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## Transport as a basis for development of mutual trade and economic growth of BRICS countries

Kirill L. Muzalevskiy<sup>1✉</sup>, Trofim F. Iakovlev<sup>2</sup>, Ivan V. Muzykin<sup>3</sup>

<sup>1,2,3</sup> Joint Stock Company "Russian Railways" (JSC "Russian Railways"); Moscow, Russian Federation

<sup>1</sup> muzalevskiykl@center.rzd✉

<sup>2</sup> iakovlevta@center.rzd

<sup>3</sup> muzykiniv@center.rzd

**ABSTRACT** The article deals with a new perspective on increasing logistics connectivity of BRICS countries through development of transport routes. The typology of routes was proposed for the first time as a result of activities of the Subgroup for Transport and Logistics of the BRICS Business Council and summarized in the Guide of BRICS Transport Routes. Descriptions of main parameters of the routes as well as barriers to their development are presented in the article. The value of research lies in the preparation of recommendations to overcome barriers to development of these routes, which will create conditions for the growth of mutual trade and economic growth of BRICS countries.

**KEYWORDS:** BRICS Transport Routes, logistics connectivity, Subgroup for Transport and Logistics of the BRICS Business Council, railway transport, BRICS

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Доклад

## Транспорт как основа для развития взаимной торговли и экономического роста стран БРИКС

К.Л. Музалевский<sup>1✉</sup>, Т.А. Яковлев<sup>2</sup>, И.В. Музыкин<sup>3</sup>

<sup>1,2,3</sup> Открытое акционерное общество «Российские железные дороги» (ОАО «РЖД»); г. Москва, Россия

<sup>1</sup> muzalevskiykl@center.rzd✉

<sup>2</sup> iakovlevta@center.rzd

<sup>3</sup> muzykiniv@center.rzd

**АННОТАЦИЯ** В статье предложен новый взгляд на вопрос повышения логистической связанности стран БРИКС посредством развития транспортных маршрутов. Типология маршрутов предложена впервые как результат работы Подгруппы по транспорту и логистике Делового совета стран Объединения, оформленной в Обзор транспортных маршрутов БРИКС. Представлено описание основных параметров маршрутов, а также барьеров для их развития. Ценность исследования заключается в подготовке рекомендаций по преодолению барьеров в развитии указанных маршрутов, за счет чего будут сформированы условия для роста объемов взаимной торговли и экономического роста стран БРИКС.

**КЛЮЧЕВЫЕ СЛОВА:** транспортные маршруты БРИКС; логистическая связанность; Подгруппа по транспорту и логистике Делового совета БРИКС; железнодорожный транспорт; БРИКС

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BRICS members are actively developing business cooperation in the fields of transport and logistics within the association, which is currently growing in both quantitative and qualitative terms. The BRICS countries are increasingly gaining significance in the world's economy, as their GDP exceeds that of the Group of Seven. Some economists estimate that in the future this gap will only grow.

The mutual trade turnover between the BRICS countries is increasing too. For example, in 2023, the turnover between Russia and China reached nearly one-fourth trillion US dollars (USD 240 billion vs. expected USD 200 billion). The turnover with India grew 1.8 times to reach 65 billion US dollars (with Moscow ranking fourth in the list of Delhi's largest partners). The turnover with Brazil hit a record high reaching almost 11 billion US dollars and the turnover with the South African Republic grew by about one-third (more than USD 1.5 billion).

The volumes of trade between Russia and the countries that joined BRICS this year are also growing. Thus, the turnover with the UAE grew by 70 % compared to 2022 (over USD 15 billion), and there is still space for growth.

The geographical remoteness of the member countries from each other makes the issue of logistics connectivity a top priority, as it affects the dynamics of mutual trade and implementation effectiveness of the Strategy for BRICS Economic Partnership 2025. Railways in the BRICS countries will be tightly integrated into global supply chains while becoming increasingly important in the provision of both domestic transport services and mutual flows of goods, even as sea transport, which is essential and connects the continents too.

As of January – May of 2024, the volume of traffic between Russia and the BRICS countries carried by JSC Russian Railways (including with the use of sea transport) reached 121.5 million tons, which is a 5.2 % increase compared to the same period of the previous year (the most sought-after container services in-

creased by 14.3 %). Traffic to and from BRICS countries accounted for about one half of the total foreign transportation of the Russian Railways during this period (220 million tonnes).

In the BRICS countries, railways make a notable contribution to development of trade and economic relations, with the total freight turnover (about 7.3 trillion tkm) accounting for almost two-thirds (64 %) of the global rail turnover (about 11 trillion tkm).

