - Category B: Emerging & Focus Markets covering 139 countries where 12 countries of CIS is covered.
  - Category C: Other Markets where in 70 Mkt's have been identified.
- DOC support for participating in Exhibitions under Market Access Initiative Scheme (MAI)
- www.indiantradeportal.in a web portal project initiated by Dept of Commerce, developed & maintained by FIEO.

POTENTIAL IN CIS MARKETS

<table>
<thead>
<tr>
<th>Country</th>
<th>2014 (in USD billion)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global Imports</td>
<td>Imports from India</td>
<td></td>
</tr>
<tr>
<td>Russian Federation</td>
<td>282.6</td>
<td>2.217</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>54.4</td>
<td>0.406</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>41.2</td>
<td>0.238</td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>40.5</td>
<td>0.051</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>13.0</td>
<td>0.168</td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>9.3</td>
<td>0.036</td>
<td></td>
</tr>
</tbody>
</table>

DOING BUSINESS WITH CIS

<table>
<thead>
<tr>
<th>Country</th>
<th>Doing Business Rank</th>
<th>Trade Across Border Rank</th>
<th>Time to Import (in Days)</th>
<th>CUSTOM CLEARANCE AND INSPECTION FOR Imports (in Days)</th>
<th>DOCUMENT PREPARATION FOR Imports (in Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>62</td>
<td>155</td>
<td>20</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Ukraine</td>
<td>96</td>
<td>114</td>
<td>28</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>77</td>
<td>185</td>
<td>67</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Belarus</td>
<td>57</td>
<td>145</td>
<td>30</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>80</td>
<td>166</td>
<td>25</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>India</td>
<td>142</td>
<td>126</td>
<td>20</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

CHALLENGES

- Lack of transparency of regulatory systems
- Underdeveloped banking system
- Inadequate IPR protection and enforcement
- Presence of large state-owned enterprises in strategic sectors
- Russia: Immigration and visa system requires time and patience for business travelers
- Ukraine: Long and time consuming custom clearance process, requests for additional documents frequently; classification issues, often unfounded customs and tax inspections causing delays; difficulties for temporary imports of intermediate goods for trade exhibitions.
- Kazakhstan: Importers are affected non standardized application of common customs code, unclear documentation requirements
- Corruption also flagged as one of the Challenge in few countries

<table>
<thead>
<tr>
<th>Country</th>
<th>% Share of Total imports by CIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>58.64%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>11.28%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>8.55%</td>
</tr>
<tr>
<td>Belarus</td>
<td>8.39%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>2.69%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>10.43%</td>
</tr>
<tr>
<td>Others</td>
<td>6.62%</td>
</tr>
</tbody>
</table>

% Share of Total imports by CIS

These 5 countries contribute 90% of total imports by CIS

<table>
<thead>
<tr>
<th>Country</th>
<th>% Share of Total exports by CIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>61.70%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>11.30%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>6.62%</td>
</tr>
<tr>
<td>Belarus</td>
<td>4.68%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>3.12%</td>
</tr>
<tr>
<td>India</td>
<td>2.80%</td>
</tr>
<tr>
<td>Others</td>
<td>9.78%</td>
</tr>
</tbody>
</table>

Countries occupying 90% of Indian exports to CIS
The rupee payment mechanism was a great enabler for trade. Iran is a major Country in the corridor. So trade settlement mechanism with Iran, which currently is facing challenges in trade settlements, assumes a great deal of significance. It will not be therefore out of place in the context of INSTC conference to present the trade settlement mechanism with Iran which our bank initiated, which indeed proved as a great enabler for trade with Iran.

On account of sanctions international banking operation with Iran came to a standstill resulting in virtual stoppage of trade payments for a long time. UCO Bank with the support of the Government of India and the Reserve Bank of India took the initiative of setting up a rupee payment mechanism through which part payment of the oil imports of Indian oil companies are settled. The mechanism became operational in February 2012. The mechanism enabled settlement of payments that were long overdue to Indian exporters, and saved many exporters from financial stress. It enabled settlement of overdue payments of Indian oil companies to Iranian supplier. It brought stability to the bilateral trade between Iran and India and thereby fostered friendly diplomacy.

Under the mechanism, a few Iranian banks have opened Indian Rupee accounts with our Bank. The payments towards imports of crude oil are paid by the Indian oil companies to this account.

The payments towards exports of goods from India to Iran are paid from this account. In a nut shell, payments received by importer importing goods from Iran are used to pay the Indian exporter, exporting goods to Iran. All the payments are in Indian Rupees and no foreign currency is involved. UCO Bank is only acting as an agent of the Iranian Bank while making the payment and acts at the instruction of the Iranian Banks holding the account with us. The payment is from the deposits of the Iranian Bank available with our bank.

The rupee payment mechanism was a great enabler as
(a) The bilateral trade saw a huge jump since the inception of the mechanism. The export payments have progressively increased from a modest amount of Rs: 570 crores in the first quarter of 2012-13 to Rs: 6200 crores average per quarter at present. The total trade settled since inception of the mechanism in Feb 2012, exceeds: Rs: 1.68 trillion.

Under the Rupee Payment Mechanism, our Bank acts as a settlement bank for rupee denominated trade transactions between India and Iran. Currently Indian export transactions and Crude oil import transactions are settled through us. Permissible trade transactions with Iran as per trade policy of Govt of India/ Regulatory guidelines can be handled by any Authorised Bank in India and our Bank can settle such transactions.

The export trade transactions can be backed by Letter of credit opened by nominated Iranian banks or the beneficiary customer can receive advance remittances from Iranian buyers. The export documents can be handled on collection basis as well.

The following are the 9-nominated Iranian Banks
1. PARSIAN BANK
2. BANK PASARGAD
3. BANK EGHTESAD NOVIN
4. SAMAN BANK
5. KARAFARIN BANK
6. SARMAYE BANK
7. MIDDLE EAST BANK
8. KISH INTERNATIONAL BANK
9. CITY BANK.

Brief on UCO Bank: One early October evening in 1942, Shri: Mahatma Gandhi casually mentioned to a friend of GD Birla: ‘Banking in India needs expansion. This is essential for the economic, business and industrial growth of the country.’ The idea of a truly Indian bank was first conceived of by Mr. G.D Birla from these inspiring words of Gandhiji. This nascent idea came into reality and, on the 6th of January 1943, The United Commercial Bank Ltd. was born with its Registered and Head Office at Kolkata with an Issued capital of Rs 2 crore and a Paid-up capital of Rs 1 crore. The Bank was nationalized by the Government of India on the 19th July 1969 whereupon 100 per cent ownership was taken over by the government in UNITED COMMERCIAL BANK. The year 1985 opened a new chapter for the Bank as the name of the Bank changed to UCO BANK by an Act of Parliament. Today with branches exceeding 3000 spread across India, four overseas branches located in two international centers and number of correspondent banks spread across the globe, UCO Bank is an eminent listed Public sector Indian Bank with a balance sheet size exceeding INR 3.6 Trillion, capital of about INR 154 billion and operating profit of about INR 49.1 billion.

To sum up: INSTC is a great vision. Coordinated efforts of the participating countries will ensure that this vision brings phenomenal advantages to trade. The rupee trade mechanism through our bank will be a robust support system to promote growth of trade through the corridor which will bring harmony and prosperity to all stake holders of the corridor.

UCO Bank HONOURS YOUR TRUST.
An Insurance perspective was presented by Mr Sanjiv Singh on the proposed International north south tradecorridor.

The insurance requirements of such a corridor will be identical to any international trade involving export import. While there is a wide variety of insurance covers that are on offer, principally these can be grouped into two important ones:

1. Institute Cargo Clauses (A)-an all risks form covering physical loss or damage to goods and General Average
2. Contingency Risks (for certain Terms of Sale (Incoterms) such as EXW, FOB, CPT, FAS and CFR)

Marine Sellers Contingency covers respond to physical loss/damage to goods together with non-fulfillment of the sale contract. He gave example of MSC Chitra incident at Mumbai port, where Rs 20 cr worth of goods were shipped on FOB Incoterms. Overseas buyers refused to accept the documents or pay for the goods. Sellers did not have Sellers’ Contingency Covers.

Major hazards during transits as under were explained by him in detail.

- Condition of transport vehicles/vessels
- Condition of the route – roads, bridges and culverts – through which vehicles have to traverse
- Condition of material handling equipment used in various stages of the transit (including hooks, slings and hoists)
- Period of transit – the duration, time of travel, weather conditions etc
- Handling/Impact Damage: The moment the goods leave the premises of the seller, it is handled at least five to six times during an international voyage. Packing units and containers can be dropped during loading/unloading and goods within may be damaged by this impact.
- Accidents to carrying vehicle including collisions between conveyances

INSTC will involve trade primarily in containers which are normally exposed to the risks as under:

- Water ingress through holes/leaky joints
- Sweat damage (without any ingress of water from an external source)
- Damage arising out of improper stowage/stuffing of the container
- Skilful pilferage leaving the seal of the container intact
- Hijacking

He also elaborated on challenges in insurance on INSTC basically due to sanctions against Iran through which the major part of route passes. Due to this there is reduced capacity available for high value cargo. Besides multiple handling, customs barrier and language issues can also impede smooth operation of insurance services.

