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**EURO-ASIAN TRANSPORT LINKS**

Activities related to the development of Euro-Asian transport links

Note by the secretariat

Following the request by the Working Party at its fifty-seventh session, the secretariat requested the information on ongoing developments along all four Euro-Asian land transport corridors (as agreed upon at the fourteenth session of the Working Party on Transport Trends and Economics (TRANS/WP.5/2001/14) from member Governments, international organizations and other relevant authorities. Based on these replies and other sources of information, the secretariat has prepared this note for consideration by the Working Party.

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## **INTRODUCTION**

The Second International Euro-Asian Conference on Transport, held in 2000 in St. Petersburg, identified the four Euro-Asian Land Transport Corridors presented to this Conference by UNECE and UNESCAP as constituting the main backbone of the Euro-Asian Land Transport System. All of these four Land Transport Corridors are overland with the exception of the Transsiberian that links to Japan over sea. The four corridors adopted in 2000 are:

### **I      *Transsiberian***

Europe (PETCs 2, 3 and 9) – Russian Federation – Korean Peninsula-Japan, with two branches from the Russian Federation to:

- Kazakhstan – China;
- Mongolia – China.

### **II      *TRACECA***

Eastern Europe (PETCs 4, 7 8, and 9) – across Black Sea – Caucasus – across Caspian Sea – Central Asia.

### **III      *Southern***

South-eastern Europe (PETC 4) – Turkey – Islamic Republic of Iran with two branches to:

- Central Asia – China, and
- South Asia – South East Asia/Southern China.

### **IV      *North-South***

Northern Europe (PETC 9) – Russian Federation, with two branches:

- Caucasus – Persian Gulf, and
- Central Asia – Persian Gulf.

## **Developments along Euro-Asian transport corridors**

### **Transsiberian**

The Transsiberian corridor is a connecting link between European countries and Asia-Pacific region countries. In 2000, 98,000 (20 foot) containers were transported on the Transsiberian railway corridor. In the first quarter of 2003, the volume of container traffic was up by 75% compared to the same period of 2002. The rail corridor became an important two-track railway line, fully electrified, stretching about 10,000 km. Its technical capacity enables it to carry up to 100 million tonnes of goods per year and up to 140,000 20 foot containers. Infrastructure on this corridor is undergoing continuous modernization and important

improvements in originating ports and railway stations on the borders between the Russian Federation and Mongolia, China and Korea.

In order to promote further use of this transport link in international transport, the International Coordinating Council on Transsiberian Transportation was established in 1993 by more than 80 collective members, including the Ministry of Transport of the Russian Federation, the State Customs Committee of the Russian Federation, the railways of Belarus, Estonia, Finland, Germany, Hungary, Russian Federation, Kazakhstan, Poland, Slovakia, Mongolia, Latvia, Lithuania, Ukraine, and associations of freight forwarders from Europe, Japan, Republic of Korea and the Russian Federation. The main task of the Council is to enhance the competitiveness of the Transsiberian rail corridor by ensuring a stable, competitive transit time, security of cargo, competitive rates, etc.

Demonstration runs of container block trains, which started in 1999 between the Nakhodka-Vostochnay railway station and Eastern Finland, have become regular along this corridor and delivery time between the railway station Nakhodka-Vostochnaya (West) and Warsaw is 12.5 days, 10 days to Helsinki, 15.5 days to Berlin, 13.5 days to Budapest, 8 days to Kazakhstan and 5 days to Ulan Bator (Mongolia). In 2000, a total of 433 container trains passed along this route. Their traffic was significantly facilitated by agreed and simplified customs controls. Comparing transport of containerized cargo from the Republic of Korea, for example, to Western Europe by maritime transport with the transport of cargo using the Transsiberian rail corridor, it could be observed that the delivery time of containers to Europe by sea is 8 days or 6,800 km longer and about US \$200 more expensive. The total length of a sea route Pusan (Korea)–Hamburg–Kotka (Finland), for example, is 22,800 km with an average delivery cost per container of US\$ 1,800 and delivery time of 28 days. However, transport of containerized cargo by Transsiberian rail route to Finland is 11,900 km or 15.5 days shorter and US\$ 600 less expensive.

The Russian Federation is particularly interested in further promotion of the advantages of this corridor for linking Japan and the Korean Peninsula, through the Russian Federation, with Europe. In addition to efforts to cut down delivery time, offer competitive tariffs and ensure safety of freight, the Russian Federation and other involved railways make efforts to introduce measures and improve management of traffic processes, including automatic tracking systems for transit carriages and containers. A further boost to traffic growth along this corridor was given by the completion of the Trans-Korean Railway project which connected the Pusan port (Republic of Korea) with the Khasan-Tuman railway border crossing (Russian Federation–Korean border).

