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## **Economic Commission for Europe**

### **Inland Transport Committee**

#### **Working Party on Transport Trends and Economics**

##### **Group of Experts on Euro-Asian Transport Links**

##### **Second informal preparatory meeting for the fourteenth session of the Group of Experts on the Euro-Asian Transport Links**

Vienna, 2–3 February 2016

## **Report of the Group of Experts on Euro-Asian Transport Links on its second informal preparatory meeting**

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## I. Attendance

1. The Group of Experts on Euro-Asia Transport Links (EATL) held its second informal preparatory meeting for the fourteenth session of EATL on 2–3 February 2016 in Vienna. Representatives of the following member States of the United Nations Economic Commission for Europe participated: Germany, Poland, Russian Federation, Turkey and Turkmenistan.
2. The following intergovernmental organizations were represented: Organization for Security and Cooperation in Europe (OSCE) and Organization for Cooperation between Railways (OSJD).
3. At the invitation of the secretariat the Russian Railways, Yildiz Technical University, PLASKE and a consultant from the Islamic Republic of Iran also attended the meeting.

## II. Adoption of the agenda (agenda item 1)

*Documentation:* Informal document WP.5/GE.2 (2016) No. 1

4. This meeting of the EATL Group of Experts was hosted by OSCE.
5. Mrs. Ermelinda Meksi, Deputy Coordinator/Head, Economic Activities, Office of the Coordinator of OSCE Economic and Environmental Activities, welcomed the meeting. She stated that transport and trade issues are high on the OSCE agenda. The participants to the United Nations Economic Commission for Europe (UNECE) and OSCE have continuously worked together on transport facilitation matters. A joint Handbook of Best Practices at Border Crossings – A Trade and Transport Facilitation Perspective (2012) is just one of the important joint projects which is available in many languages. Since 2006, OSCE has provided and will provide continuous political and practical support to the EATL project. Last year OSCE also made a substantive contribution by commissioning the drafting of a research paper on “Transport flows and non-physical barriers along Euro-Asian transport links”, an in-kind contribution to the final phase III EATL report.
6. Mr. Bernhard Romstorfer addressed the meeting on behalf of the Germany 2016 OSCE Chairmanship and spoke on priorities in the economic and environmental dimension. One of Germany’s priorities during the OSCE Chairmanship is to give additional impetus to economic exchange in the OSCE area by focusing on issues of good governance and economic connectivity. Germany sees this as an important contribution to the overall objective of “Renewing dialogue, Rebuilding trust, Restoring security” among participating States.
7. The topic of this year’s Economic and Environmental Forum cycle, the main events in the OSCE Economic and Environmental Dimension, will be good governance. The first meeting in January focused on good environmental governance. The second meeting which will take place on 19 and 20 May 2016 in Berlin will focus on good governance as a basis for business interaction and good investment climate, as well as on economic aspects of migration.
8. Back to back with this meeting the German Chairmanship will organize a business conference on 18 and 19 May in Berlin that brings together business representatives from across the OSCE area. The main objective of the Business Conference “Connectivity – for Commerce and Investment” is to initiate a substantial dialogue with high-ranking business representatives about framework conditions for economic activity in the OSCE area.

9. Germany wants to focus on two areas that are relevant both for OSCE and for the private sector: business conditions for trade and investment and the cross-cutting issue of “connectivity”.

10. Business conditions and barriers to trade and investment have been a crucial topic for the OSCE Economic and Environmental Dimension for many years. The Business Conference in May will build on this and add value through in-depth discussions with high-ranking business representatives.

11. Closely related to business conditions and barriers to trade is the cross-cutting issue of “connectivity”. Economic connectivity has become a key topic in many international fora over the last years. Germany’s view is that the term “connectivity” describes a concept that looks at infrastructure, logistics, trade and investment, customs and border administration etc. in an integrated and holistic manner. Germany is convinced that this concept will create added value for the OSCE as well.