In conclusion of this presentation the solutions suggested by him consisted of developing insurance capacity from local markets, middle east, Africa and CIS countries for providing insurance and developing network of local experts, surveyors, loss adjusters.

INSURANCE FOR INTERNATIONAL TRADE

- While there is a wide variety of insurance covers that we offer, principally these can be grouped into two important ones:
- Institute Cargo Clauses (A)-an all risks form covering physical loss or damage to goods and General Average
- Contingency Risks (for certain Terms of Sale (Incoterms) such as EXW, FOB, CPT, FAS and CFR)
CONTINGENCY RISKS

- Marine Sellers Contingency covers are not concerned with rejection of goods per se. It only responds to physical loss/damage to goods together with non-fulfillment of the sale contract.

MS Chitra incident – Mumbai port. Rs 20 cr worth of goods shipped on FOB Incoterms but overseas buyers refused to accept the documents or pay for the goods. Sellers did not have Sellers’ Contingency Covers.

HAZARDS

- Condition of transport vehicles/vessels
- Condition of the route – roads, bridges and culverts – through which vehicles have to traverse
- Condition of material handling equipment used in various stages of the transit (including hooks, slings and hoists)
- Period of transit – the duration, time of travel, weather conditions etc
- Handling/Impact Damage: The moment the goods leave the premises of the seller, it is handled at least five to six times during an international voyage. Packing units and containers can be dropped during loading/unloading and goods within may be damaged by this impact.

CONTAINERISED GOODS

- Water ingress through holes/leaky joints
- Sweat damage (without any ingress of water from an external source)
- Damage arising out of improper stowage/stuffing of the container
- Skilful pilferage leaving the seal of the container intact
- Hijacking

GENERAL AVERAGE

(Amsterdam Bridge)

MV Amsterdam Bridge the 4,380 TEU containership caught fire on 9.9.2012 shortly after departing the Indian port of Nhava Sheva en route to Colombo, Sri Lanka with approximately 1,550 containers. The cause of fire was suspected to be hazardous and inflammable cargo. This is a classic case, how supply chain can be disrupted due to a GA situation. After more than 8 months of delay, denial of access to port by Chinese authorities, time taken for repairs, many cargo especially perishable and pharmaceuticals suffered heavy losses

MAJOR EVENTS

- HURRICANE SANDY 2011
- SOMALIAN PIRACY; MANY EVENTS ALONG DJIBOUTI, HORN OF AFRICA
- JAPANESE TSUNAMI 2011
- MOL COMFORT 2013

A dramatic recent example was the Japanese tsunami in March 2011, which wrecked the Sendai container terminal. Many hundreds of consignments awaiting despatch were damaged.

CHALLENGES FOR INSTC

- SHIPMENTS VIA IRAN: SANCTIONS CLAUSE
- REDUCED DOMESTIC CAPACITY FOR INSURANCE
- MULTIPLE HANDLING, CUSTOMS BARRIERS, LANGUAGE ISSUES
- ACCUMULATION OF RISKS
- HIJACKING, THEFT DURING ROAD TRANSIT
- COMPETITION FROM CHINESE RAIL ROAD FOR CIS COUNTRIES.

ACTION POINTS

- DEVELOPMENT OF CAPACITY FOR INSTC / IRAN POOL
- PRESENT INSURANCE CAPACITY USD 10 MILLION
- RI CAPACITY FROM PICC AND OTHER CIS COUNTRIES, IRAN, AFRICA AND MIDDLE EAST.
- DEVELOPING NETWORK OF EXPERTS, SURVEYORS, LOSS ADJUSTERS.
Mr. Ali Gasimov
Head of Transport Policy
Govt. of Azerbaijan

Opportunities of Republic of Azerbaijan on the «North-South» international transport corridor

Azerbaijan is located in the intersection of two main transport corridors: Europe-Caucasus-Asia (TRASECA) and “North-South”. The main freight flow of export-import and transit transportation are concentrated on the axes West-East and North-South and coincided with the main directions of transportation in the Republic. Consequently, the development of international transport corridors response to as external, and as internal economic interests of Azerbaijan.

For today, the main part of freight flow from Asia to Europe and backward is fallen to the Transoceanic route, from South Asia to the Suez Canal and Mediterranean sea, and further to the Atlantic ocean and North sea to the ports of the Baltic sea.

Notwithstanding that, this route is technically and economically defined well, however the shippers are also interested in other alternative routes.

The route passing through the Persian Gulf, Iran, Azerbaijan and Russia further the ports of the Baltic sea along the North-South corridor passing the territory of Azerbaijan is more attractive.

Existing transport infrastructure, expenditures on transportation, time, short distance and the number of transit countries plays the significant role. The mentioned route is three time shorter than transportation of freights through the Suez canal.

Container transport by this route will allow to reduce the transportation of freights from North Europe to India and Iran from 37 to 13-15 days.

The transport corridor carrying capacity can be grown by the improvement of the existing infrastructure and creation of new capacities through the simultaneous reducing of the freight delivery times. This will provide the added value for saving in transport time and expenses.

The results of conducted analyses demonstrated that, cargo transport through the “North-South” corridor from Europe and Russia in the direction of Iran, till the Bandar-Abbas seaport and backward are mainly implemented by the marine and motor transport. The delivery time on this route by the marine transport from the Russian port Olya, till Iranian port Bandar-Anzali is 17-20 days. The delivery time may be reduced till 7 days, also the number of transfer reloading points from one type of transport to another can be reduced, if the transportations is implemented on route of Persian Gulf, Iran and further by the Azerbaijan railways to Russia and ports of the Baltic sea and Europe.

At the same time, taking into account that, by the Azerbaijan railways is being implemented significant volume of work in the direction on improvement of the condition of infrastructure, acquired new rolling stocks(2900-277), carrying out the work for creation of logistic centers in the station of Astara (Azerbaijan) – border with Iran, moreover together with Customs are built warehouses of open and agricultural type for the temporary storing of freights and also the shortest distances between the mentioned directions, we offer to the big transporters to consider the implementation of the part of shipping, especially container and other freights through the Azerbaijan railways.

Taking into account the minimal distance of transportation and short time of the loading and unloading operations, as well reduction of the numbers of transit countries and as alternative route in comparison with the branch of eastern coast
The cost of transportation for each container is shown in US dollar

<table>
<thead>
<tr>
<th>Route</th>
<th>loaded 20’</th>
<th>empty 20’</th>
<th>loaded 40’</th>
<th>empty 40’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Astara-Yalama</td>
<td>453</td>
<td>267</td>
<td>818</td>
<td>481</td>
</tr>
<tr>
<td>Yalama – port of Riga (from the station Sebezh)</td>
<td>931</td>
<td>465</td>
<td>1591</td>
<td>820</td>
</tr>
<tr>
<td>Yalama – Estonian port Muuga (through the station Pechory Pskovsky)</td>
<td>966</td>
<td>500</td>
<td>1660</td>
<td>860</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Route</th>
<th>Time of transportation</th>
<th>loaded 20’</th>
<th>empty 20’</th>
<th>loaded 40’</th>
<th>empty 40’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Astara-Yalama-port of Riga</td>
<td>14 days</td>
<td>1384</td>
<td>732</td>
<td>2409</td>
<td>1301</td>
</tr>
<tr>
<td>Yalama – Estonia, port of Muuga</td>
<td>14 days</td>
<td>1419</td>
<td>767</td>
<td>2478</td>
<td>1341</td>
</tr>
</tbody>
</table>
Kazakhstan-Turkmenistan-Iran, containers received from the Persian Gulf through the territory of Iran with overloading from motor transport to the railway carriages at the station Astara (Azerbaijan), further in the direction of Russia Federation with the entrance to the ports of the Baltic sea can be ensured with the two routes:

1. Astara (Azerbaijan) – Yalama (government border with Russian Federation) – Moscow (Oktyabrskaya) – linking to the container train Riga express;
2. Astara-Yalama (state border with Russian Federation) – Moscow (Oktyabrskaya) – linking to the container train Estonia express.

Time:
For the connection to the container train Riga express:
Astara– Yalama– Moscow Tovarnaya (Oktyabrskaya)-
10-12 days
Time of being in the way of container train Riga express-
48 hours (2 days);
Sebezh- the station of border crossing between Russia and Latvia
The destination station – port of Riga;
Overall: 14 days
For the connection to the container train Estonia express :
Astara– Yalama– Moscow Tovarnaya (Oktyabrskaya)-
10-12 days
Time of being in the way of container train Estonia express-
48 hours (2 days);
Pechory Pskovsky – the station of border crossing between Russia and Estonia
The destination station – Muuga port station;
Overall: 14 days

Herein below are given the prices for the connection of wagons with the containers shipped from Azerbaijan to the container train moving from the territory of Russia in the direction of Riga and Estonia further to the ports of the Baltic sea as the point of destination:

At the same time, for the connection of Azerbaijan and Iran railways, in the Iranian side currently is continued the construction of the railway branch Gazvin-Rasht-Astara (Azerbaijan).

A visit to the territory of construction Gazvin-Rasht (160km) railway segment in the Iranian side was organized on October 2014. During the visit was demonstrated the construction of numerous tunnels, bridges and railway lines.

