



Flanders
State of the Art



TRANSPORT & LOGISTICS SECTOR

OF THE NIZHNY
NOVGOROD REGION

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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TRANSPORT & LOGISTICS
SECTOR OF THE NIZHNY
NOVGOROD REGION (RUSSIA)
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December 2020



4. LATER DEVELOPMENTS, CURRENT SITUATION AND TRENDS

Although the COVID-19 pandemic has certainly influenced the 2020 regional economy as much as all of Russia and many other countries, causing delays for project developments or putting many of them on hold altogether, there are some important ones related to the regional transport and logistics sectors worth mentioning.

High-Speed Rail Project

The Russian Government is taking time to finalise the plans regarding the project developed by the Russian Railways (RZD) earlier in 2020 to build a 1080 km high-speed line from St. Petersburg via Moscow to Nizhny Novgorod. This project supersedes earlier plans to build a 762 km high-speed line from Moscow via Nizhny Novgorod to Kazan.

The cost of the new project is estimated at RUB 2.29 trillion (EUR 32.3 bn), of which RUB 1.65 trillion is for the 659 km St Petersburg – Moscow section, RUB 530 bn for the 421 km section from Moscow to Nizhny Novgorod. To keep costs down, high-speed trains will operate over existing tracks to reach the centres of the three cities. The annual operating costs are estimated at RUB 47.2 bn.



It is envisaged that the Moscow – Nizhny Novgorod section would open first in 2024 and would carry 16.8 million passengers a year. Opening of the Moscow – St Petersburg line would follow in the fourth quarter of 2026. Traffic is estimated at 30.6 m passengers a year, with the current Sapsan high-speed service continuing to operate on the conventional line between the two cities.

RZD Chairman, Mr Oleg Belozyorov, and the CEO of Siemens Mobility, Ms Sabrina Susson, signed a memorandum of cooperation on August 28 regarding the high-speed project. The agreement covers design and consultation, production and supply of equipment, investment and financing.

RZD currently uses upgraded conventional rail lines to operate the country’s two domestic high-speed services: a fleet of Sapsan (Siemens Velaro RUS rolling stock, speeds up to 250 km/h) trains on the Moscow – St Petersburg route (up to 15 services/day), with one daily return service from St. Petersburg to Nizhny Novgorod, and a fleet of Strizh (Talgo 9 stock, speeds up to 200 km/h) tilting trains on the Moscow – Nizhny Novgorod route, with up to 10 daily services.

Multimodal road-air-rail hub project

‘Strigino’ international airport continues to develop a project of creating a logistics and distribution complex to expand its cargo terminal and operations. The project envisages a new facility of 390.000 sq.m. located on a 119 ha land plot to provide air-road cargo multimodality options during the first phase, with the nearby railway line to join the hub at a later stage.

The foreseen investment into the first phase is evaluated at about EUR 250 m and will allow handling up to 10 m tons or cargo a year. When Russian Railways (RZD) may join the project, the hub will serve both passenger and cargo movements becoming a major multimodal transportation unit operating in the region. A temporary railway station ‘Nizhny Novgorod Strigino’ was already built and went into operation earlier in 2020 to allow commuter and some long distance passenger trains, including a newly introduced high-speed service St. Petersburg – Samara, serve the airport, and a permanent station will be commissioned by RZD in 2021.

New Federal Highway Project

As per a number of recent studies, the Russian Federal Government has reconfirmed its earlier decision of 2019 not to further upgrade the existing M7 (E22) highway, but build a brand new trunk route just south of it, to connect the central areas of the country with those in the Urals, via the region of Nizhny Novgorod and the republic of Tatarstan. The first phase (729 km) of the new M12 highway, from Moscow to Kazan, will join the by-far short list of the Russian toll motorways. The EUR 8 bn investment envisages the new highway to be commissioned around the year 2023.



Logistics and distribution

The Russian Post has invested about 40 m EUR into a regional distribution hub to open in summer 2021. The facility will initially operate on 15.000 sq.m. and serve 5 regions adjacent to Nizhny Novgorod.

Another major logistics and distribution facility will be created near the city's 'Strigino' airport. A EUR 45 m complex will serve mostly the needs of local agricultural businesses on its 10.000 sq.m.

5. MARKET OPPORTUNITIES FOR FLEMISH/BELGIAN COMPANIES

A huge market like Russia in general, as well as its regional segments like Nizhny Novgorod and the Volga District, may offer an array of business opportunities to foreign entities looking for exports, investments, partnerships and sourcing alike, since:

- Nizhny Novgorod is a wealthy area of 3.2 m consumers, centrally located in the European part of the country,
- the region operates significant transport and logistics capacities which facilitate the efficient flow of goods within and around the region,
- Nizhny is the administrative centre of the Greater Volga Federal district, incorporating 13 neighbouring regions populated by over 29 m potential customers,
- presence of well-established and efficient local businesses with significant expertise for the areas and sectors they serve.

While the markets of Nizhny Novgorod and other regions of the Volga District may of course be prospected and accessed via federal and international distribution channels, the importance of local importers, distributors and logistics service providers should not be underestimated indeed. This may be particularly applicable as capacity saturation and pricing policies of distribution and logistics operators in Moscow and St. Petersburg often result in a further decrease of the cost-efficiency ratios. Local entities may thus be a lot more flexible than the 'giants' acting nationwide, and provide valuable niche opportunities, often involving notably lower overheads and faster market access compared to the federal players.

The Russian offices of Flanders Investment & Trade, located in Moscow, St. Petersburg and Nizhny Novgorod, are always available for Flemish/Belgian companies that search for business opportunities in Russia in general and its many regions in particular.

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6. USEFUL LINKS

Local logistics and customs brokerage companies

- www.alidi.ru
- www.trinicom.ru
- www.avangard-nnov.ru
- www.timelogist.ru
- www.gl-logistic.ru
- www.logoprom.ru
- www.prom-impex.ru
- www.pb-logistics.ru
- www.rtpnn.ru
- www.mlgholding.com
- www.kstovopark.ru
- www.nn.sovfracht.ru
- www.virnik.ru
- www.volgaflot.com
- www.cargo.rzd.ru

Local cargo transport and expedition companies

- www.asmap.ru (association)
- www.cargon.ru
- www.nitek-nn.ru
- www.nkt-nn.ru
- www.forward-trans.com
- www.rutus-ntg.ru
- www.transmagistral.ru
- www.nika-tranc.ru
- www.itecorp.ru
- www.tk-irsa.ru
- www.volgatrans-nn.ru
- www.vs-nn.ru
- www.transconn.ru
- www.gorky-transit.ru
- https://gzd.rzd.ru/static/public/ru?STRUCTURE_ID=4



