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**ECONOMIC COMMISSION FOR EUROPE**

**INLAND TRANSPORT COMMITTEE**

**Working Party on Transport Trends and Economics**

**REPORT OF THE WORKING PARTY ON TRANSPORT TRENDS  
AND ECONOMICS ON ITS EIGHTEENTH SESSION  
(15-16 September 2005)**

**Addendum**

**CONCLUSIONS OF THE WORKSHOP  
“EURO-ASIAN TRANSPORT LINKS – FEEDBACK FROM USERS”**

1. The Working Party on Transport Trends and Economics held its eighteenth session from 15 to 16 September 2005. Following the decision taken at an Informal meeting on Euro-Asian transport links held on 15 April 2005 (TRANS.WP.5/2005/2), the Working Party organized the Workshop “Euro-Asian transport links – Feedback from users” on 16 September 2005 during the eighteenth session. Mr. W. Zarnoch (Poland), the Chairman of the Working Party, was the moderator of the Workshop.

2. Representatives of the following UNECE member States attended the Workshop: Armenia, Azerbaijan, Belarus, Germany, Hungary, Kyrgyzstan, Poland, Portugal, Russian Federation, Spain, Turkey, Uzbekistan. The representative of the European Conference of Ministers of Transport (ECMT) also attended. The representatives of the TEM and TER Project Central Offices also attended. Invited speakers from Germany, Poland, Russian Federation, and the International Road Union made presentations.

3. The representative of the German Railways spoke about a growing volume of rail freight traffic between Europe and Asia. This trend is very important for German Railways and its users in both Europe and Asia. The Trans-Siberian route, connecting the Pan-European Transport Corridor II with destinations in Asia, is the most frequently used rail link. One of the reasons for the significant demand is the short delivery time for freight between West Europe and Asia of only 14 days as opposed to more than 30 days for combined sea-land transport. Rail traffic could be considered as efficient (despite gauge changes) because rail corridors offer the possibility for through traffic. In meeting demand for freight traffic between Europe and Asia which is expected to accelerate even more in future, railway transport needs to increase its share of the market by promoting its advantages like shorter delivery time and distance advantage between 3,000 and 10,000 km as well as generally well developed rail infrastructure.

4. Russian Railways have considerable potential and offer significant freight carrying capacity on lines between Europe and Asia. Russian Railways went through the process of reforms and were transformed into an enterprise, which in cooperation with foreign partners, can offer timely and efficient transport service. For the Russian Federation, the Pan-European Transport Corridors II and IX are particularly important. Corridor IX, the North-South corridor, passes from Finland through the Russian Federation and further through the Caspian Sea region towards Iran and ports in the Persian Gulf. This corridor cuts the length of the sea trip between Iran and Germany from 13,500 km to 5,000 km and from 25 to 14 days. Corridor II, originating in Germany and extending through Poland, Belarus and the Russian Federation ends in the Russian port Nahodka. This corridor shortens the sea route from Germany to Japan from 21,000 km and 28 days to 15,600 km and 13 days. With almost the entire length electrified and practically no international borders to cross, the Trans-Siberian route offers the shortest link between Europe and Japan and Korea. With its branches through Central Asia, it also makes possible connections to China and South-East Asia.

5. Representatives of the Road transport industry, from the International Road Transport Union (IRU), and from the Polish Association of International Road Transport Operators (ZMPD) and Trade Trans Polish forwarding company, spoke about ways in which the road transport industry offers the bridge between the two continents. Trends also reveal the growing road freight traffic between the origin and destination points in Europe and Asia. The representative of the IRU highlighted the significant growth of the Chinese economy in particular, and the potential impact it may have on a growth of trade and demand for transport services between the two continents. Although countries in Asia are still oriented toward maritime transport, more freight is being transported by railways, and road transport also seeks its opportunities to contribute to international trade and offer solutions to problems of land-locked countries. The representative of the IRU further informed participants about the first ever commercial truck caravan which was scheduled to leave Beijing on 27 September 2005 for Brussels, effectively reopening the ancient Silk Road to meet the growing business need of the European, Asian and American economies for viable transport alternatives in the light of stifling congestion at Chinese ports and dramatically increasing maritime freight rates.

6. Highlighting the continuously growing demand for freight transport, presentations stressed that there exist a number of obstacles still hindering the significant potential for increase in the Euro-Asian freight traffic. In assessing rail freight traffic developments so far,

presentations highlighted several factors that have had a negative impact on, potentially, much larger growth of rail traffic volumes between Europe and Asia.

7. One of those factors is a significant imbalance between container traffic from Asia to Europe and vice versa. The number of containers originating in Asia with destinations in Europe is, on average, 3 to 4 times higher than the number of containers in the opposite direction. In order to resolve this obstacle, railway companies, together with forwarders and other stakeholders in the market, need to find solutions, including pricing schemes and better container management, focusing on the entire Euro-Asian region. Another factor limiting more significant rail traffic between Europe and Asia is a lack of reliability and safety. Regular railway services, except, for example, on the Transsiberian corridor, do not exist between European and Asian railway nodes, and except for those organized as demonstration trains, could not offer reliable, safe and regular service.