As underline experts, the implementation of the construction project in the territory of Azerbaijan is not particularly problematic, because there are small volume of works in comparison with the Iranian area.

On 22 October 2014 in Baku was held the negotiations of railways leaders of the Republic of Azerbaijan, Russian Federation and the Islamic Republic of Iran, in which Parties dealt that, for the acceleration of elaboration of design works of this line will be run by the Russian party, herewith the customer will be the Iranian party. Works on the construction of the railway infrastructure in the territory of Azerbaijan are runned by the Azerbaijan party at its own expenses. Azerbaijan party will implement the construction of the railway bridge in the railway segment Astara((Iran) - Astara(Azerbaijan) by its own resources.

After signing of the Agreement between Russian and Iranian parties on implementation of the Project on Rasht-Astara(Iran) railway segment, Azerbaijan party will start the commencement of works on the construction of its own part of the railway infrastructure.

The matter of financing and construction of the Rasht-Astara railway segment of the project currently is under consideration between Iran, Russia and Azerbaijan.

Works on the development of the railway infrastructure in the Azerbaijan part of “North-South” transport corridor with the length 511 km, are actively implemented by the Ministry of Transport of the Republic of Azerbaijan and Azerbaijan State Railway.

According to the elaborated Program on improvement of infrastructure along the “North-South” corridor, currently is being implemented work on restoring track facilities, contents of rolling-stock in technically revised condition, improvement of electric power supply, restoring of the signaling and communication systems and recovering of the other main facilities of railways.

Direct railway transportation of freights through the “North-South” transport corridor from the Persian Gulf, India, Pakistan, Iran to the countries of Central Europe and Scandinavia without overload of freights to the motor and sea transport will be implemented after the completion of the Gazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) railway project.
Currently, in the separate areas of highways along the Azerbaijan segment of “North-South” corridor are being implemented the reconstruction works.

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Length (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Baku-Guba- Russian border</td>
<td>192</td>
</tr>
<tr>
<td>2</td>
<td>Baku bypass</td>
<td>21.5</td>
</tr>
<tr>
<td>3</td>
<td>Baku-Alyat</td>
<td>47</td>
</tr>
<tr>
<td>4</td>
<td>Alyat-Astara-Iranian border</td>
<td>214</td>
</tr>
</tbody>
</table>

By the end of 2015 the capital of Azerbaijan will be connected with the north and south border with the modern highways, capable to handle yearly increasing transit freight flow.
Exploring Opportunities on the INSTC - Presentation on LCL Consolidation

The Conference on International North South Trade Corridor was hosted by the Ministry of Commerce Govt. of India with the Federation of Freight Forwarders Association of India.

Mr Nityam Khosla, the President of CAI (Consolidators Association of India) made a presentation on the LCL Consolidation opportunities on the INSTC. Mr Nityam Khosla highlighted the significant role and contribution of the Consolidators to the trade and the opportunities provided by this segment to enhance the INSTC.

Cargo consolidation is a service provided by a logistics service provider in which several Less Container Load (LCL) shipments of various shippers are assembled and shipped together in a container for single or multiple consignees. The consolidators also issue a Multimodal Transport Document (MTD) with full coverage of transit liability from origin to final destination.

As the principal service provider for Small & Medium Enterprises (SME) the Consolidator enables the SMEs to launch their products into new markets or serving small markets by providing cost effective solutions. Manufacturers, traders in products like perishable ingredients, Fashion items, Specialized Parts for automobile and ancillary industry are few of the segments who are benefitted.

Presently there is a great dependence on Hamburg port in North Europe which acts as a gateway port and Tallin as a hub port for LCL distribution.

Economy of Cost and efficiency of time can be achieved through the INSTC by developing Bandar Abbas as a gateway and hub port and also Tehran, Baku and St Petersburg as hub ports. These hub ports can serve Central Asia, South Baltic and East Europe destination on either side of the INSTC.

In order to achieve this we will need to develop professional and established network at both ends, Infrastructure to handle LCL Cargoes in the container freight station / warehouse – equipment, skilled manpower and processes & procedures (Safety & Security), Regular and consistent sailings / frequency, Well developed integrated logistics – Better multimodal connections like rail and road network, Use of modern technology and e-commerce tools to promote LCL business, and simplified Government Regulations policies & procedures (Custom and Port Procedures).

LCL Consolidation

Cargo consolidation is a service provided by a logistics service provider in which several Less Container Load (LCL) shipments of various shippers are assembled and shipped together in a container for single or multiple consignees.

Role of Consolidator in emerging trade lane

1. Service provider for Small & Medium Enterprises (SME).
2. Enables companies to launch their products into new markets or serving small markets.
Current Scenario

1. Too much dependence on North Europe port of Hamburg as a gateway port.

2. Tallin as a HUB Port for LCL distribution.


4. Cost effective solution – Air freight cargo can be converted to sea route.

5. Benefits companies following the JIT (Just in Time) model for inventory control.

6. Issuance of Multimodal Transport Document (MTD) with full coverage of transit liability from origin to final destination – Through Transit Liability.

INSTC - LCL Gateway

Gateway & Hub Ports to be developed
1. Bandar Abbas – Gateway & Hub Port
2. Tehran, Baku, St Petersburg – Hub Port

The above proposed Hub Port has a possibility to serve Central Asia, South Baltic and East Europe destination on either side of the INSTC.

Economy of cost and efficiency of time can be achieved if the traffic on above route is developed.

Pre-requisites for seamless LCL operations

1. Professional and established network at both ends.

2. Infrastructure to handle LCL Cargoes in the container freight station / warehouse – equipment, skilled manpower and processes & procedures (Safety & Security).

3. Regular and consistent sailings / frequency.

4. Well developed integrated logistics – Better multimodal connections like rail and road network.

5. Ease of doing business with regard to Government Regulations policies & procedures (Custom and Port Procedures).

6. Use of modern technology and e-commerce tools to promote LCL business.
International North – South Transport Corridor: INSTC

INSTC founding

In September 2000, Iran, Russia and India, signed the INSTC agreement. 2 years later, the secretariat of the INSTC was formed in Iran, as depository state, meanwhile, trying to include development plans in the infrastructure projects of founding states. Now 12 states of Oman, Tajikistan, Kazakhstan, Belarus, Kyrgyzstan, Turkey, Ukraine, Armenia, Azerbaijan, Syria, with Bulgaria as an observer, are members of the North-South Corridor. Kuwait recently requesting to join.

Realizing INSTC

The International North South Transport Corridor linking North Europe, Russian and Scandinavian Central Asia, the Caucasus, Indian Ocean, Persian Gulf and Southeast Asian, all through Iran, connecting Mumbai to Helsinki. The INSTC connecting World South to the North, 5000 kilometers shorter, 30% cheaper and 2 times faster than the Suez Canal.

INSTC advantages

1. INSTC includes intersections with corridors between Asia and Europe, i.e. TRACECA and ALTID
2. To trade between the Indian subcontinent and Persian Gulf to Central, North Europe, South Russia and Ukraine, they had to convey through the Black Sea to North Europe, through Odessa to North Russia, through the Strait of Gibraltar, to the Atlantic, then the North Sea, the Baltic and Helsinki to St. Petersburg, that was a time-consuming and costly route.

INSTC objectives

1. Simplifying and unifying transit formalities.
2. Ensuring equal access for service providers.
3. Reducing goods transit time and transit costs.
4. Coordinating transport policies & requirements.
5. Improving road traffic safety and route security.
6. Easing access to global markets and job creation.
8. Preventing expand of political or ethnic approaches to benefit common interests

INSTC & India – introduction

In 2014, India was inset as the most successful economy in terms of attracting foreign investment, doing various plans, i.e. “make in India”. The CIS and Eastern Europe, many of them land locked, are considered as the closest golden markets for India export; “Connect Central Asia” is set as Indian government policy and some above said states seek ways to contribute India economy. Besides, Bangladesh, Thailand, Myanmar and Nepal, approach above said states for road and rail shipments.

INSTC & India – how to connect

Surrounded by the Himalayas in North and due to some political considerations, using China and Pakistan territory doesn't seem simply possible. Linking Central Asia through Afghanistan is not possible because of border lack. Despite long-standing relations with Russia, due to the prolongation of the distance and time to the Black Sea, it is not effective to use Russian territory for presence in Central Asia. Access to these countries, is mainly possible only through a third country.
INSTC & Iran
Iran owns privileged geopolitical position to access landlocked neighboring areas, as shortest, cheapest and safest route. There is neither geopolitical nor geo economical conflicts between India and Iran for presence in CIS and Eurasia. Also, operating railways of Turkmenistan, Kazakhstan and Iran, has provided opportunity for India to access CIS and Eurasia. INSTC now is the axis of Iran transit development.

INSTC & Iran – Chabahar port
Indian officials have repeatedly pointed the importance of Iran routes, in particular, have pointed Chabahar port for India inexpensive goods transport to the Eurasia. Also, Chabahar is considered as major intersection of global trade in the Southern Corridor and due to its strategic location, i.e. accessing oceans, deep waters and possible berthing of large ships, may have ideal opportunity in future global trade.

Iran transit facilities
Up to 40% discount in THC and 50% discount in loading and storage costs for transit and Transshipment of containers
Up to 75% discount for the non-oil commercial ships, carrying transit and imported goods, simultaneously in Iran north ports.

