

TRANSPORT AND LOGISTICS SECTOR OF THE REGION OF NIZHNY NOVGOROD (RUSSIA)

The Nizhny Novgorod region is one of 85 constituent entities of the Russian Federation, located almost centrally in the European part of Russia and about 400 km east of its capital, Moscow, and some 900 km south-east of St. Petersburg. The region, home to a population of about 3.3 million, is the administrative centre of the Greater Volga Federal district, which incorporates 13 other regions of European Russia with 29.6 m residents, thus comprising 20.25% of the country's total population.

Nizhny Novgorod was founded in 1221 and is now the 3rd largest city in the European part of Russia, with the population of 1.3 m. The chapter that Nizhny has in Russian history is very rich, as the city, located around the confluence of two longest rivers of European Russia, the Volga and the Oka, was (and still is) right on one of the liveliest trade routes' crossroads between Europe and Asia. This fact turned the settlement into a flourishing centre of commerce: the Nizhny Novgorod Fair evolved into Russia's most important trade site in the 18-19th and early 20th centuries, where world prices for grain, iron and furs were set for many decades. During its heyday, Nizhny Novgorod was called the "wallet" (or "pocket") of Russia, while Moscow – its heart, and St. Petersburg, the capital then, its head.

Today's region of Nizhny, alongside with its array of industries (machine building and automotive, chemical and petrochemical, building and construction, transport and shipbuilding, tourism and hospitality, IT, etc.), remains an important centre of trade and distribution, having evolved into the one of the largest logistics' hub of European Russia today. This fact makes the city and region rank high, for instance, by international and federal industrial and FMCG entities, which benefit from both the opportunities in this wealthy area itself, as well as an easy access to more than two dozen other regions of European Russia via Nizhny Novgorod. Below is a short overview of the current situation in the transport and logistics' sector of the region, which is extensively used by all kinds of businesses active in the area of Nizhny and beyond.

Unlike many other regions and republics in the European part of Russia, since more than a century Nizhny Novgorod boasts various facts of being the first in the country with regards to, among other things, transport: the first electric tramway in Russia started running in the city in 1896, and the first commercial passenger flight from Moscow to Nizhny by the newly created airline Dobrolyot (now Aeroflot – Russian Airlines), which opened the air travel era in Russia, was made in 1923.

In today's Nizhny Novgorod, transport and logistics are among the top 5 most important economic sectors of the region, the fact which is well recognized by the regional government as top priority for further support in the official 2020 economic development strategy: with 43 million Russians living in the 500 km radius from Nizhny, and 84 million (more than 50% of Russia's population!) in the 1000 km radius, the region has all grounds to further grow into one of the key distribution hubs of the country. Nizhny's location on the crossroads of the two international transport corridors, West – East (Berlin – Beijing) and North – South (Helsinki – Baku), only backs the tremendous opportunity.

The improving transport infrastructure is there to back the development: since 2009, high-speed trains to Moscow run from Nizhny and back up to 7 times a day (in addition to a dozen of conventional trains per day), covering the distance in 3 hours and 35 minutes, and Russia's first truly TGV line Moscow – Nizhny Novgorod – Kazan will be operational around the year 2020. The local rail network, built around the Trans-Siberian trunk route passing through the region, is 3 times denser than in Russia in general.

The Nizhny Novgorod international airport commissioned a brand new 27.000 square metre passenger terminal earlier in 2016 and increased its capacity to about 1.000 passengers per hour. Another 5.000 square metres will be added to the terminal shortly. The next phase, to be implemented till the year 2020, includes creation of a 170 hectare industrial and logistics park, which will incorporate about 2 million square metres of high class warehousing facilities able to handle about 10 million tons of cargo each year. The envisaged cost of the project is about 700 million EUR.

The 16.000 km regional highway network is twice as dense as Russia's average, and most of their surfaces use advanced materials to stand the heavy traffic and climatic conditions. Moscow may be reached by the European-standard highway E-22 (M-7 in Russia) in about 4 hours by car.

Although depending on the season, Nizhny Novgorod operates a river passenger and cargo port, from which all seas may be reached via relevant types of vessels. The internal waterways are about 900 km long, although not used for up to 5 months per year due to climate with negative temperatures in winter.

The local market for services in the logistics sector is currently dominated by about 10 large companies, both local and federal, while the total number of companies active in the region of Nizhny Novgorod in logistics keeps under 30 as of now. Only two operators, however – Logoprom (www.logoprom.ru) and Alidi (www.alidi.ru) – may be considered Class A service providers. An umbrella organization for the sector – The Russian Intermodal Logistics Association, RILA (www.logovolga.ru, site being under reconstruction) – has its headquarters in Nizhny Novgorod since over 10 years and represents more than 130 members from all over Russia.