12. The Group of Experts **adopted** the agenda.

13. As both the Chair and Deputy-Chair of the EATL Group of Experts were unable to participate in this meeting, the Group of Experts **elected** Mr. Jerzy Kleniewski (Poland) as the Chair for this meeting.

### III. Identification of cargo flows on the Euro-Asian transport links (agenda item 2)

*Documentation:* Informal document No. 1

14. Ms. Zeynep Kaplan (Yildiz Technical University, Istanbul) gave two presentations:

(a) Turkey and the EATL Project

15. Due to its unique geographical position, improving transport is a priority for Turkey’s economic and social development. In recent years, Turkey has made significant investments and legal arrangements to improve and diversify its domestic and international transportation. In this framework, Turkey aims at securing a balance among all transport modes, as well as meeting modern technological and international standards. Over the past decade, in Turkey the total length of road and rail networks have increased and the capacities of the ports have improved.

16. In this framework, transport cooperation among the EATL States is vitally important for the Turkish transport policy. For Turkey, in order to increase its regional trade, EATL members and Turkey need to intensify cooperation in the field of transport. Thus, cooperation in the area of transport may contribute to the economic and social development of all the participating States.

(b) EATL: The Trade Prospects for China and EU

17. Transport, logistics and distribution are key considerations when planning for international trade. Choosing the right mode of transportation is essential to ensure that import and export operations are efficient and cost-effective. With trade activities expanding between Europe and Asia, the need for smooth transport links has grown. As a result, rail transport became an important alternative for transport of goods between Europe and Asia.

18. One major issue that has a strong impact on transport and consequently on the future development of EATL, is the growing trade between Europe and Asia. In this framework, trade analysis of EATL participating countries – especially between China and EU - is crucial. The overland trade volume between China and Europe is relatively low now, but

strategically, it could be interesting to follow its rising trend in the long run. If volumes grow and costs decrease, it could become viable to transport substantial proportion of goods between the parties. In addition to inland economic expansion and seaport congestion, China's middle class spending power, coupled with an outward-looking and adventurous attitude toward new brands, including those from overseas, is potentially a huge new opportunity for European companies. Without fast rail solutions to Europe, Chinese companies may face heavier competition from such Southeast Asian countries as Indonesia and Viet Nam, which have lower labour costs and enjoy shorter transit times by sea.

19. Mrs. Zubaida Aspeyeva (OSJD) informed that a few years ago the top management of OSJD Committee visited the Ministry of Transport of the Republic of Turkey at the invitation of Turkey in view of Turkey's interest in OSJD activities. The OSJD delegation made the Turkish side familiar with the main aspects of the OSJD's activity. Mrs. Zubaida Aspeyeva (OSJD) addressed to the representatives of Turkish side participating in the meeting, in case of their further interest in the OSJD's activity, with a proposal to consider the issue on possible accession of the Turkish side to the OSJD as an active member.

20. The Group of Experts **welcomed** the potential involvement of the Scientific and Research Institute of Motor Transport – (NIIAT) from Moscow in the EATL project. It also **recommended** Informal document No.1 and Informal document No.5 (prepared by the Hellenic Institute of Transportation) as inputs for the final Phase 3 report.

21. The Group of Experts **invited** NIIAT to present the outline of the final Phase 3 report at the next session.

#### **IV. Facilitating the coordination of integrated time schedules and tariffs on the Euro-Asian transport links (agenda item 3)**

22. Mrs. Zubaida Aspeyeva (OSJD) briefed the meeting on new developments in the OSJD. The Group of Experts recalled Informal document No. 3 by OSJD "List of Container Trains and Combined Transport on the Railways of OSJD Member Countries" and asked OSJD to submit updated information on trains operating with regular itineraries between Europe and Asia, their routes and frequency of operation, as well as other pertinent information (current problems and proposals to overcome them) which would be considered for inclusion in the Phase 3 report.

23. In addition, the Group of Experts invited OSJD to present information on facilitation of rail transport including software applications for rail freight and possible cooperation with such companies. Since the OSJD has experience in the said aspect, the participation of representatives from such companies would be welcome in the next meeting.