Although most of freight on long distances in this corridor is being carried by railways, road reconstruction along the Transsiberian corridor has also been going on for some time. In 2000-2001 the work on road reconstruction was carried out in the Russian Federation, financed from both the national budget and World Bank funds. A 4 line carriageway on sections of the E- 30 and E-22 roads from the border of Belarus to Moscow and from Moscow to Nizhni Novgorod were completed in 2001. Further plans foresaw repair of 168 km of existing surface and construction of 73 km on E-22, including bridges and city bypasses. The missing link on the corridor was the eastern section of the motorway Chita - Khabarovsk and this construction was planned to be completed in 2004.

## TRACECA

The TRACEA (Transport Corridor Europe–Caucasus–Asia) Programme<sup>1</sup> was initiated more than 10 years ago by the European Union (EU) as an additional route to the existing transport corridors and is a catalyst for transport infrastructure and economic development in involved countries. The programme conforms to the global strategy of the European Union towards the TRACECA member countries (Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Romania, Tajikistan, Turkmenistan, Turkey, Uzbekistan and Ukraine), and aims at assisting in political and economic sustainability, promoting regional cooperation and optimal integration of the international transport corridor Europe–Caucasus–Asia–TRACECA with Trans-European Networks (TENs).

Countries along this corridor have high regard for its strategic importance in the context of Euro-Asian transport links and consider it as complementary to commercial exchanges between themselves and the Far East, with the possibility of the ancient Silk Route becoming once again a major trade corridor.

One of the major achievements so far has been the signing by 12 countries of the Basic Multilateral Agreement on International Transport for the development of the Corridor Europe–Caucasus–Asia in 1998. The objectives of the Basic Agreement and its Technical Annexes on international rail and road transport, commercial maritime transport, customs and documentation procedures are: to develop economic relations, trade and transport communications within and between the regions of Europe, the Black Sea, the Caucasus, the Caspian Sea and Asia; to facilitate access to the international market; to ensure traffic safety, security of goods and environmental protection; to harmonize transport policy and the legal framework in transport; and to create conditions for competition between different transport modes.

During the 10 year period, TRACECA implemented more than 50 technical assistance and investment projects for a total of over €110 million. Half of this budget, around €52 million, was used for investment projects to make the region more attractive and create a favourable climate. Projects were linked with the improvement of infrastructure in landlocked countries, and investments were provided to ports (Poti, Batumi, Varna, Baku, Aktau, Turkmenbashi, etc.) and shipping companies operating on the lines of the Black Sea and the Caspian Sea. Technical assistance and small-scale investments were also provided to help attract large investments from the World Bank, the EBRD, the Asian Development Bank, and other international financial organizations. Finally, private investors have also made significant investments totalling over US\$ 1 billion in transport infrastructure of TRACECA member countries.

When the TRACECA corridor is completed, a continuous railway line will follow part of the ancient Silk Road from the Chinese port of Lianyungang on the Yellow Sea to the Georgian ports of Poti and Batumi on the Black Sea and then on into Western Europe. A so-called “transport delta” is also planned to be created on the Georgian coast of the Black Sea with ferry connections to new ports at Supsa, Kulevi, Anaklia, Ochamchira and Sukhumi, linking the countries of the Commonwealth of Independent States (CIS) into a truly trans-Euro-Asian transport infrastructure.

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<sup>1</sup> More information on the TRACECA Programme is available at: <http://www.traceca-org.org/>.

At present, most trade between Europe and the Far East uses the maritime route through the Suez Canal into the Indian Ocean and then through the Malacca Strait. Land routes to Pakistan, India, Thailand, Cambodia and Vietnam are obstructed by natural barriers like the Himalayan mountains, so most international trade with these countries is by sea as well although Pakistan and India have extensive rail networks. Almost all freight in Afghanistan is carried by trucks because there is not a functioning railway, but there are road links connecting with railways in Pakistan, Iran, Turkmenistan, and Uzbekistan. Iran is connected to Europe via ports on the Persian Gulf and by rail via Azerbaijan, the Russian Federation, Ukraine and Belarus. There is also a rail connection via Turkey but the two water barriers at the Bosphorus and Lake Van can only be passed by ferry. Most rail freight to the east travels via Poland, Belarus, and then through the Russian Federation from Moscow on the Transsiberian railway route.

Maritime transport between Europe and Asia offers a great many advantages over present land routes, including less risk of loss or damage to cargo, fewer customs procedures and lower handling fees, and regular and reliable shipping schedules. However, maritime transport is prey to weather conditions and some 230 vessels and 1,000 crew are lost each year. The greatest losses are for general cargoes. The most economic speed for large container vessels is about 16 knots or 30 km/h (or 720 km/day).