JSC Russian Railways has been working with each of the countries of the association for quite a time. For example, cooperation with China Railways in international transport operations has been strengthening, as well as the field of digitalization and logistics infrastructure has been developing with Chinese partners in. In the middle of May 2024, the President of the Russian Federation visited China. The visit resulted in signing a Joint Statement for deepening of the comprehensive partnership and strategic cooperation relationship. A particular emphasis was put on transport-related matters, such as development of cross-border infrastructure and international transport corridors.

The Russian Railways and the China Railways have, in turn, signed a Strategic Partnership Agreement setting out their intentions to develop transport corridors, border-crossing points, container transportation and transportation of agro-industrial products in Eurasia. Besides, the Agreement includes provisions on cooperation in the fields of science, technology, innovation and personnel training.

As for cooperation with India, we have experience in implementing educational projects and developing a feasibility study for high-speed railways in India. Also projects in the field of telecommunications and infrastructure development continue to be elaborated.

Subsidiaries of JSC Russian Railways in logistics sphere are also actively involved in cooperation with Indian, Iranian and UAE container and port operators with initiatives to create new logistics services, including the North – South international transport corridor.

#### Cooperation of Russian Railways Holding Company with companies from BRICS countries



since January 1<sup>st</sup>, 2024

Freight volumes transported by JSC Russian Railways to and from BRICS countries (Jan – May)

million tons

54 115 121

5 m 2022 5 m 2023 5 m 2024



55 %

of JSC Russian Railways' International freight traffic

#### Main areas of cooperation

- freight transportation and logistics
- infrastructure projects
- consulting
- personnel training
- telecommunication
- railway signaling and interlocking systems

The ITC is being actively developed and has a potential for increasing traffic along all of its routes.

The South African partners show interest in the field of HR-development. Previously, the Russian Railways and Transnet exchanged their experience in traffic control, development of tourism services and commuter services management. The potential for further cooperation is significant.

Following the proposal of JSC Russian Railways in 2024 the Subgroup for Transport and Logistics of the BRICS Business Council was established as a platform for transport players in the member countries to discuss important issues related to the development of transport and logistics for the improvement of logistics connectivity among BRICS countries. At the moment, about 100 organizations took part in the meetings of the Subgroup. These include not only transport and logistics companies, but also educational and academic institutions, research organizations in the field of transport and logistics.

Based on the main purpose of the BRICS Business Council to develop proposals for the growth in exchange of goods between the member countries, the Subgroup is responsible for some issues as follows:

1. Building a vision for the development of the major transport routes in BRICS — currently there are six directions that are most sought after based on the existing trade flows: the North – South and East – West corridors, international sea lines between the BRICS countries, and promising trans-African corridors. The development of sea, road, and air transport is provided along with railway transport.

2. Creating an online platform for sharing best practices and innovation in the implementation of joint projects. In this area, we cooperate with the *BRICS Transport* journal published by the Emperor Alexander I St. Petersburg State Transport University.

3. Building the BRICS Transport Academy which is to be based on online master classes held by the Russian Railways Corporate University. This is the first step in the work which will be expanded to include new areas in the future, aiming at both Russian and foreign audiences from BRICS countries. At the same time there is substantial potential for collaboration with transport universities. Cooperation through transport universities can provide conditions for development of human resources in the transport and logistics spheres of BRICS countries.

#### Activities of the Sub-Group for Transport and Logistics of the BRICS Business Council

**Mission of the Sub-Group – enhancing BRICS logistics connectivity**

**Goal of the Sub-Group – development of recommendations to the BRICS Heads of States in the field of transport and logistics**

