

# THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM – 2009

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## MODERN LOGISTICAL SYSTEMS

### Moderator:

**Dr. Klaus Mangold**, Chairman of the Eastern Committee of German Industry

### Panellists:

**Oleg Belozerov**, Deputy Minister of Transport of the Russian Federation

**Stanley Hui**, CEO, Hong Kong International Airport

**Juergen Sauer**, President, Mercedes-Benz Russia SAO

**Professor Dr. Christopher Jahns**, President, European Business School

**Vladimir Yakunin**, President of Russian Railways

**Aras Agalarov**, President, Crocus Group

The participants in this discussion on modern logistical systems universally agreed that the future development of Russia largely depends on building modern intra-modal infrastructure and logistics systems, without which the entire concept of trade and the free movement of goods would become nearly impossible. Not only would this hamper further development between the Russian regions, it was said, but it would not allow Russia to capture more than a mere 1% of Europe-Asia trade. Panellists said that it is critical to build a united transport space with multiple access points for passengers and cargo, and integrate Russian infrastructure into a worldwide transportation and logistical web. There was emphasis on not only creating transport corridors, but also creating a system that allowed speedy door-to-door delivery of goods and services, with interaction between rail, water, air and road transport.

With regard to investment, it was mentioned that the Russian government, in its 2030 Federal Transport Development Programme, envisages spending RUB170trn, one-third funded from the budget and the rest coming from private sources. The funds will be spent on projects covering all parts of the infrastructure and logistics chain: roads, rail, water and air transport, logistical centres and transportation hubs. The participants agreed that, every year, Russia loses about 3 ppts in GDP growth due to the absence of modern infrastructure and the resulting inefficiencies. The example of Hong Kong was brought up: over the past 30 years, hundreds of billions of dollars were invested (\$20bn just in the construction of Honk Kong airport) to convert the city into one of the biggest logistics and transportation hubs in the world. It was also mentioned that Russia should use the economic crisis as an opportunity to heavily invest and upgrade its entire

infrastructure.

In terms of legislation, there was universal agreement between the participants that all investment into upgrading and modernising infrastructure will be in vain, if it is not supported by thorough changes in legislation covering all areas from preparation of shipping documents to customs: the modern infrastructure system requires seamless inter-modality across countries. The main impediment to Russia taking a larger share of Europe-Asia trans-shipment traffic lies in complicated custom duties and procedures, and time spent on clearing goods. While there are signs of improvement (eg Russia entering the ATIF would allow it to produce universal shipping documentation for goods inside and outside of Russia), changes with regard to customs are slow. As an area requiring special attention, the participants agreed that small and medium-size enterprises (SMEs) require help in easing their tax burden, accessing working capital and allowing the speedy transfer of goods. Typically, SMEs are engaged in working with high value goods that particularly require short transportation times.

The need for highly trained and quality specialised personnel was mentioned as one of the key ingredients to successfully achieving the goal of developing a modern infrastructure system in Russia. It was noted that, even in Western business schools, there is emphasis on general management, marketing and other disciplines, but a lack of focus on training supply and logistics management specialists. Russia has entered into partnership agreements with several leading business schools in order to address this issue and train local specialists.