This would seem a disadvantage compared to an average speed of 37 km/h for some freight trains on some potential TRACECA sections but the average speed of freight trains on long sections is just 12 km/h. Even on good freight lines in Western Europe, the average speed is only 14 km/h. To improve the competitive ability of rail, one aim of TRACECA is to rehabilitate existing track infrastructure to achieve an average speed of 30 km/h over long distances for loaded wagons, and 90 km/h for empty wagons. One reason why average speeds drop so low is the long standing times at many customs posts and border crossings in the region. A more difficult problem to solve is the change of gauge between some countries, such as, for example, between Ukraine and the Russian Federation with Kazakhstan, Kazakhstan and China, and Azerbaijan and Iran. TRACECA hopes to overcome this by promoting new technologies such as the Talgo developed by RENFE and the free gauge system developed in Japan. If these problems can be overcome, rail could be a more economic and faster mode of international freight transport than maritime transport, and a more ecologically-friendly means for carrying domestic freight than road transport.

### **Southern**

This corridor connects South-eastern Europe through Turkey, the Islamic Republic of Iran and through Central Asia with China, and with South -South-East Asia. The detailed analysis of potentials of this corridor can be found in the UNESCAP study “Development of the Trans-Asian Railway–Trans-Asian Railway in the Southern Corridor of Asia-Europe routes” which distinguishes 3 particular routes of international significance in the corridor.

The first (TAR-S1) starts in Kunming (China), crosses the territory of Myanmar, India, Bangladesh, Pakistan, the Islamic Republic of Iran and through Turkey and ends on the border with Bulgaria, at Kapikule. From Kunming to Kapikule the total length would be 11,700 km of which 84% of line is in place, 15% would need to be constructed mostly through difficult mountainous terrain, and 1% comprises ferry links. The total distance between Kunming and

Frankfurt would be approximately 13,500 km, and between its eastern and western extremities this route would cross 7 national borders (with another 5 to be crossed west of Turkey) and would contain three different track gauges – 1,000 mm, 1,435 mm and 1,676 mm.

The second route (TAR-S2) would start from Thailand, proceeding west or northwest to Myanmar and join the existing railway network of that country where it would connect with TAR-S1. Between Bangkok and Kapikule the total distance using route TAR-S2 would be 11,500 km, and between Bangkok and Frankfurt 13,200 km. This route would cross seven national borders with necessary inter-gauge transfers at four locations.

The third route (TAR-S3) would connect the landlocked Central Asian countries with Europe and South/Southeast Asia. The route would start from Sarakhs on the border between the Islamic Republic of Iran and Turkmenistan and would link Sarakhs with the border between Iran and Turkey at Razi. From Sarakhs, the route will go through Turkmenistan, Uzbekistan and Kazakhstan to Aktogai and then to the Druzba border crossing entering China and then following the direction to Urumqi, Lanzhou, Zhengzhou to either the Shenzhen port in the south or Beijing in the north or to the Chinese ports Shanghai, Lianyungang, etc. This route could also go northward from Aktogai and connect to the Transsiberian corridor at Omsk or Novosibirsk. From Sarakhs through Fariman, Bafq (or Tehran) and Sirjan this route also could provide a connection with the port of Bandar Abbas.

In addition to analytical work provided by the UNESCAP, one of the main promoters of developments along this corridor has been the Economic Cooperation Organization (ECO) - an inter-governmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of sustainable socio-economic development in the region.

Putting the Tejen–Mashhad–Sarakhs railway line into operation in 1996 opened railway traffic on the northern line of the Trans-Asian Railway of “East-West” Transport Corridor, as well as on “North-South” Transport Corridor, which in turn opened railway routes linking Central Asian Republics to the ports of the Persian Gulf. However, the capacity of this corridor at present is practically not realized; the traffic volume on this direction does not exceed 0.2-0.3 million tonnes Considering the Central Asian Republics as a whole, this corridor represents the most interesting connection with Chinese eastern ports to the extreme east with Istanbul and further along the Pan-European Transport Corridor IV to the central part of Europe.

During the past 3 years the ECO Directorate of Transport and Communications made a special effort to focus on launching a demonstration container train from Almaty to Istanbul on the Trans-Asian Railway route, and also to ensure the opening of international passenger traffic on the Almaty-Tashkent-Tehran-Istanbul route. With the active support of the member States, the first demonstration container train started from Istanbul to Almaty via Tashkent on 20 January 2002 and the first pilot run of the international passenger train on the Almaty-Tashkent-Turkmenabad-Tehran route was completed on 14-21 March 2002. This event marked the beginning of the international passenger traffic on the Almaty–Tashkent–Turkmenabad–Istanbul route adding to the opening of traffic on the Tehran–Istanbul section of this route in 2001.

