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UNECE – UNESCAP

*UN Development Account Capacity Building Project on
Interregional Transport Linkages
(2002-2006)*

Background Note on “Developing Euro-Asian Transport Linkages”

1. Introduction

The process of globalization and liberalization of national economies have greatly enhanced the scope for intraregional and interregional trade and tourism. However, developing countries are often constrained by inadequate transport infrastructure, transport legislation that differs from one country to another and cumbersome and time-consuming border procedures. To address these constraints, the five Regional Commissions, namely the Economic Commission for Europe (UNECE), the Economic and Social Commission for Asia and the Pacific (UNESCAP), the Economic Commission for Latin America and the Caribbean (UNECLAC), the Economic Commission for Africa (UNECA) and the Economic and Social Commission for Western Asia (UNESCWA), are currently implementing a joint project funded by the UN Development Account entitled “Capacity-building in developing interregional land and land-cum-sea transport linkages” (2002-2006).

The **overall objectives** of the project are:

1. To assist Member States of ECA, ECE, ESCAP, ESCWA and ECLAC in strengthening their national capacities for developing interregional land and land-cum-sea transport linkages, and
2. To promote interregional cooperation to facilitate interregional trade and tourism.

The **expected accomplishments** are

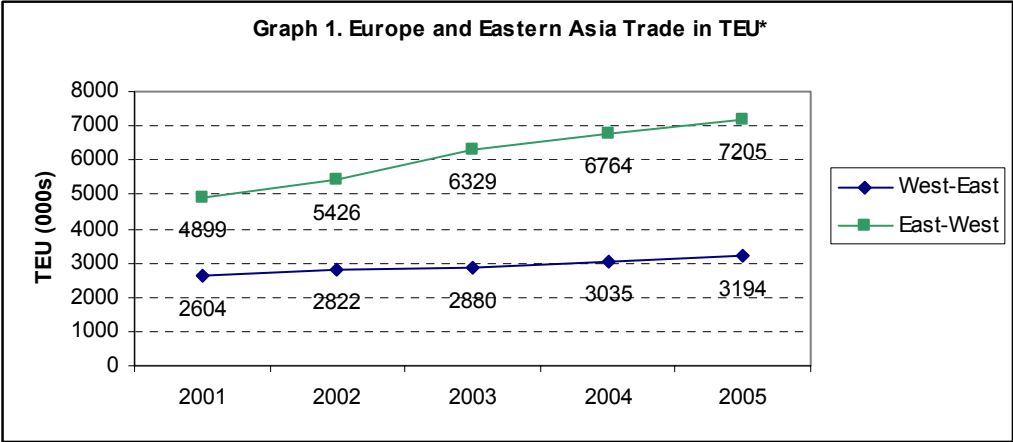
1. To enable countries to identify important existing and potential interregional transport linkages and assess their expected impacts on regional and economic development;
2. To strengthen the capacities of national officials with regard to identification of the physical and non-physical impediments to the movements of goods and passengers both by road and rail, commercialization/privatization, inland container depot development, land border crossing practices and formalities, seaport operations, electronic data interchange applications and financing road maintenance; and
3. To put in operation efficient interregional transport linkages.

Within this overall framework, UNECE and UNESCAP (hereafter “the secretariat”) are implementing a component which focuses specifically on developing Euro-Asian transport linkages”. Countries, which collectively make up the central part of the Euro-Asian land bridge, namely 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, have been invited to participate. It is hoped that this project will establish a solid basis for continued cooperation for the development of Euro-Asian transport linkages, and that in future, more and more countries from both Europe and Asia will participate.

2. The Context

A number of factors suggest that this is an opportune moment for the all stakeholders to join forces for the development of Euro-Asian transport linkages:

- Interregional trade between Asia and Europe took a dip due to the 1997 financial crisis but is steadily growing back to pre-crisis levels. Asia-to-Europe trade now constitutes the world’s second largest container trade lane in the maritime sector. According to *Containerization International*, growth in freight transport from Eastern Asia to Europe is estimated to have exceeded 10% in 2002, with further growth expected over the period up to 2005 (Graph 1).¹ Due to high demand and the periodic shortage of space availability, the prices of ocean freight increased in 2003, making land transport rates more attractive.



- Meanwhile, container shipments between Europe and Western Asia² also registered a low but positive growth, with an estimated 1.1 million TEU moving from Europe to Western Asia and about 0.7 million TEU from Western Asia to Europe. If the situation in Afghanistan and Iraq stabilizes, then demand for transport services to both of these countries overland are expected to increase.

¹ *Containerisation International*, January 2004. Eastern Asia includes China, Hong Kong China, Japan, Republic of Korea, Taiwan Province of China, Singapore, Malaysia, Philippines, Indonesia, Thailand and Vietnam. Europe includes north, south, east and west Europe.

