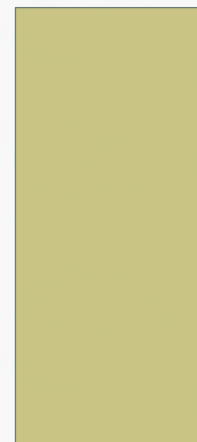




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AZERBAIJAN RAILWAYS CSJC



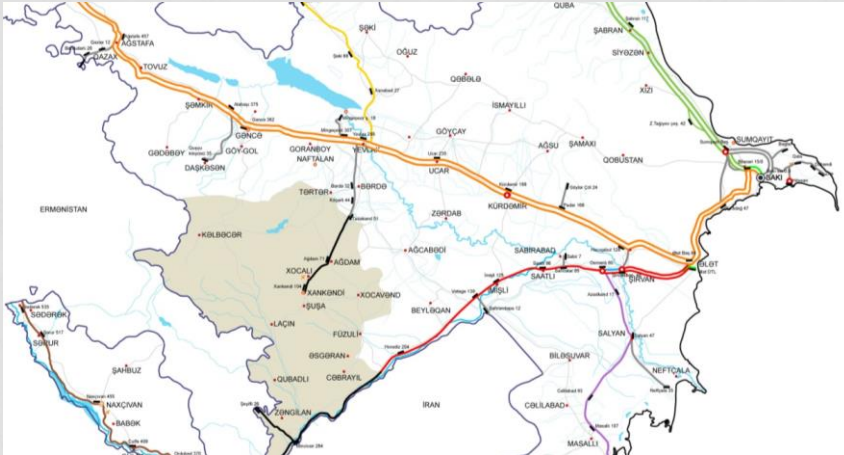
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RAILWAY NETWORK



AZERBAIJAN RAILWAYS: INFORMATION



Length of railway:

4 277 km

Average speed:

37 km/hour

Passengers carried:

2 517 188 persons

Cargo carried:

21 796 000 tons

Wagon park:

4 659 unit

Locomotive park:

239 unit

Employee:

22 886 persons

Average salary:

257 USD

BEST PRACTICES ON USER-ORIENTED RAIL OPERATION

- **Current situation**

- Online-web and mobile ticketing for passengers
- Passenger monthly surveys
- Online services (orders, invoices, tracking - GPRS or barcode system)
- Reduce paperwork and liquidate bureaucratic elements by reforming online services
- Establishment of a hotline service and operational control system
- Revision of tariffs (especially for container transport)

- **Working on it**

- Development of station infrastructure
- Tracking the cargo
- Compliance with western quality and safety standards
- Expand range of services and introduce door to door service
- Reduce transportation time to a minimum
- Construction of container terminals (plays an important role in the transport of containers)

BEST PRACTICES ON ENHANCING INTEROPERATION

- 21 October 2015, President of Azerbaijan signed the Regulations on the Coordinating Council on transit cargo:
 - Ministry of Economy and Industry
 - State Customs Committee
 - State Border Service
 - State Maritime Administration
 - Ministry of Transportation
 - Ministry of Justice
 - Ministry of Foreign Affairs
 - Azerbaijan Railways
 - Azerbaijan Caspian Shipping Company
 - SOCAR (State Oil Company of Azerbaijan Republic)
 - International Baku Port