## **North-South**

On 12 September 2000, the Transport Ministers of Iran, Russian Federation and India signed the agreement on the North–South international transport Corridor in St. Petersburg. Ministers draw attention, in particular, towards the need to reduce transit time for passenger and goods transport in their respective territories, to minimizing transit transport costs and to simplify and unify administrative procedures (including customs) in international transport of goods and passengers.

The North–South corridor is the shortest way connecting Europe with the Far and Middle East, the Indian Ocean and South-eastern Asia. The corridor stretches from ports in India across the Arabian Sea to the southern Iranian port of Bandar Abbas, where goods then transit Iran and the Caspian Sea to ports in the Russian Federation’s sector of the Caspian Sea. From there, the route stretches along the Volga River via Moscow to northern Europe. Analysts indicate that Indian cargo transported via this route has increased dramatically over the past year, reversing the dramatic decline of the 1990s. In the Soviet era, millions of tons per year of transit cargo passed from Europe to Iran via the USSR and between the USSR and India along this route. Small shipments of tea and tobacco first made their way to the Russian Federation from India through Iran in 2000. The Russian Federation exports mainly metals, timber, paper, machinery and chemicals to Iran, while Iran sends mainly foodstuffs, cars and buses to the Russian Federation. Experts believe that the volume of traffic on this corridor may reach 20-30 million tonnes of freight per year.

The revived route is expected to offer both quicker and cheaper transportation than the primary alternative—the shipment of goods from South Asia through the Suez Canal and the Mediterranean and then into the Atlantic and North Sea to Baltic ports. Russian analysts predict that delivery time using the North-South Corridor will be reduced anywhere from 10–20 days, and the cost per container will decrease by US\$ 400-US \$500. The opening of the Central Asian region and the new markets in the Indian Ocean and Persian Gulf area are very important for both the European and Asian continent. The route starts from the Indian Ocean (Bombay and other ports) and links it with Bandar Abbas through maritime transport. It then continues from Bandar Abbas to northern Iranian ports on the Caspian Sea (Bandar Anzali and Bandar Amir Abad) through roads and railways and then goes on to Astrakhan and the Lagan ports in the Russian Federation. From the Russian Federation ports, freight will continue by road and rail to Moscow and St. Petersburg and from there to Scandinavia. Access to rail and the road network in Central Asia and the Russian Federation will be provided after completion of the Astara–Qazvin railway.

Among the other advantages of North–South Corridor is the existence of several potential crossings with other existing corridors between Central Asia and Europe including TRACECA which may provide good links between north-south and east-west freight flows.

Evaluating its potential importance for the future, Belarus, Kazakhstan, Tajikistan and Oman joined the three founding countries of the Inter-Governmental agreement on North – South international transport Corridor. In addition, several other Governments are requesting to become members of this Agreement (Armenia, Bulgaria, Azerbaijan, Syria, Ukraine and Turkey).

According to the projects for adding the land routes to the sea communications via the Caspian Sea between Iran and the Russian Federation (on Astrakhan-Makat-Beineu-Yeraliyev-Bekdash-Turkmenbashi-Gazandzhik-Gudurolum direction with a branch to the Iranian Bender Torkeman railway network) an important role is assigned to Central Asian Republics in this scenario, in particular to Kazakhstan and Turkmenistan.

Simultaneously, the work on reconstruction and modernization of roads in this corridor has been going on since 2001 on the territory of the Russian Federation. So far, full modernization of the section St. Petersburg-Vyborg has been completed, as well as reconstruction of important bridges, bypasses, junctions and sections of other motorways in the corridor. The Russian Federation intends to include junctions Moscow-Astrakhan and Moscow-Novorossisk into the corridor. Road Moscow-Astrakhan provides transit transport in the direction of Central Asia, Iran and India. This route consists of a 1,200 km long motorway M-6 "Kaspiy" with traffic intensity of 2,500–4,600 vehicles per day. Modernization of the motorway is carried out by reconstruction with parameters of the first category with 4 road lanes on the approaches to Tambov and Volgograd and also by thorough repairs of some road sections. The Russian Federation plans construction, reconstruction and modernization of 515 km of the "Kaspiy" road (Moscow-Tambov-Volgograd-Astrakhan) and the road Astrakhan-Makhachkala.