² Saudi Arabia, Yemen, Oman, United Arab Emirates, Kuwait, Jordan, Islamic Republic of Iran, Iraq, India, Pakistan and Sri Lanka.

- For the countries of Central and Eastern Europe, including the Baltic States and CIS countries, trade with Western Europe and Asia constitutes about 56% and 8% of their total trade respectively (2002, WTO). When added to the 26% of trade being conducted between these countries, these three markets constitute close to 90% of their total trade. For the landlocked countries of this group in particular, it is clear that efficient land transport linkages are critical for trade.
- The establishment of the North-South Corridor Coordination Council in 2003 is expected to accelerate the development of this corridor which stretches from Mumbai, India to the Caspian port of Olya via the port of Bandar Abbas. When operational, this corridor is expected to reduce delivery time by 10 to 12 days compared with traditional routes through the Mediterranean and the Suez Canal.
- The enlargement of the European Union in May 2004 will remove transport barriers between the accession and present EU member countries, which will contribute to smoother transport operations between Central/Western Asia and Europe.
- The large number of international meetings and workshops in recent years suggest that both countries and organizations are now seriously considering alternative transport routes between Europe and Asia, with a view to capturing some of the expected growth of East-West trade and supporting the integration of landlocked developing countries into the world economy. The International Ministerial Conference on Transit Transport Cooperation, held in Almaty in August 2003, for example, was the first time that leaders of the international community met to discuss transit transport issues of these countries.

3. “Common UNECE-UNESCAP Strategic Vision for Euro-Asian Transport Links”

In 2000, UNECE and UNESCAP put forward their “Common ECE/ESCAP Strategic Vision for Euro-Asian Transport Links” at the Second International Euro-Asian Conference on Transport (September 2000), which was subsequently modified and adopted by the UNECE Inland Transport Committee in 2001. The “Strategic Vision” proposed four major Euro-Asian transport corridors, as listed below:

1. Transsiberian: Europe (PETCs 2, 3 and 9) – Russian Federation – Japan, with branches from the Russian Federation to:
 - a. Kazakhstan – China and Korean peninsula
 - b. Mongolia – China;
2. TRACECA: Eastern Europe (PETCs 4, 7, 8, 9) – across Black Sea – Caucasus – across Caspian Sea – Central Asia;
3. Southern: South-eastern Europe (PETC 4) – Turkey – Islamic Republic of Iran, with branches from Iran to:
 - a. Central Asia – China
 - b. South Asia – South-East Asia/Southern China;
4. North-South: North Europe (PETC 9) – Russian Federation, with branches to:
 - a. Caucasus – Persian Gulf
 - b. Central Asia – Persian Gulf

c. Across the Caspian Sea – Islamic Republic of Iran – Persian Gulf.

The “Strategic Vision” also put forward an ambitious list of tasks and associated actions. With the approval of the Development Account project, the secretariat and countries along these corridors, have the opportunity to realize this Vision. In order to facilitate this process, UNECE and UNESCAP have further elaborated their joint strategy into a number of concrete and achievable steps. This elaborated strategy is further outlined below.

4. Development Account project: “Developing Euro-Asian Transport Linkages”

The project is divided into several major groups of activities which will be implemented in stages (for a summary of activities and time frame, please refer to Annex I).

4.1 Formulation of interregional transport linkages between Europe and Asia (2004)

4.1.1 Identification of routes (March – July 2004)

The first step in the project is to identify, through consensus, the main Euro-Asian transport linkages of international importance which may form the basis for the extension of Pan-European Transport Corridors (PETCs) towards eastern Asia, and the extension of Asian transport networks towards Europe. It is suggested that the four Euro-Asian transport corridors presented in the “Strategic Vision” referred to above be used as the starting point for discussions. Within each of these broad corridors, however, there is a need to identify the Euro-Asian transport linkages (or routes).

Given that all of the countries participating in the project are Contracting Parties and/or members of the UNECE European Agreement on Main International Traffic Arteries (AGR) and/or the UNESCAP Asian Highway and the UNECE European Agreement on Main International Railway Lines (AGC) and/or the UNESCAP Trans-Asian Railway (for railways), it is proposed that these networks be used as the basis for the route alignments. However, a number of qualifications need to be made:

- To facilitate the further development of the Euro-Asian transport linkages, it is proposed that not all links in these networks should be included in the linkages (routes), but only those most relevant within the four corridors;
- Participating countries are invited to propose routes which they consider to be of Euro-Asian importance;
- Since 1 Euro-Asian transport links should be seen in an intermodal perspective, , **inland water routes** and **major sea ports** should also be considered together with the major roads and railways.³ Furthermore, **transport interchange and cargo storage** points, including inland container depots and border crossing facilities, should be considered integral parts of the linkages.
- Given the emphasis on international transport and in view of the advantages offered by containerization, the Euro-Asian transport linkages may focus on container traffic.

