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18<sup>th</sup> OSCE Economic and Environmental Forum

Promoting good governance at border crossings, improving the security  
of land transportation and facilitating international transport by road  
and rail in the OSCE region

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**Excellencies, distinguished delegates, ladies and gentlemen,**

It is a great pleasure to address you at the opening session of the 18<sup>th</sup> OSCE Economic and Environmental Forum. This year, the government of Kazakhstan - as the OSCE Chair-in-Office - has selected inland transport as the subject of the Economic and Environmental Forum. I am very pleased about this choice. International inland transport is an area where the UNECE has significantly contributed to pan-European development, co-operation, integration and security.

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Transport is about connecting or “building bridges across the world”. For the UNECE, “building bridges” has involved developing and administering legal instruments. The UNECE has successfully done this for over six decades and today, it can be proudly called “a global center of multilateral agreements” for inland transport.

The UNECE manages 57 international conventions and agreements in the area of transport infrastructure, border crossing, construction of vehicles, the transport of dangerous goods and other specialized cargoes and road safety. These legal instruments are global and regional public goods available to any UN member State. While I am glad to see that the number of Contracting Parties is growing year after year, I also wonder why others have not acceded to UNECE conventions and thus are deprived of the benefits.

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**Ladies and gentlemen,**

I would like to commend the Chair-in-Office for the selection of a transport theme – for the second time in the last five years - not because of the UNECE’s “vested interest”. It is rather because transport touches upon various aspects of economic growth, regional co-operation, sustainable development and security. Transport engages economics, finance, engineering and spatial planning. Transport involves - nationally and internationally - governments and firms as owners, regulators, builders, operators and users.

Transport also provides many vital social and economic functions. It brings people together. It also brings goods from producers to consumers. By doing so, it allows for specialization in production while making international trade both desirable and possible. All of this creates greater security and prosperity.

As a key element of a virtuous economic circle, transport – often taken for granted and overlooked – has a powerful influence on the lives of ordinary people, firms and nations.

Transport underpins economic development, but it also reacts to economic changes. The global financial crisis – and the consequent collapse in international trade in 2009 – negatively affected transport. In 2009, global container traffic and cargo carried by railways decreased by about a quarter; cargo volumes carried on EU roads declined

by a fifth; lower – yet still significant - volume declines were registered in Russia and the United States in 2009.

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In addition business cycles, international transport also faces other obstacles. These obstacles – whether man-made or not - raise transport costs. High transport costs, in turn, pose a significant barrier to economic and social development. The economic development is severely hindered if goods cannot be sold abroad; security is diminished if neighbourly contacts are impeded.

Distance is an evident obstacle to transport. That is why about half of the world's trade takes place between countries within three thousand kilometres of each other. While geography is fixed, policies and actions promoting closer regional co-operation effectively assist in reducing isolation and remoteness, in fact they can reduce the economic distance to markets. The UNECE has been mandated and actively engaged in enhancing regional co-operation and supporting policies to reduce these economic distances.

Being landlocked is a special challenge due to the high cost of transiting through countries and time lost due to delays at border crossings. But there are special challenges for the transit countries as well. Unless the interest of both landlocked and transit countries is understood and addressed, there will be little progress. Exactly because of this the United Nations Almaty Programme of Action aims at addressing the needs and challenges of landlocked developing countries and their transit neighbours.

I believe United Nations Under-Secretary-General, Mr. Cheick Sidi Diarra – who like me, comes from a landlocked country - will speak at length about the importance of efficient transport in landlocked locations. But let me also make just a few points.

You may be surprised to know that almost half of the world's landlocked countries are UNECE members. Despite unfavourable locations, some are quite prosperous. In central Europe, where we are today, landlocked countries have shown that “challenges of landlockedness” can be turned into successful business opportunities. The same approach is currently being tested in Central Asia. Kazakhstan is seriously exploring how to take advantage of vast opportunities as an intercontinental transit hub.

This should not be surprising. Central Asia – despite its seemingly unfavourable location - occupies a strategic place, situated roughly halfway between China and Europe. It does not however benefit from transit traffic. Today, goods produced in China do not cross Central Asia as they are shipped to ports, loaded onto container ships and delivered to Europe by sea. Central Asia is bypassed because freight forwarders do not consider inland transport routes between China and Europe affordable, convenient, reliable and secure.