In further development, the Ministry of Transport of the Russian Federation is working on development of the car ferry link in the Caspian Sea. Car ferries from the port Olia (Russian Federation) to the port Nowshahr (Iran) and to the port Turkmenbashi (Turkmenistan) are already operating. In addition, about 70 ships under the Russian Federation flag are now operating in the Caspian Sea basin to provide the transport of freight on the Caspian Sea section of the North-South corridor.

On 4 April 2004, the President of the Russian Railways announced the first demonstration run of the container block train on the Berlin-Tehran route in the framework of North – South transport corridor in August 2004.

On 28 July the first freight train was operated in the port of Olya at the Caspian Sea on the North-South International Corridor between the Russian Federation and Iran. A container train carrying paper products of the Volga public corporation was organized jointly by Modul Ltd and the Russian Railways public corporation, with the help of Transcontainer, a subsidiary of the Russian Railways, and the Centre for trademark transport service of the October Railway.

The train started on 21 July in the St. Petersburg-Warsaw station, and on 28 July the train arrived in the Yandyki station, where it then was operated on the new 49 km long Yandyki-Olya section to the Caspian container terminal.

On 28 July this year, the inauguration of the new line also took place. The Russian Federation Prime Minister Mikhail Fradkov as speaker said: "The railway section in the Astrahan region in the frame of the North-South corridor is complete." He also said that Middle East countries, India, Pakistan, and Persian Gulf countries are also interested in expanding the corridor. Russian Railways have invested more than US\$ 100 million into the project, and an increase of 50% is foreseen in railway volume between the Western countries, the Russian

Federation and the Caspian region. The new route eliminates the Suez Canal, thereby allowing for a door-to-door transport time of 13 days instead of the previous 37 days.

Trans-Kazakhstan link – The strategic location and economic potential of Kazakhstan, in the context of Euro-Asian transport links, have been reaffirmed by the recent decision of the Government and Kazakhstan Railways to develop a 3,083 km long line, which will form a key element of the project to build a Pan-Eurasian railway linking China to Western Europe. The link will run westward from Dostyk on Kazakhstan's eastern border with China to Aktau on the Caspian Sea, before diverting south into Turkmenistan. The Pan-Eurasian route itself will continue via Turkmenistan, Iran and Turkey, and it will connect with the rail network in Europe via a new 14 km cross-Bosphorus rail link which will be completed by 2009. The new line across Kazakhstan is scheduled for completion by 2010 and is expected to cost between US\$ 5-7 billion.

The main objective of the project in Kazakhstan will be to provide a standard-gauge line for services to operate into China, which has a standard gauge network, as well as westward into Europe. A further 770 km of line needs to be developed in Turkmenistan and 70 km in Iran to ensure the continuation of the line through Iran and Turkey.

Ultimately, the plan is to develop a single route from the port of Lianyugang, on the eastern coast of China, to the port of Hamburg in Germany. The new railway line is expected to reduce transit times and transport costs since trains would no longer be delayed six hours at the Kazakhstan border crossing, while the broad-gauge wheels on every carriage are changed to fit railway lines in China and Europe. The new railway line is forecast to carry an annual 40 million tonnes of freight. Currently, the rail network in Kazakhstan is broad gauge and there are large gaps in the network on the east west route across the country. The project will mainly involve building new lines either parallel to existing ones or across new territory. Among those sections that will retain a broad-gauge line in addition to having a new standard-gauge line is the 540 km Saksaulskaya–Beyneu section. Much of the line to be developed in the eastern part of Kazakhstan will be new construction on new alignment. The 1,508 km section between Aktogay and Saksaulskaya will deviate south from the existing network and will provide a central cross-country link which has so far been missing on the network.

Domestic and foreign investors are being sought for the project and Kazakhstan Railways has secured funding of US\$ 3.5 billion from banks and other private investors. China has also expressed interest in the project.

### **Recent related developments**

The First (in 1998) and the Second International Euro-Asian Conference on Transport (2000) recommended that the UNECE and UNESCAP join their programmes of work on development of Euro-Asian links. The two organizations, in cooperation with a number of States and international organizations, prepared their joint programme based on their own work, and made a series of concrete proposals for making that programme effectively operational (TRANS/WP.5/2001/14).

One outcome of these collaborative efforts between the UNECE and UNESCAP was the joint implementation of a project on Developing Euro-Asian Transport Linkages which is

currently under way. This project is one component of the project funded by the UN Development Account entitled “*Capacity-building in developing interregional land and land-cum-sea transport linkages*” (2002-2006). The UNECE and UNESCAP component was designed as a follow-up on the “Common ECE/ESCAP Strategic Vision for Euro-Asian Transport Links” presented at the Second International Euro-Asian Conference on Transport (St. Petersburg, September 2000) and which was subsequently reviewed and adopted by the UNECE Working Party on Transport Trends and Economics (2001) and the UNECE Inland Transport Committee (2002).