³ It is proposed that air transport be excluded at the present time.

It should be noted that the 56th session of the ESCAP Commission (2000) reviewed a document on “Report on the Implementation of Commission Resolution 52/9 on Intra-Asia and Asia-Europe Land Bridges” (E/ESCAP/1179), which further elaborated the road and rail routes along Asia-Europe land bridges. These routes, which need to be discussed and further refined, could be the starting point for discussions on possible road and rail routes.

4.1.2 Route inventory (March – July 2004)

Once countries have agreed on the routes which will form the “Euro-Asian transport linkages”, an inventory should be made of these routes, including

- technical specifications of the infrastructure,
- operational information, including estimated traffic volume, and
- current and ongoing investment projects along these routes.

To facilitate this exercise, UNECE and UNESCAP have prepared a questionnaire to be completed by National Focal Points. This questionnaire, which will form the basis for the National Country Reports will be reviewed together with countries before the NFPs collect the relevant data (*draft questionnaire to be circulated at 1st EGM*). As far as possible, the secretariat will provide the NFPs with data available in order to facilitate the data collection process. Other international organizations will also be asked to provide data they may have collected through their activities.

Given that countries may also have new ideas on investment projects for the linkages, they are also invited to provide new proposals for projects which have not secured funding, over the short (up to 2010) and medium term (up to 2015). The secretariat and countries will agree on a set of criteria to be used to prioritize these projects (*to be discussed at the 1st EGM*).

4.1.3 Consolidation and analysis of data (July – September 2004)

Based on the National Country Reports, UNECE and UNESCAP will consolidate the data for each Euro-Asian transport route. They will also prepare a draft study with additional information to cover any data gaps to identify further steps for developing the Euro-Asian transport linkages (*draft outline to be circulated at 1st EGM*).

4.1.4 Presentation of results and prioritization of investment projects (October 2004)

Countries will be invited to a 2nd Expert Group Meeting in October 2004 to present their respective reports. The secretariat will also present its study findings. The 2nd EGM will also review different approaches to financing the further development of the Euro-Asian transport linkages. In this regard, donors and private sector representatives will be invited to present their perspectives on investment, with a focus on infrastructure and intermodal aspects of the linkages.

4.1.5 Follow-up of activities under Phase 1

Under the current project, the next stage of activities focuses on facilitation issues. In this regard, participating countries and the secretariat will need to discuss follow-up to activities under the first phase.

4.2 Facilitation of transport along the Euro-Asian transport linkages (2005)

The next stage of activities will focus on facilitation of transport along the routes identified in the first stage. The following activities are proposed by the secretariat but are subject to further discussion with countries.

4.2.1 Analysis of transit times and costs along routes

With the basic routes in place, an in-depth analysis of the actual operations along these routes will be conducted. It is proposed that a cost/time/distance analysis be conducted to assess the physical and non-physical bottlenecks along the routes. This analysis will also assist in refining investment project proposals and in identifying the most relevant international transport agreements and conventions which may facilitate the movement of transport along the Euro-Asian transport routes.

It is proposed that further Expert Group Meetings be convened to discuss the best approach to conduct the above analysis and to review the findings.

4.2.2 Strengthening of implementation of the major international transport agreements and conventions by countries

Based on the above analysis, the secretariat will organize a series of national (and/or subregional) workshops which will focus on specific facilitation issues and the international transport agreements and conventions which may help overcome some of the physical and non-physical bottlenecks on the Euro-Asian transport routes. These workshops may look at ways to harmonize national transport legislation and transport facilitation measures, including the development of national action plans to improve facilitation measures at border crossings.

4.2.3 Strengthening of national transport development bodies who are responsible for the formulation and implementation of national action plans on transport facilitation and development

In conjunction with the above activities, and/or through advisory services (where requested), the secretariat will look at ways to assist countries in strengthening their trade and transport facilitation committees and any other relevant transport development bodies.

4.3 Information dissemination and institutional networking (2006)

This stage of activities is still being designed. It should be noted, however, that a preliminary website has been created at <http://www.unece.org/trans/main/eatl/intro.html>.

4.3.1 Establishment of a database with contact details of responsible experts and institutions involved in the Euro-Asian development aspects in consultation with member states, other development agencies and offices of the UN system

4.3.2 Creation of a website for the project (already initiated)

4.3.3 Organization of workshop for sharing lessons learned across the Regional Commissions.