**Sub-Group for Transport and Logistics of the BRICS Business Council has formed the Guide for BRICS transport routes**

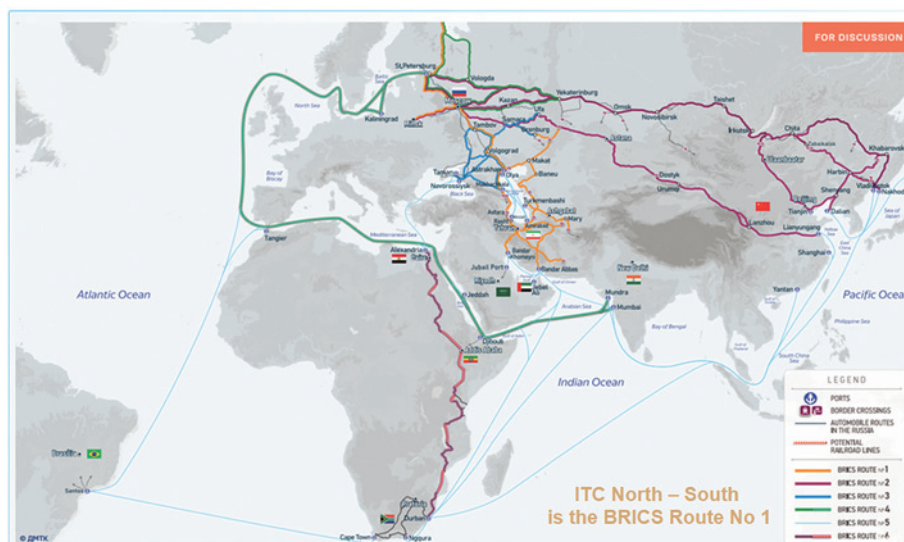
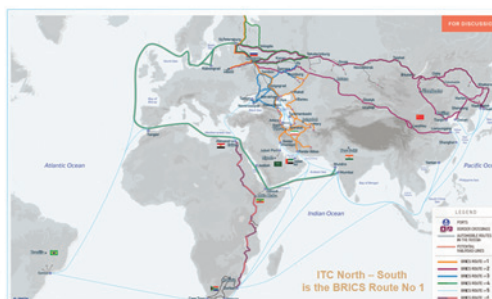
**100**  
participants

**6**  
routes

**5**  
online meetings

**3**  
online master-classes Within BRICS Transport Academy

#### Guide for BRICS Transport Routes





**Communication platform  
of the Sub-Group for Transport and Logistics  
of the BRICS Business Council**



**Digital communication platform  
BRICS.Transport.com**

BRICS Transport News

BRICS Transport Scientific Journal of  
St Petersburg Transport University

Innovations for Transport

Transport infrastructure projects

BRICS Transport Academy

Thus, the development of transport and logistics is highly important for the implementation of the Strategy for BRICS Economic Partnership until 2025, as it provides an environment for the expansion of international trade, free movement of individuals, and increasing investment.

Moreover, development of infrastructure will provide opportunities for young specialists in mastering new, interesting and sought-after professions. The synergy from the combined efforts of transport and logistics businesses in these areas will help better adapt to dynamic changes in the global agenda.

## Bionotes

**Kirill L. Muzalevskiy** — Cand. Sci. (Econ.), First Deputy Head of Foreign Projects and International Cooperation Department; **Joint Stock Company “Russian Railways” (JSC “Russian Railways”)**; build. 1, 2/1 Novaya Basmannaya st., Moscow, 107174, Russian Federation; muzalevskiykl@center.rzd;

**Trofim F. Iakovlev** — Cand. Sci. (Econ.), Head of Division for Analysis and Strategy of Foreign Projects and International Cooperation Department; **Joint Stock Company “Russian Railways” (JSC “Russian Railways”)**; build. 1, 2/1 Novaya Basmannaya st., Moscow, 107174, Russian Federation; yakovlevta@center.rzd;

**Ivan V. Muzykin** — Leading specialist of Division for analysis and strategy of Foreign Projects and International Cooperation Department; **Joint Stock Company “Russian Railways” (JSC “Russian Railways”)**; build. 1, 2/1 Novaya Basmannaya st., Moscow, 107174, Russian Federation; SPIN-code: 6931-2940; muzykiniv@center.rzd.

## Об авторах

**Кирилл Леонидович Музалевский** — кандидат экономических наук, первый заместитель начальника Департамента зарубежных проектов и международного сотрудничества; **Открытое акционерное общество «Российские железные дороги» (ОАО «РЖД»)**; 107174, г. Москва, ул. Новая Басманная, д. 2/1 стр. 1; muzalevskiykl@center.rzd;

**Трофим Анатольевич Яковлев** — кандидат экономических наук, начальник отдела Департамента зарубежных проектов и международного сотрудничества; **Открытое акционерное общество «Российские железные дороги» (ОАО «РЖД»)**; 107174, г. Москва, ул. Новая Басманная, д. 2/1 стр. 1; yakovlevta@center.rzd;

**Иван Владимирович Музыкин** — ведущий специалист Департамента зарубежных проектов и международного сотрудничества; **Открытое акционерное общество «Российские железные дороги» (ОАО «РЖД»)**; 107174, г. Москва, ул. Новая Басманная, д. 2/1 стр. 1; SPIN-code: 6931-2940; muzykiniv@center.rzd.

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Corresponding author: Kirill L. Muzalevskiy, muzalevskiykl@center.rzd.

Автор, ответственный за переписку: Кирилл Леонидович Музалевский, muzalevskiykl@center.rzd.

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