The identification of the most appropriate Euro-Asian inland transport routes and the conditions for their development was the main focus of the *first Expert Group Meeting on Developing Euro-Asian Transport Linkages* (9-11 March 2004, Almaty, Kazakhstan), organized jointly by UNECE and UNESCAP. The main elements of a strategy for development of Euro-Asian Transport Links were agreed on, including focusing on major routes along the four main Euro-Asian Corridors that had been agreed upon at international level and which represent an extension of the Pan-European Transport Corridors further East. The activities to carry out this strategy, developed in 3 phases over 2004-2006, would consist of: identification of major routes of Euro-Asian importance; collection and processing of related infrastructure and traffic data; projects along these routes; removal of border crossing obstacles and hindrances; implementation of major international transport agreements and conventions; and formulation and implementation of national action plans.

Countries invited to participate in the project include Afghanistan, Armenia, Azerbaijan, Belarus, Bulgaria, China, Georgia, Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Republic of Moldova, Romania, Russian Federation, Tajikistan, Turkmenistan, Turkey, Ukraine and Uzbekistan.

The third International Euro-Asian Conference on Transport took place in 2003 in St. Petersburg. In the final Declaration, the representatives of Governments and parliaments of European and Asian countries, international transport, financial and other organizations and institutions, transport associations, and commercial organizations participating in it, supported a series of measures and activities aimed at making further concrete steps towards faster and sustained development of four Euro-Asian Land Transport Corridors.<sup>2</sup> The Declaration also recommended a number of detailed initiatives aimed at developing an integrated Euro-Asian transport system in the field of infrastructure development, modern freight and information technologies, for attracting infrastructure investments, etc.

In March 2003 the *European Commission* presented its Communication on “Wider Europe – Neighbourhood: A new framework for relations with our Eastern and Southern Neighbours” outlining the basic principles of the European Neighbourhood Policy (ENP). The objective of the European Neighbourhood Policy is to share the benefits of the EU’s 2004 enlargement with neighbouring countries – i.e. stability, security and well-being - in a way that is distinct from EU membership.

In May 2004, The European Commission proposed concrete steps to ensure that the historic enlargement which took place on 1 May did not create new dividing lines between the

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<sup>2</sup> See document TRANS/2004/12 – Declaration of the Third International Euro-Asian Conference on Transport.

EU and its neighbours. Having defined the guiding principles of the European Neighbourhood Policy in 2003, the Commission adopted a “Strategy Paper” proposing how the benefits of enlargement can be extended to the neighbours of the enlarged Union. This document points out that “... it is essential to improve the physical transport networks connecting the Union with neighbouring countries. In view of the costs involved, it will be crucial to coordinate closely in drawing up investment plans for these networks. Existing initiatives such as the Pan-European Transport Network Concept, various Pan-European Transport Conferences, or the Commission’s proposals of June 2003 for a Euro-Mediterranean transport network provide a sound basis to move forward. Project funding by the European Investment Bank (EIB) will be important, on the basis of mainly medium-term actions agreed in the Action Plans. Concrete needs will be explored on a case-by-case basis. The Action Plans will also contain specific provisions to address the vulnerability of transport networks and services vis-à-vis terrorist attacks”.<sup>3</sup>

The ENP is addressed to the EU’s neighbours and, in particular, those that have drawn closer to the EU as a result of enlargement. In Europe, this applies to *Belarus, Republic of Moldova, Russian Federation, and Ukraine*. In the Mediterranean region, the ENP applies to all the non-EU participants in the Euro-Mediterranean Partnership (also called the Barcelona process) with the exception of Turkey, which is pursuing its relations with the EU in a pre-accession framework. The Commission also recommended the inclusion of *Armenia, Azerbaijan and Georgia* within the scope of ENP.

Another relevant development was the *Seminar on Transport Infrastructure Development for a Wider Europe* jointly organized by the European Conference of Ministers of Transport (ECMT), the European Commission (EC), the United Nations Economic Commission for Europe (UNECE) and the European Investment Bank (EIB) on 27 and 28 November 2003 in Paris.

The aim of this Seminar, which was designed for high-level policy makers, was to provide guidelines for a common approach to planning and financing transport infrastructure across the entire European continent. Because of the enlargement of the European Union and the growing globalization of trade, it was felt that there was a need for renewed reflection on the framework and instruments used until now to develop transport infrastructure at the international level. The overall objective of the Seminar was to identify what might become of the major transport axes between the enlarged European Union and neighbouring countries as well as Asia, the Near East and the Mediterranean area. The Seminar conclusions, in the form of a Policy Note and the Declaration, were presented to the 2004 ECMT Council of Ministers meeting in Ljubljana where Ministers expressed their agreement with the contents of the Policy Note and adopted the Declaration.<sup>4</sup>

In the Declaration, the Ministers agreed on the elements for the implementation of the strategy and suggest the modalities for consultations on existing Pan-European Transport Corridors, their possible revision and identification of priority projects for non-EU member countries within different corridors.