It does not need to be that way. The development of Euro-Asian inland transport routes – firmly rooted in efficient and frictionless border crossing operations – could provide viable additional transport options. In this regard, the UNECE has

extensively promoted Euro-Asian inland transport as a strategic tool for making Central Asia more prosperous. Achieving this goal will not be easy. Today, a large container ship can handle over 10,000 containers with a crew of just 20 seamen. This type of ship can deliver 1.5 million television sets from China to Europe – without crossing borders - in four weeks. Nevertheless, there is room for more traffic across the Euro-Asian land-bridge provided border crossing and other transport facilitation measures improve the conditions for international transport.

In addition, trade facilitation is another important element in “combating” landlockedness. Trade tools created at the UNECE offer many possibilities to lower the cost to trade. The UNECE tools such as the UN Layout Key for trade documents, codes and data element directories, the only global standard for Electronic Data Interchange and 33 trade facilitation recommendations help cope with inefficient trade procedures. These technical terms may sound extremely cumbersome to non-specialists, but they are the “bread and butter” for international traders. More effort by many UNECE members is required to implement these norms and standards.

International road and rail networks which are not adequate, coherent and integrated also raise transport costs. In this respect, capacity and quality of road infrastructure, in many UNECE members, is deficient. Across Europe, the rail sector is yet to be fully inter-operable: technically and legally. Inland waterways have a great, still unfulfilled potential. Four UNECE “infrastructure conventions” provide legal frameworks for the development of coherent, international infrastructure networks and remain excellent tools to be used. However, some countries seem not to have fully recognized that one country cannot be committed to two or more basically different standards and requirements without jeopardizing the final outcome, i.e. inter-operability and compatibility.

In this context, I should like to mention TER and TEM Projects which are the backbone of Pan-European Rail and Road Corridors in Central, Eastern and South-east Europe. They represent important instruments of institutional inter-country cooperation and co-ordinated actions of the Central & South eastern Europe and play a concrete role in the further European Transport Integration process.

The ongoing Revision of TEM and TER Master Plan had brought together 21 countries which identified the backbone road and rail network in those countries and presented a realistic investment strategy to gradually develop these networks. As many as 491 projects with an aggregate estimated cost of EUR 102 billion have been evaluated and prioritized. The implementation of such an investment plan would contribute to the economic growth of the countries concerned and to the well being of their populations, as well as assisting the integration and harmonization of transport within Europe and beyond.

Transport is indeed meant for building bridges across the world and in this respect, I would also like to stress the importance of collaboration and coordination of all the various initiatives developed in the region. In this respect, UNECE closely cooperates with TRACECA, which is an important project to revitalize the historical “Silk Road” as well as with other initiatives such as BSEC, St Petersburg corridors, EurAsec, CAREC, and of course the European Union’ TEN-T.

With regard to trade and transport policies – the policies that regulate the freight industry also influence the cost of transport. Internationally harmonized transport regulations and effective institutions help make physical transport infrastructure productive, safe and secure. To mention but one recent example: many of you are aware that as from 16 June 2010 the digital tachograph will become mandatory for monitoring the driving and rest periods of professional drivers from all the Contracting Parties to the AETR Agreement. Some of the non-EU members were not ready to fully implement this device and the UNECE worked hard to find solutions to avoid potentially dramatic blockages at borders. We managed to facilitate a “gentlemen’s agreement” so that enforcement officers show some flexibility till the 31 December 2010, but efforts must be continued in those countries that are not yet ready, so that they observe their obligations before that deadline.

Border crossing becomes more expeditious if border controls are co-ordinated domestically and internationally, but the UNECE “Harmonization Convention” remains largely under-implemented across the UNECE region, although it applies to all inland transport modes. In this regard I would also like to draw your attention to one of the specific areas of cooperation between OSCE and UNECE: the Handbook on border crossing best practices. First of all in this regard I would like to underline that UNECE is committed to complete this joint project with good results and in close cooperation with OSCE. But what I would really like to mention here is the endeavours in the framework of this project to develop border crossing performance measurement tools.

Finally, you may be unaware, but Europe's railways are the only transport mode that does not yet benefit from uniform or even harmonized infrastructure, operational and legal frameworks. This is a serious competitive impediment. The UNECE is now assessing the feasibility of developing an effective strategy for cooperation between the two European railway law systems, the COTIF Convention on the one hand and the SMGS Agreement on the other hand.