8. It was further noted that rail prices in the Russian Federation favour certain routes from and to Russian sea ports, and are more favourable than prices for overall land rail transport. Such policies create price distortions and unequal conditions for rail transport users. In order to create competitive conditions, it was suggested that the price structure for rail transport in the Russian Federation should not be biased in relation to the transport route.

9. A low-cost competition by road transport is taking an increasing share of the market from railways. Although, on very long distances, railways have an advantage, low labour costs in road transport along the entire route and shorter border handling and control time are seen as factors working in favour of road transport. In order to retain customers and ensure its share of the market in particular for long distance haulage, railways need to promote their advantages, including reliability and safety. In the 4-axis project which involves Germany, Poland, Belarus and the Russian Federation, railways from four countries, together with Governments, have agreed to systematically improve traffic flows, facilitate border procedures, improve corridor management and quality monitoring along Pan-European Transport Corridor II. The objective is to reduce freight delivery time between Berlin and Moscow to 3.5 days for prime products. Until recently, it was up to 20 days.

10. Border crossing customs procedures are often a cause for disruptions in the flow of rail traffic. Due to even negligible errors in accompanying papers, freight can often be confiscated. Consequently, customers turn to road transport for segments between Western Europe and rail border crossings where these occurrences are frequent. Rail traffic would be greatly facilitated if there would be no customs inspections for goods in transit; i.e. an international agreement that would give preference to customs processing only at the point of entry or other designated location in the destination country.

11. Furthermore, the existence of different freight law in railway transport causes additional complications for users of Euro-Asian transport links. Re-writing of the bill of lading/re-expedition at the border of two legal systems in rail transport – CIM/CIV on the one hand, and the SMGS/SMPS, is time consuming, costly and leads to mistakes which, again, can cause disruptions in customs procedures. In order to remove this obstacle, railways have repeatedly called for an integrated freight document which would be accepted by authorities along the entire Corridor and, at the same time, be acknowledged as the customs document.

12. In road transport, also, there are important obstacles disturbing freight traffic operations between Europe and Asia. Based on the experience of a number of companies operating in the region, the most often quoted difficulties are: international conventions are not in use; borders are more closed than in Europe and vehicle movements are restricted; unnecessary trans-loading, inspections and off-loading of freight are required at borders; custom regulations along the route are not harmonized among countries; goods in transit are inspected; double taxation of vehicles; vehicle standards are not harmonized; lack of elementary security for drivers and freight along many routes; corruption; etc.

13. Presentations revealed that land transport today seems to serve as a link to maritime transport. Although for the moment it is dominated by railways, it might be expected that, in the near future, Euro-Asian land transport links will be sufficiently developed and accompanied with a rapid growth of road transport services, especially for time and quality sensitive services.

14. A general conclusion was that, as far as rail freight transport is concerned, there are a number of areas where Governments, in concerted action with rail companies and freight forwarders, could greatly enhance opportunities and create more favourable conditions for faster development of inland freight traffic between Europe and Asia. Rail companies need to work towards harmonization of technical conditions and standards, information systems, improvements in technological operations and organization of traffic including the quality of service, while Governments' assistance is still very much necessary in the area of facilitation and harmonization of legal conditions of freight traffic. This is particularly evident in the area of pricing policies and border crossing procedures. Freight forwarders are expected to contribute by better managing available transport capacities and more efficiently planning logistics of transport operations in order to reap the full benefits of Euro-Asian transport links.

15. In order to promote certain advantages on a particular route, both rail and road transport organizations are carrying out demonstration runs of special trains or road convoys. For example, Russian and German Railways are organizing a trial run of a container block train on the Moscow–Berlin route in order to demonstrate the advantages of rail transport. This trial will also involve border control authorities from Germany, Poland, Belarus and the Russian Federation whose cooperation is deemed to be indispensable for a success of this trial run. In a similar way, a trial run of a container block train called “Mongolian Vektor “ became regular in 2001 and, in addition to the original route Brest–Ulaanbaator, in 2005 new regular runs were introduced between Warsaw and Huh-Hoto and Berlin and Huh-Hoto. Road transport organizations are also promoting certain advantages of this mode of transportation in the context of Euro-Asian transport links, for example, through the organization of container caravans by road from Beijing to Berlin and Brussels.

16. Further improvements in infrastructure, harmonization of technical and technological operations, transport regulations and laws, are important for future developments of traffic between Europe and Asia. Participants also agreed that international organizations, together with involved Governments, could significantly contribute to more efficient, smooth and timely transport operations between Europe and Asia if they promote accession to and implementation of the international, regional and sub-regional transport legal instruments. It was noted that there exist a sufficient number of regulations and legal instruments which, if implemented thoroughly and effectively, could ensure and enhance the legal environment necessary for more cost-effective traffic between Europe and Asia.

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