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<sup>3</sup> European Neighbourhood Policy – Strategy Paper, COM(2004) 373 final – Commission of the European Communities, 15 May 2004.

<sup>4</sup> CEMT/CS(2004)2 - "Transport Infrastructure Development for a Wider Europe", Report on Seminar by Professor Wojciech Suchorzewski (Warsaw University). CEMT/CM(2004)1/FINAL (7 June 2004) – Strategy for Transport Infrastructure Development in a Wider Europe - Policy Note and Declaration.

More recently, another important gathering with potential implications for developments of Euro-Asian Land Transport Corridors took place in June 2004 in Santiago de Compostela, Spain. Another Ministerial meeting on a “Wider Europe for Transport” was organized by the European Commission and was attended by key figures of the transport sector in Europe, including the Transport Ministers of Italy, Netherlands, Russian Federation, Slovenia, Spain, Turkey and Ukraine as well as the Vice-President of the European Investment Bank. Among other things, the Seminar concluded that priority connections between major trans-European transport axes and the different neighbouring regions of the European Union should be identified and developed, and that they should cover especially the following countries and regions: Russian Federation and the Western Newly Independent States (Belarus, Republic of Moldova and Ukraine), the Balkans, the Mediterranean region, Turkey and the Black Sea region.

### **International organizations and financial institutions**

In addition to the already mentioned role of UNECE, UNESCAP, ECO, etc., other international organizations and international financial institutions participate and contribute in one way or another to developments of transport links between Europe and Asia.

*International Union of Railways (UIC)*, for example, attaches particular attention to development of intercontinental freight corridors which will allow rail to leverage itself on the leading world trade routes of the future and to attain new markets, especially faced with competition from maritime and road transport. Through its World Executive Council and the “World” division it is pursuing the project to implement a sea/rail corridor linking North-East America with Northern Europe and the Far East as far as China (**“N.E.W.” corridor**) which aims to make rail the surface transport provider for containerized traffic with transit provided via the ports of Boston and Narvik.

The corridor has a Steering Committee and some 15 countries represented by their Governments and leading combined transport operators are actively involved in creating the necessary conditions to utilize less congested ports on the North American East Coast (Boston) and in Northern Norway (Narvik) in addition to the east-bound railway system in Northern Scandinavia and the Russian Federation. The N.E.W corridor aims to be a supplement to existing east-west routes and could also be seen as a main east-west transport route serving the industries in the northern region of Scandinavia. The intermodal port of Narvik is the only port in Northern Scandinavia that has access to a direct east-west railway link. A few kilometres after crossing the Swedish/Finnish border the railway link splits in two separate directions: to Archangel in the Russian Federation and the main route to central Asia through the border crossing station in south Finland (Vainikkala). The main route follows the Russian railway network, crossing the Northern corridor in Kazakhstan and then enters into western China. The main route could also follow the Russian Federation railway all the way to Eastern Russia (Nakhodka Vostochny, Vladivostok) with further connections to North-east China, Japan and Korea.

In 1996 members of the *Organization for Cooperation between Railways (OSZhD)* identified 13 corridors (including branches) which represent the Organization’s Euro-Asian International Railway Corridors. These corridors partially coincide with the four already mentioned Euro-Asian corridors, as well as with parts of the Pan-European Transport Corridors. The OSZhD reported on latest developments on these corridors in 2003 and further details can be found in document TRANS/SC.2/2003/20.

*International Road Union (IRU)*, in cooperation with its member associations, is developing a strategy and measures to promote road transport and reduce and eliminate barriers between Europe and Asia. Following the Conference “Opportunities for and barriers to international road goods transport between Asia and Europe” held in 2001 in Irkutsk (Russian Federation) and the Declaration of that Conference (the first IRU Euro-Asian Road Transport Conference), the IRU held the second Euro-Asian Road Transport Conference in 2003 in Tehran. The Conference examined the driving factors behind growing Euro-Asian trade and the stage of transport infrastructure in the Euro-Asian region. It also considered various barriers to faster and easier border crossing in road transport and the ways of their removal. The third IRU Euro-Asian Road Transport Conference is scheduled to take place in Beijing, from 20-21 September 2005. Among the topics to be discussed the most relevant in the context of this note is - “Linking Asia and Europe: is road transport equal to the challenge”.