BEST PRACTICES ON ENHANCING INTEROPERATION

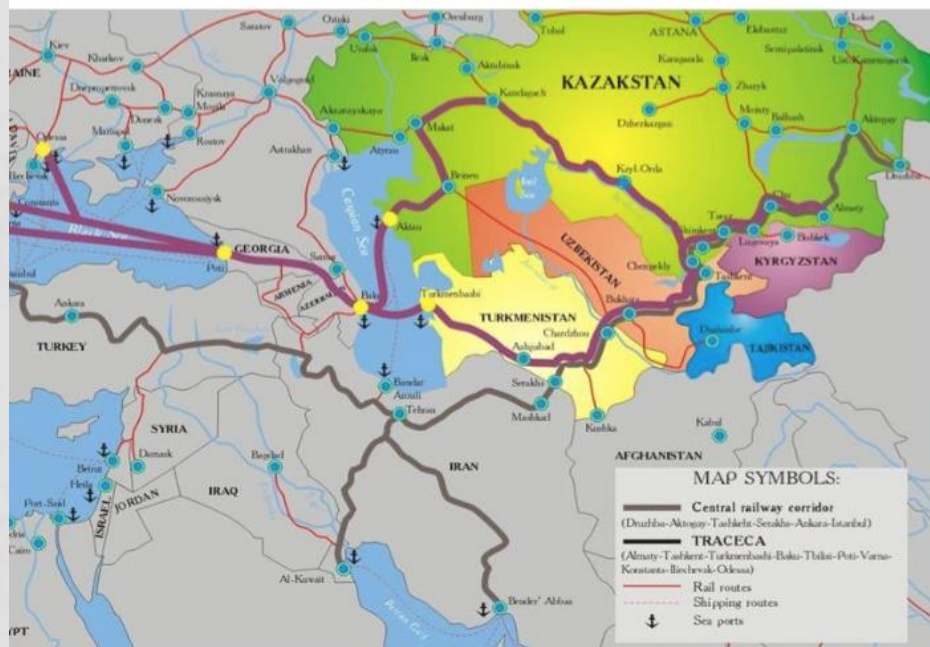
- 21 October 2015, President of Azerbaijan signed the Regulations on the Coordinating Council on transit cargo.
 - Azerbaijan, which enjoys favorable geographic position, wants to switch to the 'one contact' principle in the flow of transit goods through the country by rail, maritime transport, ports and marine terminals.
 - The newly established Coordinating Council on transit cargo will monitor the application of the principle for the carriage of transit goods via Azerbaijan.

BEST PRACTICES ON CREATING EFFECTIVE RAIL CORRIDORS

TRACECA Corridor

Azerbaijan Railways have strategic importance not only for the country, but the region in general as it represents one of the main links of the Transport Corridor Europe, Caucasus and Asia (TRACECA) trade route.

TRACECA Route



China-EU trade in 2014

Volume: 100 mln. tones

Amount: USD 567 bln

- Despite the positive trend in Euro-Asian trade and the potential that this trade could offer to Central Eurasia, today, **about 5% of EU-China trade is moved via land-based corridors** including the TRACECA via South Caucasus, Trans-Kazakhstan and Trans-Siberian Railways and the Southern Corridor via Iran.
- Cargo Transit volume via TRACECA route is currently almost nonexistent.
- TRACECA route is expected to attract up to 10-15% of EU-China transit turnover over the course of next 10 years.

BEST PRACTICES ON CREATING EFFECTIVE RAIL CORRIDORS

North-South Trade Corridors

The main advantage of the North-South Trade Corridors (NSTC) compared to other routes (in particular, the sea route via the Suez Canal) is that it reduces the transportation distance by twofold or more.