24. Mr. Gennady Bessonov (Coordinating Council on Transsiberian Transport – CCTT) informed the delegates about the CCTT activities, especially about new projects such as linking Austria, Russian Federation, Slovakia and Ukraine . Another potential rail project is linking Hokkaido (Japan), Sakhalin (Russian Federation) and the mainland of the Russian Federation.

25. Ms. Ruslana Dranchenko (Russian Railways) provided information on the volume of cargo in 2015, on the implementation of the tariff policy, modernization of the Baikal-Amur and Trans-Siberian railways and about funding. Given the strategic importance of the EATL project for the whole railway industry, JSC "Russian Railways" suggested to organize in 2016 an international meeting (conference or seminar) under the auspices of the United Nations to identify ways to implement the new United Nations resolution and bring together a wide range of participants (countries, international organizations, development banks). Taking into consideration best practices of international organizations in matters of

transport corridors (in this context the International Union of Railways (UIC) concept of the development of the International Transportation Corridor (ITC)) this conference may be considered as an important practical step. The meeting would determine ways of development of ITC by coordinating countries and international organizations efforts. This meeting complies with the United Nations mandate and is within the framework of the United Nations Development Programme for the period after 2015, as well as the Vienna Programme for landlocked countries for the period of 2014–2024.

## **V. Identification of needs and requirements of producers, shippers, traders and freight forwarders in transport and trade on the EATL routes (agenda item 4)**

26. The Group of Experts welcomed an updated version, presented by Plaske at the twelfth session (Informal document No. 2), of “Comparative analysis of the duration and expenses of railway and maritime transport between Europe and Asia on selected Euro-Asian routes”. This would be considered in the future as a possible input in the Phase 3 report. The Group **expressed its gratitude** to Plaske for the continued constructive input in the EATL activities and **decided** to invite and welcome a revised version of this document at its next meeting.

## **VI. Information from participants on recent developments in transport infrastructure priority projects on the EATL routes (agenda item 5)**

27. Mr. Roel Janssens, Economic Adviser, Office of the Coordinator of OSCE Economic and Environmental Activities (OCEEA) informed the Group that OSCE will continue providing assistance to its participating States, in particular landlocked developing countries, helping them to overcome their non-physical, administrative and procedural obstacles to international transport and trade. He stressed that the OSCE Border Management Staff College in Dushanbe will remain a key instrument in this regard. Mr. Janssens also informed the Group that since 2009 the OSCE Centre in Bishkek is running a training facility for senior Kyrgyz and Afghan Customs officials to receive specialized training on a variety of issues including customs risk analysis and targeting; examination techniques for cargo containers and trailers; use of scanner and image analysis technology, etc. If funds are available, the project will continue to a third phase. He also presented two forthcoming OSCE-supported regional training events. In June 2016, the OSCE Office in Tajikistan and the UNECE Trade Division will jointly organize a "Regional Trade Facilitation Workshop". The regional workshop, which will take place in Dushanbe, will gather Ministry of Trade, Transport and Customs representatives from countries in Central Asia and Afghanistan and will focus on simplifying and harmonizing procedures for international trade. It will be aimed at supporting Governments to reduce delays at border crossings, and to streamline, simplify and automate customs clearance, transit, import and export procedures. It will provide guidance for countries interested in establishing National Trade Facilitation Committees and look into issues related to acceding and implementing the WTO Trade Facilitation Agreement. A second regional workshop on "Enhancing Trade Facilitation through the improvement of Regional Transit" will be held in Astana in September 2016 and will be jointly organized by the OSCE Programme Office in Astana and the World Customs Organization (WCO). It will bring together relevant officials from Landlocked Developing Countries in the region and will provide an overview of available instruments and approaches towards improving the transit transport potential of the region, for example, by the introduction of customs information

sharing systems, customs-business partnerships, deeper implementation of the TIR Convention and its guarantee system as well as issues related to rail transit in Central Asia.

