

costs are subsidised by the state.”

Historically, for imported vehicles, trucking enjoyed a competitive advantage over rail insofar as there was no need to trans-ship cars from one mode to the other. The adverse economic climate is also changing this scenario. “Previously, importers would store cars in compounds in Finland, the Baltic states, Germany, Poland or The Netherlands,” explains Varek. “They were then trucked directly to the dealers. This is fine when you have high demand and the dealers can receive full truck-loads from the compounds outside Russia. Now that the volumes have dropped, this transportation model is very difficult to implement and more and more companies are looking for storage within Russia. This means that the advantage of having a direct delivery by truck from Europe without any unloading in compound is going to end. Truck versus rail was attractive because you didn’t need to unload one truck and load another to get to the dealer. With rail, you have to unload and use a truck for the last few miles.”

Whilst the recession may be bringing some advantages to RTA, it is obvious that, if volumes and sales in the market are dropping, then the transportation volumes are also declining and following the same trend. “The sales started to drop before the actual transportation volumes because the manufacturers had pipeline orders based on forecasts done before the crisis,” says

Varek. “The recession started in September/October and car sales started to slow down from that period. The actual transportation started to slow down from December.

“At RTA, our volumes have been less than they were a year ago for the same period. December, January, February and March have been difficult months because a lot of dealers carried stock from the previous period and transportation was pretty low. We had to review our strategy, our investment policy and development plans, because of the uncertainty over when the market will start to

grow again. We have now frozen our projects related to increasing the rolling stock fleet and the investments into terminals, for the time being.”

Prior to the impact of the recession, there was a shortage of rail wagons in Russia. I asked Varek if, when volumes increase again, there would be enough capacity to meet that increased demand. “It all depends on the volumes, but if they return

to previous levels, then there will be a definite shortage. You can’t get new wagons in two or three weeks. It will take at least three to six months to ramp up the factory and begin the manufacturing process. To start to do that there has to be a commitment and, unfortunately, in today’s market nobody can make that commitment.

“I am sure there will be enough wagons to satisfy the demand for small-size car transport.

*“At RTA, our volumes have been less than they were a year ago for the same period.”*

Rene Varek

There are different types of wagons, and the majority are meant for small-size passenger cars; double-deckers where you can load eight to twelve small or medium-sized vehicles. If, however, we are talking about SUVs or low clearance sports cars, a second generation of wagons is needed. They are available but in limited quantity and there is much more demand for them than for the normal wagons.”

In Russia, there is a limited number of terminals properly-equipped to handle finished vehicles. RTA has a good terminal with good infrastructure in Mikhnevo near Moscow and others in Chernyakhovsk in the Kaliningrad region close to the Polish border and Zarubino in the Far East. Two more are under construction, one in Novosibirsk, which will be finished this summer and the other in Ekaterinburg where work has been frozen. “This year, in order to offer a proper