NSTC Western Branch Line



India-EU trade in 2014

Volume: 25.5 mln tones
Amount: USD 100 billion

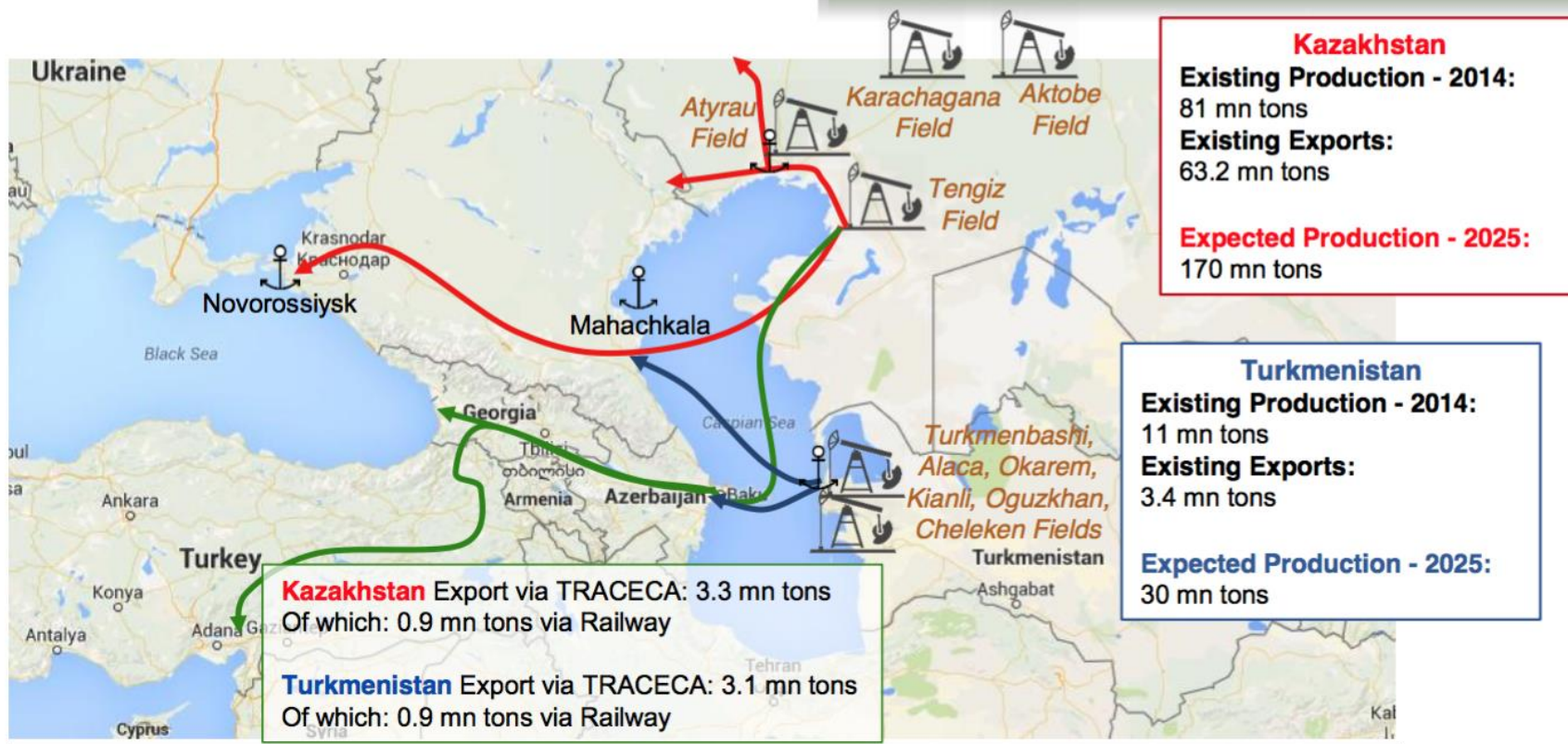
Iran-Russia trade in 2014

Volume: 3.3 mln tones
Amount: USD 1.7 billion

- The NSTC western branch line will become operational after (a) the construction of 8.3 km missing rail section on the border with Iran; (b) the development of cargo terminal at Astara border; and (c) adopting of simplified customs clearance procedures. As a result of its launch North-South cargo traffic via Azerbaijan will increase by 40% of India-EU and 80% of Iran-Russia's current trade volume over the next 10 years.
- As a result, according to preliminary estimates, the volume of cargo transportation through NSTC corridor will amount to 4.7 million metric tons in the initial stage and will reach 12.8 million metric tons in 10 years' time as embargo and sanctions on Iran are lifted.

BEST PRACTICES ON CREATING EFFECTIVE RAIL CORRIDORS

Liquid Cargo Transportation



BEST PRACTICES ON CREATING EFFECTIVE RAIL CORRIDORS

- To increase railway cargo volume by 10 million tons by 2019
 - renewal of Outdated Rolling Stock
 - Rehabilitation of East-West Rail Route (Buyuk-Kesik – Baku)
 - Rehabilitation of North-South Rail Route (Yalama – Astara)
 - Construction of the missing 10 km railway section on the border with Iran

BEST PRACTICES ON TRANSFERRING TECHNOLOGIES

- Current situation
 - Oracle E-Business Suite (Finance IFRS module)
 - Doc Net document management software
 - Passenger Management software
- Planning modules
 - Oracle Transportation Management
 - Oracle Enterprise Asset Management



THANK YOU

Azərbaycan Dəmir Yolları QSC