28. Ms. Kadriye Bodur Gümüş (Turkey) made a presentation on Turkey's vision and efforts on enhancing Euro-Asian transport links and revival of the Silk Road. Ms. Gümüş stated that Turkey has been developing a broader perspective for improving connectivity in the Euro-Asia region and taking into account necessities of all sectors such as energy and transport network. Ms. Gümüş also underlined that Turkey attaches great importance to the development of the Middle Corridor as an alternative, secure and economic East–West route from China to Europe which will also boost socioeconomic development of landlocked countries in Central Asia. In this respect, Ms. Gümüş provided information on major infrastructure projects of Turkey.

29. Mr. Jerzy Kleniewski (Poland) spoke about decision by Maersk to select Gdansk as the hub for the Baltic countries for geographic and climatic reasons. In addition, Mr. Kleniewski mentioned the review of the Ten-T corridors. He encouraged cooperation with the Trans-European Railways (TER) project and invited countries along the EATL routes to apply TIR and other United Nations Conventions.

30. Mrs. Nazanin Karimnejad (consultant from the Islamic Republic of Iran) informed the Group about new opportunities for economic cooperation in her country. The new development process in the country considers offering incentives such as regulatory transparency, reducing bureaucracy, loans, tax exemptions for projects and public guarantees for investment security. As a potentially highly profitable and low-risk business, the country's transport expects a bright business future. The Islamic Republic of Iran has a special geo-strategic position. The Government of the Islamic Republic of Iran and local investors are ready for dialog with foreign investors on more than 100 projects which include transportation, housing and urban development.

## VII. Geographical Information System (agenda item 6)

*Documentation:* ECE/TRANS/WP.5/GE.2/2014/1

31. The Group **recalled** the previous meetings and noted a lack of progress in the Geographical Information System (GIS), principally due to a lack of financial resources. None the less, the Group will continue to explore ways to continue with this important tool. Commercial enterprises willing to be involved in GIS would be welcome. Accumulated experience and contacts established by OSJD in this area of work are welcome in the EATL project.

32. Mr. Miroslav Jovanovic (UNECE) **informed** the Group about ongoing discussions between UNECE and the Islamic Development Bank about possible cooperation in the EATL GIS matters.

33. The Group **decided** to keep this item on the agenda for its next session.

## VIII. Other business (agenda item 7)

34. Mr. Jovanovic also **informed** the Group of Experts about the decision by the Working Party on Transport Trends and Economics (WP.5) (September 2015) to support the extension of the EATL Group of Experts mandate for another year. This WP.5 decision will be presented at the next session of the ITC (23–25 February 2016) and then passed on to the Executive Committee for the final approval (expected during spring of 2016). Once approved, the mandate of the EATL Group of Experts will be for one year from the date of approval by the Executive Committee. The Group **decided** to support these developments.

35. The Group of Experts **noted** with renewed interest the Vienna Programme of Action (VPoA) (2014) for Landlocked Developing Countries. The duration of this programme is ten years. Transport and border-crossing linkages are at the heart of VPoA and there is an obligation to introduce those matters in the activities of the Group. The Group **concluded** that all EATL activities are directly linked with the general agenda of VPoA.

36. Mr. Jovanovic invited the delegates to the seventy-eighth session of ITC (23–26 February 2016).

## **IX. Date of next meeting (agenda item 8)**

37. The Government of Turkmenistan offered to host the fourteenth session of the EATL Group of Experts on 15–16 June 2016 in Ashgabat. The Group **expressed gratitude** to the Government of Turkmenistan and **accepted** this kind invitation, provided that the extension of the mandate of the EATL Group of Experts is approved by the UNECE Executive Committee.

38. Mr. Roel Janssens (OSCE) expressed pleasure on the cooperation with UNECE and offered to continue cooperation in the future in projects of mutual interest.

39. The Group of Experts expressed **its gratitude** to the OSCE for hosting the second informal preparatory meeting for the fourteenth session of the EATL. The Group **decided** to cooperate with OSCE in the future.

## **X. Summary of decisions (agenda item 9)**

40. In accordance with the established practice, the Group of Experts **adopted** a list of decisions and asked the secretariat to prepare a report on the outcome of the session.

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