1. Up to 40% discount in THC and 50% discount in loading and storage costs for transit and Transshipment of containers.
2. Up to 75% discount for the non-oil commercial ships, carrying transit and imported goods, simultaneously in Iran north ports.
3. Certain exemption of transit goods from port duties.

Conclusion
1. Holding due meetings, to review potential opportunities and possible challenges as well as exchanging relevant experience and new methods, in particular, among forwarders and merchants.
2. Having assigned transport beyond the borders to the locals, so that the business would be shared by all. Then not only the cost for locals will be less, but also they can better manage issues.
3. Manage feasibility studies from the origin of India to the destination of Russia.
4. Forming core groups on customs and insurance affairs, consisting countries experts to provide action plans along with the time frame for sorting out issues and harmonizing procedures.
5. Issuing INSTC stamps and logos on the transit documents resulting in a green mile smooth path for all stakeholders.
40% shorter, 30% cheaper & *2 faster

INSTC accession diagram

Membership

<table>
<thead>
<tr>
<th>Accession Process in International North-South Transport Corridor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of Instrument of Accession by the Applicant</td>
</tr>
<tr>
<td>Government to the &quot;Depository State&quot; (Based on Article 8 of the</td>
</tr>
<tr>
<td>INSTC Agreement)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Review (Acceptance or Rejection) of Accession Request by the</td>
</tr>
<tr>
<td>Parties</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Rejection of Accession Request</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Notification by the Depository State</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Transmission of Accession Document by the &quot;Depository State&quot;</td>
</tr>
<tr>
<td>to the Country, unless Accession has been rejected</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Signing of Instrument Accession</td>
</tr>
<tr>
<td>Competent Authorities of the Country and its Submission to the</td>
</tr>
<tr>
<td>Depository State</td>
</tr>
<tr>
<td>Within 30 days after receiving the Instrument of Accession</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Formal Accession of Applicant Country</td>
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<tr>
<td>Key is now in the International North-South Transport Corridor</td>
</tr>
</tbody>
</table>
### INSTC & Iran spec.

<table>
<thead>
<tr>
<th>Carrying method</th>
<th>Length (km)</th>
<th>Av. Fleet Speed (km/h)</th>
<th>Passing duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>1621</td>
<td>20.0</td>
<td>From 84 hr</td>
</tr>
<tr>
<td>Rail</td>
<td>1500</td>
<td>22.0</td>
<td>From 72 hr</td>
</tr>
<tr>
<td>Road</td>
<td>210</td>
<td>20.0</td>
<td>From 8 hr</td>
</tr>
</tbody>
</table>

### INSTC in Caspian sea

<table>
<thead>
<tr>
<th>Carrying method</th>
<th>Length</th>
<th>Av. Vehicle speed</th>
<th>Passing duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ship</td>
<td>1132 km</td>
<td>20 km/h</td>
<td>From 72 hr</td>
</tr>
</tbody>
</table>
### Recommended routes in INSTC

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian subcontinent</td>
<td>North of Europe: Mumbai – Bandar Abbas – Amirabad or Anzali port – Lagan or Astrakhan port – Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>Indian subcontinent</td>
<td>North of Europe: Karachi – Mirjaveh – Amirabad or Anzali port – Lagan or Astrakhan port – Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>Persian Gulf area</td>
<td>North of Europe: Dubai – Bandar Abbas - Amirabad or Anzali port – Lagan or Astrakhan port – Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>Persian Gulf area</td>
<td>North of Europe: Riyadh - Bandar-e Imam Khomeyni - Amirabad or Anzali port – Lagan or Astrakhan port - Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>Persian Gulf area</td>
<td>North of Europe: Kuwait - Bandar-e Imam Khomeyni - Amirabad or Anzali port – Lagan or Astrakhan port - Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>Persian Gulf area</td>
<td>North of Europe: Baghdad - Tehran - Amirabad or Anzali port – Lagan or Astrakhan port - Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>CIS</td>
<td>North of Europe: Ashgabat – Sarakhs – Tehran - Amirabad or Anzali port – Lagan or Astrakhan port - Moscow – Helsinki – Berlin - Vienna</td>
</tr>
<tr>
<td>CIS</td>
<td>Indian subcontinent: Ashgabat – Sarakhs – Bandarabbas – Jebel Ali port – Colombo - Dhaka</td>
</tr>
</tbody>
</table>

### IRAN Transport outlook

- **Total Road Network**: 220,000 Km
- **Roads Under Construction**: 85,000 Km
- **Total Freeway**: 2300 Km
- **Total Highway**: 14200 Km
- **Total Major Roads**: 21700 Km
- **Total Minor Roads**: 47000 Km
- **Total Rural Roads**: 130000 Km
- **Rest of Roads**: 1200 Km
- **Counted Transit Roads**: 24500 Km
- **Urban Public Cargo Transport Fleet No.**: 405000
- **Urban Public Passenger Transport Fleet No.**: 92000
- **Annual Cargo Transport Tonnage**: 381,000,000 MT
- **Annual Cargo Transit Tonnage**: 12,000,000 MT
- **Annual Passengers Transported**: 215,000,000 Persons
- **Domestic Goods Transport Companies No.**: 4215
- **International Goods Transport Companies No.**: 950
- **Domestic Passenger Transport Companies No.**: 2255
- **International Passenger Transport Companies No.**: 44
- **Border Terminals No.**: 24
- **Cargo Terminals No.**: 66
- **Passenger Terminals No.**: 296
- **En-Route Welfare Service Areas No.**: 492
- **TirPark No.**: 535
Dr. Alok Srivastava. Session Chairman presenting Memento to the speakers of Business Session
Contours of Connectivity between India and Russia

The discourse on India-Russia strategic partnership is often dominated by issues of cooperation in the sectors of defence, security, science and technology and energy. However, the issue of connectivity, transport accessibility and ways to address the problems of logistics has not received adequate attention. In the current context, India – Russia relations can be termed as strategic in every respect, more importantly, both countries view this relationship as special, long-term and privileged partnership. Despite this privileged political partnership, economic and trade ties remain the most unsatisfactory part in its overall potentially beneficial relationship. While there are many factors which can be attributed to low level of economic ties between the two countries. But it is equally important to note that one of the serious bottlenecks in economic ties is the lack of a contiguous border and therefore the complexity of the logistics of connectivity. The developments with respect to the International North-South Transport Corridor (INSTC) and the sea route from the Russian Far East have not received required attention from India and Russia.

The present paper highlights various dimensions of connectivity between India and Russia. It examines in particular the INSTC, its current status and future prospects. It explains the problem areas of this corridor and provides options for facilitating efficient transport logistics between India and the Eurasian region. It argues that so far the full potential of this corridor has not been realised. Therefore, twofold strategy will need to be pursued to realise the full potential of this route: (1) Russia and India to re-look and re-energise their efforts to address the bottlenecks in the trade and transport accessibility between India and Russia. (2) Adopting an aggressive strategy and unlocking transport routes linking India and Russia. This could become a powerful incentive not only for growth in trade and economic ties between the two countries but with the entire Eurasian region and beyond.

I: Strategic Significance of North South Transport Corridor

Strategic significance of various trade and transport corridors for the nation states remains undisputable. Historically these routes have offered new opportunities and prospects for political, economic, cultural and scientific cooperation to the nation states. The North-South Transport Corridor is an ancient route that connected the South Asia with North Europe for centuries. This route was used by European, Indian, Russian and many other foreign traders. During the late 17th and early 19th centuries, Indian traders were dominant traders using this route. Under the Safavid dynasty (1501-1722), there were some 10,000 to 20,000 Indian traders spread across the empire. The present day Azerbaijan hosted many caravanserais to Indian traders, especially along the route from Ardabil (Iran) to Shemakha and Baku. These traders played a significant role in managing the trade and commerce between Russia and South East Asia through the territory of present day Azerbaijan and Iran. Along this historical North-South corridor was traded, silk, oil, Salt, horses, jewellery and many other products between Europe, India, West Asia and Central Asia. These goods were transported by land, and Sea (the Caspian). In 1639, a group of Indian merchants sailed from Astrakhan to Derbent (Republic of Dagestan, Russia) and Shemakha carrying Russian goods like animal fur, fur coats, leather, cloth, copper, and caviar. Those days the goods were usually transported from Shemakha by caravans overland to India via present day Afghanistan or to port of Bandar Abbas in Persian Gulf from where they were taken by ship to the Port of Surat, Gujarat in India.

The need to revive these old routes was not only realised by the countries in present times but initiatives have also been taken by countries to re-establish and operationalise these routes. The modern day International North-South Transport Corridor is an important initiative taken by Russia-India and Iran to promote transportation cooperation among member states and enhance their connectivity with the land locked region of Central Asia. The INSTC is a multi-modal shortest transportation route linking India Ocean and Persian Gulf to the Caspian.
Sea via Iran, and St. Petersburg and North Europe via Russian Federation. (See Map-I). The INSTC envisages movement of goods from Mumbai to Bandar Abbas by sea, from Bandar Abbas to Bandar-e-Anzali (an Iranian port on the Caspian Sea) by road, from Bandar-e-Anzali to Astrakhan (a Caspian port in the Russian Federation) by ship across the Caspian Sea, and from Astrakhan to other regions of the Russian Federation by Russian railways. Experts have estimated the capacity of this corridor at 20 to 30 million tonnes of goods per year. The intergovernmental agreement between India, Iran and Russia was signed in St. Petersburg on 12 September 2000. This agreement was ratified by all the three signatory states and has been in force since 16 May 2002. The main objective as specified in the agreement is to increase “the effectiveness of Transport ties in order to organize goods and passenger transport along the International “North –South” Transport Corridor and promote “access to the international market through rail, road, sea, river and air transport of the state parties to the agreement”; provide security of travel and safety of goods and harmonise transport policies, law and legislative basis in the field of transport for the purpose of implementing the agreement.

