

Developing international cooperation. FESCO

ABSTRACT FESCO Transportation Group is one of the largest transport and logistics companies in Russia with a portfolio of port, railway and integrated logistics assets which enables the Group to operate door-to-door shipping services and oversee all the stages in the intermodal transport chain. FESCO owns the Commercial Port of Vladivostok, FESCO Integrated Transport (an intermodal operator), Dalrefrans (a reefer operator), Transgarant, and FESCO Trans. The Group runs terminal complexes in Novosibirsk, Khabarovsk, Tomsk, and Vladivostok. FESCO has a container fleet of 170 thousand TEUs and more than 13 thousand fitting platforms. The Group's fleet includes more than 30 carrier ships in management which mainly operate along its own sea lines.

Развиваем международное сотрудничество. FESCO

АННОТАЦИЯ Транспортная группа FESCO — одна из крупнейших транспортно-логистических компаний России с активами в сфере портового, железнодорожного и интегрированного логистического бизнеса, которые позволяют Группе осуществлять доставку грузов «от двери до двери» и контролировать все этапы интермодальной цепочки. FESCO принадлежит «Владивостокский морской торговый порт», интермодальный оператор «ФЕСКО Интегрированный Транспорт», оператор рефрижераторных контейнеров «Дальрефтранс», а также компании «Трансгарант» и «ФЕСКО Транс». Группа управляет терминальными комплексами в Новосибирске, Хабаровске, Томске и Владивостоке. Контейнерный парк FESCO составляет более 170 тыс. TEU, количество фитинговых платформ превышает 13 тыс. единиц. Флот Группы включает более 30 транспортных судов в управлении, которые осуществляют перевозки преимущественно на собственных морских линиях.

In March 2024, a Meat Shuttle service for transporting meat products in refrigerated containers from central regions of Russia to China and countries of Southeast Asia was launched by FESCO Transportation Group in cooperation with the Russian Export Centre (REC)¹. FESCO runs the new shipping service on its main sea, railway and intermodal routes, enabling the delivery of meat products both directly via land border-crossings and through St. Petersburg or ports in the Far East of Russia and then further to ports in the PRC, Vietnam or other countries in Southeast Asia.

The service operator is Dalrefrans — in FESCO, it is in charge of transportation of goods that need to be temperature controlled.

With the Meat Shuttle service, meat producers from various regions of Russia can export their goods to Asia in a single, end-to-end shipment without changing the reefer container throughout the journey, and can save on shipping time because no transshipment is needed at intermediate points.

The long and effective cooperation between FESCO and the REC has provided Meat Shuttle customers with an opportunity to be compensated for up to 25 % of their shipping costs under the program of government support of transportation of agricultural produce.

However, in order to develop this type of services, it would be reasonable to synchronize the systems for certification of reefer containers in Russia and China.

Thus, for example, it is impossible to use containers with a centralized power supply system for sending food products between the two countries due to the lack of a mechanism for certification of Russia-made diesel generators in the PRC.

In this context, FESCO has drawn the attention of the BRICS Subgroup on Transport and Logistics to the need to work with sector-specific authorities in China to design a mechanism for certification of this Russian equipment. This will enable seamless delivery of food items with the use of a single container, thus reducing the risk of impairment of the quality and consumer properties of goods during transportation.

The expansion of trade between Russia and China and the launch of new logistics solutions are among the priorities in the economic policies of both countries. On the other hand, the capabilities of the available infrastructure are still be exhausted. At present, the Makhalino — Khunchun crossing point is not used to its full capacity. A hindrance to the full-scale operation on this destination is the lack of capability to transport popular goods, such as meat, fruit and vegetables.

When the limitations in terms of the types of goods are removed by both Russia and China, the parties will be able to launch a looped transport service via Makhalino — Khunchun and better use the potential of the crossing point. FESCO used the BRICS Subgroup for

¹ The Meat Shuttle, a new trade and logistics service for exports of meat produced in Russia to China, uses special-purpose reefer containers on the dedicated routes.



Основные маршруты компании FESCO

Transport and Logistics as a platform to involve sector-specific agencies in the discussion on the issue.

India is a no less promising destination than China for Russia in terms of increasing its foreign trade. Therefore, FESCO has put forward an initiative to establish a transport and logistics hub in India. The company, which currently operates two direct sea lines from Novorossiysk and St. Petersburg via the Suez Canal with a call to the Mundra Port in India, works with its Indian partners considering the possibility to use this port for the consolidation of goods from feeder lines for further shipment to the east coast of Africa. FESCO proposed to work with the interested BRICS countries to establish a transport and logistics hub in India.

Since the last year, FESCO has been actively developing its sea shipping services to India. In February 2023, FESCO launched its Indian Line West (FIL-W) from the Nhava Sheva and Mundra ports in India to Novorossiysk via the Suez Canal. As early as last summer, the Group increased its capacity by deploying its own container carrier on the route. In December 2023, it expanded its geography by connecting feeder lines to other Indian ports, as well as to Bangladesh and Pakistan by means of transshipment at the Mundra Port. In January 2024, the second ship was added to operate the FESCO Indian Line West. Thus, the total container capacity of the FIL-W exceeded 1,700 TEUs, and the frequency of shipments increased to two times per month.

Moreover, in March 2023, FESCO was the first among Russian companies to launch a direct sea shipping service using its own assets — FESCO Baltorient Line running from the ports in China and India to St. Petersburg along a deep sea route without transshipment in European ports. In May 2023, the Group added regular calls

to the Indian ports of Mundra and Nhava Sheva; in June, new feeder lines connected the line with Malaysia, Vietnam and Thailand; and in September, the destinations were expanded to include Indonesia and South Korea.

In the end of 2023, the Group opened FESCO Egypt Direct Line, a direct sea container service between Egypt and Russia. It is mainly designed to deliver food items and agricultural produce in reefer containers along the route Novorossiysk — Alexandria — Novorossiysk without calling to transshipment ports.

For FESCO, the years 2022 and 2023 were in general marked with the development of logistics services for new destinations and markets. In this period, the Group also launched FESCO Turkey Black Sea, a sea shipping service connecting Novorossiysk and Istanbul, and FESCO Vietnam Direct Line, a regular sea line which served by the Group's own fleet which connects the Commercial Port of Vladivostok (VMTP, part of FESCO Group) and the Vietnamese ports of Ho Chi Minh and Haiphong.

As the service is in demand with both Russian and Vietnamese customers, FESCO has added new ships to the line and today the FVDL is served by the Group's three container ships. Moreover, FESCO has established a logistics hub in the Ho Chi Minh Port to consolidate cargoes from other Southeast Asian countries and ship them to Vladivostok.

In the end of 2023, President of Russia Vladimir Putin signed a decree to transfer the shares of Far-Eastern Shipping Company PLC. (FESCO's parent company) to Rosatom State Corporation, opening a new chapter in the history of the Group. For FESCO, this opens even more prospects and opportunities for the expansion to new markets and the development of logistics routes that are strategically important for Russia.