In order to promote road transport, the “Lisbon-Vladivostok Caravan” which was conceived by the Russian Federation Ministry of Transport, was realized by the IRU’s Russian Federation Member Association ASMAP, in partnership with the IRU. The caravan, which highlights the opening of the Trans-Siberian highway earlier this year, left Lisbon on 24 May and the trucks of the Lisbon-Vladivostok Caravan have reached their final destination, the port city of Vladivostok on the Russian Federation’s Pacific coast on 12 July 2004. The Caravan’s journey across Europe and Asia was intended to show that road transport can now link production and distribution centres from the Atlantic to the Pacific.

The IRU is organizing the International Road Transport Conference on Globalisation which will be held from 22-23 September 2004 in Istanbul. Among the five workshops scheduled to be held within the Conference, one will look at border crossing facilitation and another one at international transport corridors.

*European Union (EU)* – The role of the EU in the initiation of the TRACECA Program has already been mentioned. In addition, the EU promoted regional cooperation in Central Asia by provision of appropriate programmes and encouraging countries to cooperate among themselves. The TACIS programme provides the operating framework for regional cooperation and the EC transport-related priorities for Central Asia and the Caucasus include:

- assistance which promotes administrative capacity and legislative harmonization;
- differentiated approach to the groups of countries participating in TRACECA;
- promoting railway interoperability and European standards;
- implementation of international agreements (TIR, ADR);
- focus on safety and security aspects;
- improved sustainability of waterway transport between Black Sea ports, including short-sea shipping;
- continued emphasis on regional cooperation and harmonization of border crossing;
- improving links between TRACECA and the enlarged European Union through the relevant Pan-European corridors and the Black Sea PETrA.

*World Bank (WB)* - The World Bank is particularly concerned with the linkage between transport and trade facilitation (TTF). It has a methodology and approach for TTF, which is being implemented in South East Europe and in the Caucasus. Both the WB and TRACECA have set up working groups in the Caucasus where there is operational-level collaboration.

*European Bank for Reconstruction and Development (EBRD)* - EBRD was established in 1991 to foster the transition towards open, market-oriented economies and to promote private entrepreneurial initiative in the countries of the former Soviet Union (FSU) and central and eastern Europe (CEE).

The EU has provided strong support to EBRD project funding in the TACIS area. The Bank also supports the development of transport links between Caucasus and Central Asia. In addition to support to TRACECA in its initial phase, the Bank was also involved in infrastructure projects from Georgia to Kazakhstan, covering rail, road and ports. In 2000 the total amount of involvement in project costs was around US\$ 850 million. This included upgrading of roads from Ashgabat to Mary, improvements to the rail systems in Uzbekistan and Kazakhstan and the upgrading of Aktau and Turkmenbashi ports. Five projects covered the trans-Caucasian corridor to facilitate the flow of goods between Baku in Azerbaijan and the Black Sea ports of Poti and Batumi. These transport projects were predominantly in the public sector and most of the important transport infrastructure projects would have to be executed by public sector agencies as long as private commercial finance is not available.

The Bank's loans mobilized substantial additional funding and have helped to encourage commercial discipline and to increase cost recovery.

*United Nations Special Programme for the Economies of Central Asia (SPECA)* - SPECA is a joint undertaking of the Central Asian countries (CAS), UNECE and UNESCAP. The Silk Road Area Development Programme (SRADP), established in July 2001, focuses on Central Asian republics and China. SRADP is a mechanism for cross sectoral, as well as cross border, analysis and resolution of member country priority issues. More information about SPECA activities related to transport infrastructure and border facilitation can be found at: <http://www.unece.org/speca/>.

*Asian Development Bank (ADB)* - ADB's Regional Economic Cooperation (CAREC) programme seeks to promote economic growth and raise living standards in the region by encouraging economic cooperation. One of ADB's regional initiatives is customs modernization and cooperation. Key regional transport issues in view of the ADB are financing, cross-border issues and coordination of transport policies. Two major transport projects are China-Kyrgyzstan-Uzbekistan railway development and the road project through southern Kyrgyzstan linking China and Uzbekistan. The ADB has been asked to jointly finance the rehabilitation of the highway linking Almaty in Kazakhstan with Bishkek in Kyrgyzstan. This joint loan/grant project is co-financed by the EBRD and the EU.

*United States Agency for International Development (USAID)* is active in Tajikistan, Kazakhstan, Uzbekistan and Kyrgyzstan. *Japan* is active in the area, principally through JBIC. The *Kuwait Fund* (KFAED) and the *Islamic Development Bank (IDB)* have a number of projects with a bearing on the region and other programmes already under way.

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