This work is important to establish a level playing field for all transport modes, not only at the pan-European level, but also for efficient Euro-Asian transport operations. Europe's railway companies are behind this initiative and UNECE will work closely with them as well as with all concerned European and Asian Governments, our United Nations sister organization ESCAP in Bangkok as well as with international rail transport organizations such as the OSJD, OTIF and CIT.

The ultimate goal is to provide, on the Euro-Asian landmass, unified or at least harmonized rules on the contractual relations between railways and shippers, as it has already been the case for many years in the air, maritime, road and inland water transport, and to allow for seamless rail transport from the Atlantic to the Pacific Ocean. This is a complex task. But it is the task with a huge impact on the future of international rail transport, which is so often referred to as an environmentally friendly mode of transport. If we are serious about sustainable economic development, this is a concrete area where we could make tangible progress. But we will achieve this only in close cooperation between Governments, the European Union, international organizations and railways enterprises. So, this technical task is

also a political challenge and I would like to count on your, as well as on OSCE Secretariat's support in this endeavor.

Transport greatly facilitates mobility, but has harmful effects on the environment and human health. More than ever before, the relationship between these three sectors must be better known. THE PEP – the Transport, Health and Environment Pan-European Programme – makes this link. The UNECE stands ready to discuss with OSCE potential opportunities for co-operation in this area.

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**Ladies and gentlemen,**

This Forum also presents an opportunity to showcase what the UNECE has done in the area of the environment. As you may recall, the UNECE manages five environmental conventions. Based on these, many UNECE-OSCE projects have been developed.

The UNECE is successfully partnering with the OSCE within the “Environment and Security initiative”. The Environmental Performance Review Programme which provides a framework for identifying and tackling thorny environmental issues has been supported by the OSCE. The UNECE-OSCE are jointly implementing a pilot project on climate change adaptation in transboundary basins (on the Dniester, Chu and Talas rivers) aimed at reducing risks from climate change for security. The OSCE's work to support the development of a growing network of Aarhus Centers is appreciated. By promoting environmental awareness and supporting public participation in environmental decision-making, these Centers play an important role in linking government with civil society and the wider public.

The water and energy challenges in Central Asia are well-known. The UNECE has worked hard to strengthen institutional and legal frameworks and to make progress towards an integrated, region-wide management of water resources, including water quality. Dam and reservoirs management and a platform for regional dam safety co-operation remain high on the UNECE agenda.

In the area of “Long-range Transboundary Air Pollution”, effective monitoring and reduction of harmful pollutants continues to be a key priority. So does enhanced co-operation and involvement of the countries of Eastern Europe, the Caucasus and Central Asia. Currently, many countries from that region are not parties to the “Air Pollution Convention” despite active assistance and capacity building efforts. I urge the relevant authorities from this region to accede, implement and ratify its protocols to support a cohesive regional effort to improve air quality.

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Distinguished Forum participants,

As you all know, the UNECE since 1996 has been providing reports at this Forum on the implementation of OSCE commitments in the Economic and Environmental dimension. Tomorrow, my colleague, Dr. Eva Molnar, Director of the Transport

Division will present the most recent (2010) report reviewing OSCE commitments in the area of "Transport".

Without pre-empting what you are going to hear tomorrow, I would like to underline that inland transport is indispensable, but also that it faces great challenges. In fact, progress since 2006 has been rather modest.

First, in Europe and Central Asia, infrastructure networks are not adequate, coherent and integrated. More and better roads and railways are needed in many parts of the UNECE region.

Second, border crossing times – by truck or train – are often too long. Long border crossing times represent a significant barrier to international trade.

Third, there are still too many deaths and injuries on UNECE roads. They bring great human suffering as well as high economic costs. Road safety in many countries is not improving as fast as it should.

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In summary, I would like to underline that the international legal framework in the area of transport – to facilitate trade and investment and to contribute to economic development – is too important to be left implemented badly or ignored. The UNECE stands ready to assist you in ensuring that transport continues to contribute to prosperity of OSCE participating States.

I encourage you to take the fullest advantage of UNECE legal instruments in the area of transport. They have been successfully used throughout the world to connect economies; to lower the cost of international transport and trade; to ease border crossing and to ensure greater safety of people and equipment.

Thank you and I wish you successful and productive deliberations over the next two days.