Initially India, Iran and Russia were part of this agreement but over the years, other countries have joined this agreement. The procedure of accession is governed by the Article 10 of the Agreement (Accession process in INSTC is explained in Table-I). The INSTC has now expanded to include eleven new members, namely: Republic of Azerbaijan, Republic of Armenia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, Republic of Ukraine, Republic of Belarus, Oman, Syria, and Bulgaria (as an observer, Map-II, shows the area covered by the member states of the INSTC).

The corridor is much more than a link connecting Mumbai, Tehran and Moscow. It provides Europe access to Asia and vice versa. The Russian network of roads and railroads are connected to Central and Western Europe via Eastern Europe. Iran has land links to Central Asia and its ports offer warm-water sea routes to India.

Some of the important factors that enhance the strategic significance of this route for India are: (a) It provides viable surface transport connectivity with the Eurasian region. The absence of viable surface transport connectivity with the Eurasian region has been a serious impediment to enhance bilateral trade with the Eurasian region. At present transport of goods between India and the Russian Federation mostly takes place through the sea route via Rotterdam to St Petersburg and increasingly through China and then inland. For the Central Asian region, goods are routed through China, Europe or Iran. (b) The routes through China and Europe are long, expensive and time consuming. Therefore, a need to have a logistic route that would be shorter, cheaper and faster. The North South Corridor through Iran is a viable short term option. Studies show that this route can reduce time and cost of container delivery by 30-40 percent. (C) The potential of this corridor will be manifolds with India, Myanmar and Thailand getting linked by road. This will boost trade between Europe and South East Asia as well. As compared to the route through Suez Canal and the Mediterranean sea that is currently used, INSTC is much shorter and cost effective. The Suez Canal route takes 45-60 days whereas this route takes 25-30 days. In fact, the INSTC is 40% shorter and 30% cheaper. The value of the cargo trade and services per year is about $9,000 billion. The share of Europe and Asia is about a third or $2,700 billion, and 10 per cent of this is for fare that is estimated at about $270 billion. (Map-I shows the difference between the two routes). (d) From India’s point of view the “North-South” Corridor not only helps India bypass Pakistan and yet reach out to Central Asia and Russia but also enables it to transport goods at cheaper cost to European markets. In addition, through this transportation route Indian exports could potentially get a competitive advantage due to lower cost and less delivery time. In 2013 Russia-India trade amounted to some US $ 11billion, India ranks 18th among Russia’s trading partners but Russia does not even figure among first 25 main trading partners. The present government plans to increase the trade turnover with Russia to $20 billion would be difficult to realise in the absence of effective transport corridor. The full operationalization of INSTC could cut the transportation cost of goods between India and Russia.
II: The INSTC: Current status and future prospects

To make this route more usable government of India, Iran and Russia have been working together. The Coordination Council of the INSTC has been meeting to discuss various issues pertaining to this corridor and adopting recommendations made by the Experts Groups of the INSTC. The third meeting of the Coordination Council was held in New Delhi on 20–21 October 2005. During this meeting it was observed that while number of countries willing to join the corridor has been increasing, cargo movement along the corridor has not been increasing. It was noted that there was a problem of imbalance of cargo moving from North to South. It was also noted that in 2005 approximately 3 million ton cargo per annum was flowing through the corridor in Iran section of INSTC. The idea of a single operator for better coordination of movement along the corridor was mooted by India and Russia. Iranian side suggested the idea of unit tariff on Container-Km basis on the entire route, on the line of pricing done in case of East-West Corridor linking Kazakhstan to Turkey. During this meeting it was decide that each member country will nominate one person each from the two Expert Group as nodal person to facilitate better coordination of various activities and resolution of various issues in between Coordination Council and Expert Group meetings.

The 4th Session of Coordination Council and 5th Session of the Expert Group of International “North – South” Transport Corridor was held on 2–3 November 2007 in Astana, Kazakhstan. This Session considered the results of the agreements adopted on the 3rd Session of the Coordination Council of INSTC (October 2005, New Delhi) and discussed to develop coordinated position on extension of the transit capacity of corridor. Prior to this, the study group from Iran visited India in October 2007. During their eight day visit they met marine, rail and road transportation companies and the ports and transportation infrastructure in India. It was decided that the NOSTRAC Planning Council would dispatch study groups from India, the Islamic Republic of Iran and Russia to member States to inspect the transportation infrastructures as well as the transportation and transit potentials of the relevant countries. Accordingly each study group will prepare a report for activation of the NOSTRAC Corridor after studying the potential transit capacities of each country and identification of obstacles and issues related to the Corridor and to provide applicable solutions to these problems.

It is important to mention that at the first stage, the Indian Study Group had visited Iran in 2004 to prepare a comprehensive report on the facilities and the rail, road and port infrastructures on the Bandar Abbas to Amirabad and Anzali route on the path of cargo transited from the Indian Subcontinent to Russia, North Europe and Scandinavia. The result of the findings in the report was submitted to the Iranian transportation organizations and stakeholders to remove the obstacles and increase the facilities and the road, rail and port capacities.

In this context, a meeting on modalities for moving forward on the INSTC project was held on 18 January 2012 in New Delhi. During this meeting of the INSTC member countries it was pointed out that countries like Turkmenistan, Uzbekistan, Kyrgyzstan and Turkey, who are not members of the INSTC, will extend their support to all the initiatives of INSTC member countries to complete the missing links in the North–South corridor. Subsequently, the sixth meeting of the Experts Group I and II of the Coordination Council of the INSTC project was held from 28–30 May 2012 in New Delhi. During the meeting the Iranian side was asked to prepare a policy paper on the structure of the proposed INSTC operational authority which could be discussed in the next round of Coordination Council meetings scheduled to be held in Baku, Azerbaijan in 2012. The following recommendations were adopted during this meeting:

- A dry run on the INSTC route should be undertaken from Mumbai to Russia via Bandar Abbas through Iran and via the Caspian Sea. In addition, the creation of a fund for the construction of missing links in the Qazvin–Rasht–Astara (Iran) sector was suggested.

- Based on suggestions from Turkey, it was recommended that the national associations of various stakeholders of the INSTC member countries could link up with the Black Sea Economic Cooperation Organisation and benefit from its experience for harmonisation and joint projects.

- Creation of an INSTC Operational Authority with the approval of the Coordination Council was recommended. The head office for such an authority was to be in Iran with back-up offices in New Delhi.

- Utilisation of Indian IT skills for updating the website of the INSTC and linkages between the national websites of the member countries of the INSTC was also recommended.

- Formation of the core group on customs consisting of India–Russia and Iran with the support of Turkey. It was recommended that inputs from the Economic Cooperation Organisation may be taken by the group.
MAP - III-A QAZVIN – RASHT AND RASHT – ASTARA SECTION

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses.

MAP -IV-A : INSTC AND ALTERNATIVE ROUTES

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses.
MAP – IV-B : INSTC AND ALTERNATIVE ROUTES

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses.

MAP – III –B

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses.
Formation of a joint venture between Iran, India, Russia and Azerbaijan. It was noted that this group could find solutions for issues such as infrastructure, funding and service providing.

The 5th round of the co-ordination council meeting of INSTC was held in Baku on 24-25 June, 2013. In the meeting, the Iranian side informed about the developments on the missing links of the corridor:

- The 75% of the work on the Qazvin – Rasht section has been completed and this section will be commissioned for railway traffic by January 2015.
- Iran has already conducted the feasibility study for the Rasht – Astara (Iran) section. (Map-III A and B highlight the Qazvin – Rasht and Rasht – Astara Section)

INSTC member countries namely India, Russia and Azerbaijan asked the Iranian side to share this feasibility study. In the meeting it was decided that this feasibility study will be shared with the prospective funding agencies for generating resources for construction of this section of the railway line. Astara (Iran) to Astara (Azerbaijan) section will be completed together by Iran and Azerbaijan. This section is approximately 10 kms.

India along with Russia and Azerbaijan, has already initiated the testing the main route of the North South Corridor with an aim of assessing the cost – effectiveness and the possibility of Indian companies using the route for trade with Russia and CARs. The recent dry run conducted by the Federation of Freight Forwarders’ Association in India (FFFAI) indicated that there is an existing road network connecting Bandar Abbas and Astara for transporting Indian cargos through the INSTC route. In addition, there is an alternate route connecting Iranian transport networks with Azerbaijan and Turkey for Russian and European markets.

Alternate/missing links of the North South Corridor

For the realisation of the full potential transit potential of INSTC, India, Russia and Iran along with other member states have been working at bilateral, trilateral and regional level. Number of efforts have been taken by the governments to work on alternative routes and missing links to enhance the efficiency of north south corridor. Next section of the study examines these alternate routes which are reflected in map-IV A and B providing the web of various routes which have the potential to speed up the economic and trade cooperation among the South, West, Central Asian countries and Russia and Europe.

1. Northern Iran Rail Project

The Qazvin-Rasht-Astara railway project is important missing link of the INSTC. This project will be 75 km long and will cost US $400 million. (Map-III B). The proposed corridor envisages creating a single railway from Europe through Russia, Azerbaijan and Iran to India and South-East Asia. Most of this work needs to be done in Iran because there is no rail link to the border with Azerbaijan. Some work worth $35–40 million is also being planned in Azerbaijan.

2. Iran-Armenian section

Another important development in this direction has been the willingness of the Armenian government to construct the railway connecting Armenia with Iran. The feasibility study has already been done and the cost of the project is likely to be US $ 2.5 billion. This missing railway link in Armenian-Iran section could provide another railway route to Russia and Europe through Armenia. This is a key missing link in the INSTC in the Armenian territory about which the Armenian side had stated during the INSTC project stake holders’ meeting held in Delhi in May 2011. Armenian transport and communications minister, Manuk Vardanian, said in 2011 that, 'There are negotiations with Iran and China as well as other international donors and private investors’. President Serzh Sarkisian discussed this proposal during his visit to Moscow in 2011. According to experts, this link will be the shortest transportation route from the ports of the Black Sea in Russia to ports in Iran and the Persian Gulf. According to experts’ estimates, this transport link has a potential to carry 18.3 mln tons of cargo per annum to Europe.

3. Turkmenistan-Kazakhstan Railway Route

The other important alternative route is the Turkmenistan-Kazakhstan railway route. President Nazarbayev of Kazakhstan and President Berdimuhamedov of Turkmenistan jointly inaugurated the Turkmen-Kazah section of the North South Railway line at Serhetkaya station on 11 May, 2013. This 444-km railway stretch from Bereket to Serhetkaya connects Uzen (Kazakhstan) with Gyzylgaya and Bereket (both in Turkmenistan) and provides an alternate to the main INSTC route for connecting to Kazakhstan and beyond from the Iranian port of Bandar Abbas. This route can also be used from the Chabahar port once the Chabahar-Zahedan-Mashhad line is commissioned, as the access to this route is through Mashhad and Ashgabat. With a shorter distance of 600km, this transnational project is expected to provide an impetus to the
regional cooperation and economic integration of the countries in Eurasian region with Indian Ocean and Persian Gulf ports. There is an ongoing project to connect Bereket to the nearest point on the Iran Border. The 256-km rail stretch from Bereket to the Iran-Turkmenistan border as well as the 82-km missing link inside Iran is expected to be completed by early 2014. Iran is constructing the missing link (approximately 95 kms) from Gorgan to Incheboroun. This will provide alternate rail connectivity from Bandar-Abbas to Turkmenistan and western Kazakhstan. (Map-VI). It is reported that the leaders of Iran, Turkmenistan and Kazakhstan will be jointly inaugurating this corridor during November. The inauguration of the North South Railway Corridor through Turkmenistan and Kazakhstan would be of interest to India for improving our trade connectivity with some parts of Central Asia (Turkmenbashi, Aktau, Atryau etc.) and Russia/Europe.

4. Uzbekistan-Afghanistan Rail Connections

In addition to above alternative links, Uzbekistan-Afghanistan railway link is important route connecting the regional countries. Uzbekistan has already in place a rail link till Mazhar-e-Sharif, through the border town of Termiz, and has plans to extend it to Herat. Uzbekistan Railways on 3 May, 2013, stated that it plans to extend the existing 75-km railway line (Termiz to Mazar-e-Sharif) in Afghanistan. The plan includes the construction of a 230 km long new railway section. The project will cost $450 million. The new track will connect the Tajik-Afghan border point on the Panjriver with the existing branch in Mazar-e-Sharif and will pass through the Afghan cities of Kunduz, Khulm and Naibabad. From there, the track will be laid to Herat, with a future plan for connecting it to another unfinished railway project to the western border of the country. According to the Uzbek Railway Chief the commissioning of a new section of railway, will become the “northern rail corridor” and provide a steady flow to Uzbek, Tajik, Afghan and other international goods through the territory of Afghanistan. The project is to be jointly funded by the Central Asia Regional Economic Cooperation (CAREC) and Asian Development Bank (ADB). Uzbekistan attaches high priority to the development of a transit route to the sea, via Afghanistan and Iran. It signed a trilateral agreement with those countries in 2003 aimed at access through Afghanistan to the ports of Chabahar and Bandar Abbas. The Uzbek rail connection to the Western edge of Afghanistan can be relatively easily linked up with the Iranian line reaching northwards to Mashhad.

The Iranians have begun construction on the Chabahar–Zahedan–Mashhad railway line. The construction was inaugurated at Chabahar in December 2010. It is estimated that this project will take some 5 to 10 years to be completed. Once completed, the railway will link Chabahar to the provincial capital city of Zahedan, and will finally reach the holy city of Mashhad. The project is expected to help develop eastern Iran and also to facilitate rail transit to the neighbouring states. The railway is estimated to be 1330 km long. The route length from Chabahar to Zahedan is estimated to be 600 km. (Map-VII)

5. Central Asia – Persian Gulf Corridor

In the line of current initiatives being taken by the countries to connect the region, President Karimov initiated in October 2010 at Ashgabat, a five-sided - Uzbekistan, Turkmenistan, Iran, Oman and Qatar agreement to establish a new international transport corridor connecting Central Asia with ports in the Persian Gulf. This agreement was signed in April 2011. The backbone of this corridor is to be a 1,000 kilometre railroad connecting Central Asia to the Persian Gulf. On August 8, 2014 Foreign Ministers of member countries met in Muscat and signed an MoU on creation/implementation of the corridor, passing from Uzbekistan through Turkmenistan to the Persian Gulf via Iran bypassing Afghanistan. The multilateral agreement will create a trade corridor that is likely to boost the transport of goods via railway, sea and land.

6. China-Kazakhstan Railway Link

Another significant transportation link is that between China and Kazakhstan. Kazakhstan and China have an agreement (signed in 1995) on the use of the Chinese port of Lianyungang by Kazakhstan for freight. Lianyungang Port, located in Jiangsu Province (East China), has a favorable geographical position. It is connected via rail services with other major Chinese ports, Qingdao, Tyantszyan, Shanghai, and has the sea line with the Korean port of Busan and the Japanese port of Osaka. The new Eurasian continental bridge, stretching 11,870 kilometers, connects the Chinese city of Lianyungang and Rotterdam in the Netherlands. Kazakh side has offered India to use this route for cargo movement from India to Central Asia and beyond. This route can be of great importance for India since countries involved in this are all stable countries.
MAP – V: TURKMENISTAN-KAZAKHSTAN RAILWAY ROUTE

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses

MAP-VI: IRAN – TURKMENISTAN – KAZAKHSTAN RAILWAY LINK

Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses
7. Turkey-Iran-Pakistan Route
Yet another important corridor is that between Turkey-Iran and Pakistan. There is this existing railway connectivity (Islamabad-Tehran-Istanbul railway) which is 6,476 km. The first train ran on this route in August 2009. This was initiated by the Economic Cooperation Organisation (ECO). From India’s point of view this could be an additional route that can enhance commercial exchange by using from Iranian port to Turkey and beyond.

III: Constraints and Impediments for realisation of the INSTC
The aforesaid details clearly point out that the potential of the INSTC is immense yet it is not being utilised fully by the member states. Due to many technical difficulties the container transport along the corridor has been restricted more between Russia-Iran-Russia route but transportation of containers from India through Astrakhan has not been utilised to its full potential for last many years. It can be argued that various initiatives to revive old routes and build new transport networks between South-Central and West Asia to Russia and Europe are conditioned by following set of factors:

- Economic and geopolitical interests of regional and extra-regional powers.
- Security challenges and political differences among the countries of the region.
- Geographical constraints.
- Economic viability of the routes and lack of financial investment.
- Lack of political will on part of the countries involved in these projects.
- Increasing competitiveness with other routes in the region.
- Lack of International support for regional projects.
- Low level of container trade on the INSTC. Due to the low level of trade containers come back empty increasing the cost of container movement on this route.
- Lack of common border crossings rules among the member countries.

There are inherent constraints that inhibit the development of the north south corridor. Various routes—proposed and under construction—will become effective and operational only if regional countries are willing to keep aside their political differences. However, the complexities and volatility of political relations between the regional countries and their complex relations with extra regional players like (India—Pakistan, Afghanistan—Pakistan, India-China at one end and Pakistan—US, Russia—US, and Iran—US) limits the extent of the cooperation desired by the regional countries to create effective economic and transport linkages in the region.

One of the major constraints is the lack of adequate security and stability in the region. The North-South corridor runs through the politically unstable Caucasus and Dagestan region. Few countries would be willing to send cargo through conflict-ridden region. Despite recent détente between Iran and West over its nuclear issue, western countries are reluctant to opt for a route that runs through Iran. Given the sanctions regime still in place heavy investments are not likely to come of the transport projects. The existing economic potential of the regional countries clearly indicates that major projects like the INSTC and the development of Chabahar port would demand heavy investment which are not easy to get. More importantly, the current standoff between Russia and the US over Ukraine and subsequent sanctions on Russia further complicate the situation. It may be difficult to acquire financial support from international agencies for these transport projects. In addition, it will take some years for shipping companies to risk sending their cargos through an unexplored passage.

Moreover, security fears emanating from Afghanistan are likely to further hamper the development of the India–Iran (Chabahar port project)–Afghanistan–Central Asia route. The rising violence, fear of the return of Taliban and the uncertain security environment in Afghanistan-Pakistan region following the anticipated US pullout of some of the critical questions which continue to pose challenges for the regional countries and their efforts of increasing the connectivity. In addition, the volatile situation in West Asia—rise of extremist forces like Islamic State (IS) and its impact for the region is a serious cause of concern.

IV: Road Map for Cooperation
Given the constraints and complexities involved to realise the full potential of North South route, what is then the way forward? Can India and Russia find a viable way to address these challenges? Can regional countries pool in their efforts to overcome these challenges? These are some of the critical questions which merit answers. Under the current circumstances while the challenges are immense but it is equally significant to note that the current geopolitical environment also offers many opportunities to the regional actors particularly, India and Russia to work jointly to manage these set
of challenges and convert them into opportunities to cooperate. These challenges can be addressed at three levels – bilateral, regional and international. The major challenge for the countries in the region is to generate greater political will to pursue aggressive policy on implementations of various connectivity projects. India, Iran and Russia are three major pillars of this huge network of north south connectivity projects. Given their vested interests it will be important for them to:

- Prioritise and identify the projects (both reviving old routes and building missing links) which deserve more attention from the point of their utility in enhancing the trade and economic ties between the countries.
- Need to look at the issue of connectivity as strategic and not merely political one.
- Second, it is imperative for India and Russia along with Iran to formulate long term strategy both at bilateral and regional level to realise the goals in this sector and overcome the challenges.
- Third, creation of high level working groups on transport cooperation among the regional partners.
- Forth, setting up of joint independent study groups of India-Russia and Iran to flash out in details problem areas and means to address them.
- Fifth, to initiate annual track two dialogue on the subject of connectivity between Russia and India. This will help generate greater understanding of the problems of each other.

- Sixth, besides bilateralism, India and Russia would need to embrace regionalism as a tool of their engagement to realise the full potential of various trade and transport corridors in the Eurasian region.
- Seventh, greater focus to be provided during the high level bilateral visits on the issue of connectivity.
- Eighth, encourage countries from South East Asia to join these network of routes to make it much more commercially viable.
- Ninth, special regional fund for infrastructure development could be created with contribution from regional countries to complete various missing links in these routes.
- Tenth, the cooperation between regional organisations, the SARCC and SCO in energy and transportation sector will go long way to address the issue of connectivity.
- Last but not least, organising annual meeting of the technical groups from the member countries to follow the developments in sustained manner on transport projects which are more result oriented in nature.

India and Russia need to utilise the full potential of their strategic partnership to jointly work on ongoing and proposed connectivity projects for promoting deeper economic engagement with the Eurasian region.
MAP-IX: CHINA – KAZAKHSTAN RAILWAY LINK
Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses

MAP-X: TURKEY – IRAN- PAKISTAN ROUTE
Source: Prepared by GIS LAB, Institute for Defence Studies and Analyses
Panel Discussion / Open House / Wrap up / Question Answer Session

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<td>Mr. Shambhu S. Kumaran. Joint Secretary (Eurasia), Ministry of External Affairs, New Delhi</td>
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<th>Way ahead for INSTC</th>
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<td>Mr. Guruprasad Mohapatra, Jt. Secretary Ministry of Commerce</td>
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<th>Vote of Thanks for the Conference</th>
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<td>Mr. Sailesh Bhatia - International Council Convener/FFFAI</td>
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INSTC CONFERENCE 2015 - CONSENSUS:

During the Conference there were various issues deliberated and updates received from speakers with regard to the Infrastructure availability, however there seem to be the disconnection between availability and utilization.

Delegates expressed their views congratulating the organizer and were happy to have such an important long standing International INSTC Conference.

During the Open House Wrap up Session there were many information exchanges and expressed which was addressed and satisfied by the Session Chairman Mr. Shambhu Kumar and Dr. Guruprasad Mohapatra. Though most of the infrastructure capability seems to be available however the trade awareness and confidence gap needed to build for streamlining all the procedural aspects in transportation connectivity.

It is noticed that the routes are operational; however it can be made more competitive effective considering providing facilitation in co-ordination with different agencies.

To consider the issues the matter needs to be elaborated route wise ex Bandar Abbas.

1. Route 1: Bandar Abbas – Russia by Road
a. Bandar Abbas – Russia by Road : Presently there is road infrastructure available for cargo transportation by road from Bandar Abbas to Moscow, which will cross through Azerbaijan and transport policies are in place for such transit cargo.

b. The transporters presently are regularly transporting cargo up to Baku / Azerbaijan, however due to lack of documentation / procedural aspect / language issues transporters hesitate to carry cargo further up to Moscow.

c. Both Transport Association (International Transport Companies Association of Iran ) ITCA in Iran and ASMAP of Russia should form common Agenda to resolve the issues with respective governments.

d. IRAN / AZERBAIJAN / RUSSIA should jointly form the document to deal on this issues along with the National transport Association.

e. IRAN / AZERBAIJAN / RUSSIA should look for completing of the 167 kms. Rail missing links at ASTARA.
   • This will help to reduce transportation cost and dwell time
   • Transport in Single transshipment at Bandar Abbas this provide high reliability and consistent services with faster connectivity.
   • Cargo Safety

2. Route 2: Bandar Abbas – Amirabad – Astrakhan – Moscow
a. Bandar Abbas – Amirabad : The Rail service infrastructure is available to connect on Caspian Sea, however IRAN will have to provide fix scheduled trains at competitive rates competing road transport to carry volumes.

b. Since the cargo is immediately transported by road and road transport in Iran is competitive with the fuel subsidy available it becomes difficult for Rail services unless there are huge volumes generated for transportation.

c. It is observed that this route will help trade to connect Azerbaijan, Russia, Kazakhstan, Turkmenistan through Amirabad Port on Caspian Sea.

d. There is Rail Connectivity service from Olya Port to Moscow.

3. Route 3: Bandar Abbas – Russia : by Rail
a. Iran after completion of their rail connectivity at Inch boron / GORGAN can now directly transport containers from Bandar Abbas to Moscow via Turkmenistan – Kazakhstan.

b. There should be regular scheduled trains operated by IRAN / RUSSIA / KAZAKHSTAN

c. The rail gauge difference are the issues to be addressed which also increases transit time.

Further considering the promotion of trade and streamlining the issues, every INSTC member
country would have to participate in providing and facilitating trade on following:

1. Need to create INSTC focal agency

- Create a Focal point in Government Agency. The focal point contact will disseminate data thru their individual websites.
- Formation Trade facilitation committee with private stakeholders, Chamber of Commerce participation.
- Establish Focal point with responsibilities at all Centers for facilitating trade.
- Having an INSTC officer in the concerned Embassies in all member countries for helping and assisting traders to address commercial and technical issues and resolve the same from time to time.

2. Create Common IT platform / Website providing details of

- Government Agencies (Customs / Ports / Transport) Ministry and their contact details.
- Provide on line tracking for INSTC certificate holder
- Rules and Regulation of Transit /Exports / Imports of respective countries
- Interaction Website
- Display Statistics
- Schedules of Rails and Vessel availability (the private links can be provided)
- All INSTC Member countries should be part of this website and provide links
- All Member Countries should provide details of all National Federation (Logistics/ Shipping/ Transport) in respect for better understanding of Transport laws and co-ordination
- Regular Updates should be uploaded
  o Infrastructure development
  o Facilities provided
  o Volume movements
  o Establish IT common platform for Exchanging information

3. National Shipping Lines to re think on starting operations on INSTC with IRAN, Russia and Kazakhstan and not just IRAN and have agency appointments in all member countries.

a. Consortium Formation to provide consistent vessel sailing services for (Nhava Sheva)INDIA – (Bandar Abbas)IRAN (All national shipping lines can be part of consortium).

4. INSTC Document

a. Introduction of INSTC certificate (English) language format in line with CMR and facilitating through chamber of Commerce.
- Propose INSTC Document to be formulated and to uniform for all member countries as a transit document and accepted by all ports / customs authorities. This will also form the base for a perfect information system by all INSTC focal points for reviewing performance on the INSTC.
- This will also facilitate exchange of data thru EDI as a common platform for all member countries.
- Introduction of INSTC Document for free transit process (GREEN CHANNEL) execution through IRAN and other transit member countries.
- To facilitate the INSTC Certificate for use in IGM manifestation by Customs / Shipping Lines.
- To facilitate the INSTC Certificate for any country related exemption on customs duty

5. Infrastructure:

a. Increase border terminal capacities for ensuring minimum waiting for crossing
b. Scanning facility for transit cargo to avoid manual interception of inspection.
- Have regular Rail services fixed by IRAN Rail, Russian Railways and Kazakh Railways to operate business on the route and competitive rates before starting operations on first leg Main Sea route (INDIA – IRAN).

6. Establish Core Customs Committees

a. for DATA /Information Exchange and smooth transit
b. Formation of Customs Union (Revenue Sharing) for point of entry clearance to be accepted by destination (model of Africa) & (Russian – Kazakhstan – Belarus) In existence.
- Nomination of Customs representative for INSTC and to be part of Committee to facilitate any international queries / issues raised by Customs of any member countries.

7. Banking & Insurances

- Improving norms for facilitating remittances, to IRAN and CIS Countries and encouraging other nationalized/private banks to operate in all member countries.
- Encouraging and facilitation Govt./ Private Insurance Company’s to participate and extend Insurance coverage on this sectors without additional premiums.
- Insurance companies should make arrangement with international Insurance company’s for facilitating Insurance & Claims.
8. Consider Visa expedition for businessmen in member countries to ensure timely interaction based on recommendations from INSTC focal points.

9. Shipping Lines operating on Caspian Sea (i.e. Caspian Shipping /Kaveh Shipping/ Khazar Shipping) should have dedicated container vessels to move dry and refer containers in the Caspian sea. Alternatively they can tie up with Khazar Shipping (carrying 70% of the cargo at the moment from IRAN) and finalise a competitive rate for movement of containers.

10. All Member countries should facilitate transshipment within 24 hours basis an INSTC document issued by the INSTC nominated bodies from every country.

11. Trade relations/Awareness INSTC Route promotions through National Federation / Association. Conference & Seminars

IRAN

1. Since there are Two transhipments in IRAN alone which is escalating the cost, the Port and Maritime Organization (PMO) should be requested to give a special rate at Bandar Abbas and at Amirabad to facilitate the movement.

2. Iran Railways should announce a scheduled dedicated service from Bandar Abbas-Tehran-Amirabad connecting important stations en route at 30% lesser price than road rates.

3. Iran Railways should seek participation and have meeting or publish details for the Forwarders Association before announcing the service and take their views on implementing a practical and simple system for converting the road movements to Rail from Bandar Abbas to Amirabad and the en route destinations.

4. Establishment of Focal Point for Co-ordination and trouble shooting for operators.

RUSSIA

5. Russian Railways should start a regular Scheduled Rail service from Astrakhan/Olya Port to Moscow.

6. Olya port should be nominated port for handling container vessels. Olya port should also notify a competitive tariff for handling of INSTC containers. The corridor between the port of Olya and MOSCOW is the fastest and will work well for Movement to MOSCOW and other parts of Russia.

7. The customs clearance formalities should be eased as registration for every consignee at Olya/ Astrakhan port will delay and abstinence consignees from facilitating cargo clearance from Astrakhan.

8. UTLC / Russian Rail has introduced the blocked train from Bandar Abbas to Russia which need to be propagated to reach all stake holder to avail benefits, also the Schedule /transit / rates should be published.

9. Establishment of Focal Point for Co-ordination and trouble shooting for operators.

The most interesting session enjoyed by the delegates were B2B where they got opportunity to interact with various stakeholder, Port Authorities, Rail Authorities, Government Agencies and Private EXIM trade members which continued beyond time limit, however due to time constrain there were limitation for discussion and need many more such B2B session in future to be organized.
Registration at INSTC Conference

Tea break delegates interaction meetings
Working Business Lunch Interaction

Audience during the conference
B2B business session
## ORGANIZERS / DELEGATE / GUEST participants at Conference

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<td><strong>Government of India</strong></td>
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<tr>
<td>Ajay Bhalla</td>
<td>Addl, Secretary, Ministry of Commerce</td>
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<td>Mr. Amit Kamat</td>
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<td>Mr. Shobh Kamani</td>
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<td>Mr. Dushyant Malani</td>
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<td>Mr. Rajesh Gosallia</td>
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<td>RAJESH CHHAIBRA</td>
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<td>Sanjay Kumar</td>
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<td>Alexey Tsypenov</td>
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<td>Dmitri Antonov</td>
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<td>Natalia Oshker</td>
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<td>Alireza Moghadasia</td>
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<td>Government of Azerbaijan</td>
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Vote of Thanks for Conference – Mr. Sailesh Bhatia

Mr. Sailesh Bhatia while proposing the vote of thanks for the INSTC Conference mentioned that the conference has been enlightening for all the delegates, and thanked all the expert Speaker for their contribution and sharing knowledge on INSTC. Also thanked all the Session Chairman of business session for having accomplished the difficult task within the time frame there had been time constraints with no of speakers presentation and challenge of translation with respective countries.

The Conference provided various aspects of information on transportation to reduce cost and dwell time which is the ultimate aim of any industry to enhance their products by penetration into market with expertise of Logistics players.

FFFAI will always play an important role in promoting this corridor to increase the EXIM trade which will benefit all the member Countries.

He thanked all the delegates for their participation especially the one's who flew from different countries to India to attend the conference. Also thanked the Ministry of Commerce, Government of India for their initiatives and giving FFFAI opportunity to partner to organise International Event.

He also acknowledge the presence and thanked the dignitaries off the dais Mr Saurabh Kumar, Jt Secretary, National Security Council Secretariat, (Designate Ambassador to Iran), Mr. Mukul Kumar, Director Transport Planning Ministry of Railways, Mr. Igor Kalinin, Counsellor of Embassy of Russian Federation, Mr. Mikhail Blibelo, Federal Customs Service of the Russian federation, Dr Sudhanshu, Dy General Manager & Regional Head – Western Region (APEDA) MoC&I (GOI), Mr. Sergey Lunev, Trade representation of Russian Federation, Karen Gevorgyan Consul, Embassy of Armenia, Mr. Salih Unver, Commercial Attache, Counsulate General of Turkey, Gunel Hajijyeva, Attache (Economic Affairs) Embassy of Republic of Azerbaijan, E. Sabri Ergen, Consul General, Turkish Consulate General, Mr. Arun Kumar Gupta, Chairman & Managing Director, The Shipping Corporation of India. Mr. Masood Khalique, Counsel General of Iran Embassy, Ms. Imkongla Jamir, Director, Ministry of Commerce (Govt. of India), Mr. Parakhat H. Durdyev, Ambassador of Turkmenistan.
Dear Mr. Shankar Shinde
FFAI Vice Chairman &
Convener of INSTC Conference

This is me who should deeply and profoundly appreciate for your sincere collaboration as well as very warm hospitality.

I would like to extend sincere gratitude to you and Mr. Sohel Kazani for all your supports as well as excellent organizing the conference which clearly highlighted the importance of INSTC in developing the member states economy.

Furthermore, I would like to thank you again for accepting my speech to be presented in the conference. I should also thank your opening fine speech in which we expressed FFFAI support and its readiness to cooperate fully and with complete transparency with the INSTC.

Also thanks are due to GoI and all its officials, especially ministry of commerce and industry and to all the administrations that supported the holding of this event in India. I extend heartfelt thanks to you all for granting us the honor of participating in this conference; It is an honor of which I am proud.

Finally, nor can I overlook the important role of the FFFAI outstanding staff in preparing for the conference and organizing the events, who took part so effectively in the conference proceedings. I am indebted to all of them and gratefully appreciate the leading role you played.

I am quite sure that the world is looking forward to the outcomes of this milestone event.

As per your call, enclosed kindly find my speech text together with my photograph.

Alireza Moghadasian
Int’l Agreements’ Expert
Border Terminals & Transit Department
Road Maintenance & Transport Organization

Dear Mr. Shankar,
Your hospitality was fantastic and was although was nothing new to me as am familiar with such warm hospitality during the past 20 years dealing with my Indian friends/brothers. As my opinion, very professional points of view exchanged specially by the private sectors during the sessions, let hope governments also in all the countries assist to reach the goals!

Thanks / B.Regards
Mohammad Nikpay
Managing Director

Dear Mr. Shankar Shinde,

Thank you so much for your energy and personal effort that you invested in organization of INSTC Conference! It was a great pleasure for me to speak for such an interesting audience. I also made a lot of contacts with the Indian logistics community, and it was very useful.

Sincerely yours,
Anton Lukashenkov,
First Deputy Head, International Cooperation Department,
Russian Railways
tel. + 7 (499) 262-29-30
fax +7 (499) 262-28-80
Dear Shankar,

Thanks for your kind mail.

Let me congratulate you and your team for a well organized event.

The theme of the conference too was quite different and interesting.

It was my pleasure to be a part of this event.

B Regds ,
Nityam Khosla
Director
TEAMGLOBAL Logistics Pvt Ltd.

Dear Mr. Shinde,

I would like to thank you very much once again for a very fruitful conference and your very professional organizations of our work.
Please find enclosed the requested report and presentation.

Thank you once again and very best regards,
Dmitry

Dear Mr. Shinde,

(I am sending this email on behalf of MR. Ashoori ). It was a pleasure for me to meet you and the other colleagues there in India. I also believe the conference was fruitful especially for the presence of forwarding companies that are directly involved in cargo transportation along North-South Corridor. I am hopeful that the corridor will become operational with firm decision of the stakeholders and follow-ups of the issues.

With my regards
Hossein Ashouri
Vice President for Operation and International Transportation
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